



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

(Mark One)

Registration statement pursuant to section 12(b) or (g) of the Securities Exchange Act of 1934

or

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended March 31, 2015

or

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

or

Shell company report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

Date of event requiring this shell company report

From the transition period from _____ to _____

Commission file number 001-33175

Vedanta Limited

(Exact Name of Registrant as specified in its charter)

Republic of India
(Jurisdiction of Incorporation or Organization)

Sesa Ghor
20, EDC Complex, Patto
Panaji, Goa – 403 001, India
(Address of Principal Executive Offices)

Rajiv Choubey
Company Secretary and Vice President Legal
DLF Atria, Phase-2, Jacaranda Marg, DLF City
Gurgaon – 122002, Haryana, India
(91) 124 4763860
rajiv.choubey@vedanta.co.in

(Name, Telephone, E-mail and/or facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.



20018GsPnWmRSND6%

American Depositary Shares
each representing four equity shares
par value Re. 1 per equity share.
(Title of Each Class)

New York Stock Exchange
(Name of Exchange On Which Registered)

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

As of March 31, 2015, 2,964,694,239 equity shares, par value Re. 1 per equity share, were issued and outstanding, of which 221,331,788 equity shares were held in the form of 55,332,947 American Depositary Shares or ADSs.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See the definitions of "large accelerated filer" and "accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No



TABLE OF CONTENTS

	<u>PAGE</u>
<u>PART I</u>	4
ITEM 1. <u>IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	4
ITEM 2. <u>OFFER STATISTICS AND EXPECTED TIMETABLE</u>	4
ITEM 3. <u>KEY INFORMATION</u>	4
ITEM 4. <u>INFORMATION ON THE COMPANY</u>	38
ITEM 4A. <u>UNRESOLVED STAFF COMMENTS</u>	162
ITEM 5. <u>OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	163
ITEM 6. <u>DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	199
ITEM 7. <u>MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	213
ITEM 8. <u>FINANCIAL INFORMATION</u>	219
ITEM 9. <u>THE OFFER AND LISTING</u>	233
ITEM 10. <u>ADDITIONAL INFORMATION</u>	235
ITEM 11. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	279
ITEM 12. <u>DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	281
<u>PART II</u>	283
ITEM 13. <u>DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	283
ITEM 14. <u>MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	283
ITEM 15. <u>CONTROLS AND PROCEDURES</u>	284
ITEM 16A. <u>AUDIT COMMITTEE FINANCIAL EXPERT</u>	285
ITEM 16B. <u>CODE OF ETHICS</u>	286
ITEM 16C. <u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	286
ITEM 16D. <u>EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	286
ITEM 16E. <u>PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	287
ITEM 16F. <u>CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	287
ITEM 16G. <u>CORPORATE GOVERNANCE</u>	287
ITEM 16H. <u>MINE SAFETY DISCLOSURE</u>	287
<u>PART III</u>	287
ITEM 17. <u>FINANCIAL STATEMENTS</u>	287
ITEM 18. <u>FINANCIAL STATEMENTS</u>	287
ITEM 19. <u>EXHIBITS</u>	288
<u>SIGNATURES</u>	296
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	

**CONVENTIONS USED IN THIS ANNUAL REPORT**

In this Annual Report, we refer to information regarding the zinc, oil and gas, iron ore, copper, aluminium and power industries and our competitors from market research reports, analyst reports and other publicly available sources. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of the information. We caution you not to place undue reliance on this data.

On February 25, 2012, Vedanta Resources Plc (“Vedanta”), the parent company of Sterlite Industries (India) Limited (“Sterlite” or “SIIL”), Sesa Goa Limited (“Sesa Goa”), Vedanta Aluminium Limited (“Vedanta Aluminium”), Sterlite Energy Limited (“Sterlite Energy”), Cairn India Limited and The Madras Aluminium Company Limited (“MALCO”) announced an all-share merger of majority owned subsidiaries, Sesa Goa and SIIL, to create Sesa Sterlite Limited (“Sesa Sterlite” or “SSL”) and a consolidation of various subsidiaries held by Vedanta to effect the consolidation and simplification of Vedanta’s corporate structure through two series of transactions (together the “Re-organization Transactions” consisting of the “Amalgamation and Re-organization Scheme” and the “Cairn India Limited Consolidation”). The Re-organization Transactions were completed during the fiscal year 2014 and the name of the merged entity was changed to Sesa Sterlite Limited with effect from September 18, 2013. Please see “Item 5. Operating and Financial Review and Prospects – Consolidation and re-organization of Sesa Goa, Sterlite, Vedanta Aluminium, Sterlite Energy and MALCO to form Sesa Sterlite and transfer of Vedanta’s shareholding in Cairn India Limited to Sesa Sterlite”. On April 21, 2015 the name of Sesa Sterlite Limited was changed to Vedanta Limited.

Sterlite Energy was a wholly owned subsidiary of SIIL and SIIL, Vedanta Aluminium, Sesa Goa, MALCO and Cairn India Limited were subsidiaries of Vedanta, the ultimate holding company. Therefore, the Re-organization Transactions (as described elsewhere in this Annual Report) fall within the purview of the common control business combination transactions. The accounting policies described in Notes 1 and 3.D.- “Business Combinations” of the consolidated financial statements included elsewhere in this Annual Report requires that financial statements of the combined entity, Vedanta Limited, be retroactively adjusted, as if the transaction had occurred at the earliest reporting period (or from the date the entity came under common control, where such a date is later). The financial information of Cairn India Limited is included from December 8, 2011, the date of acquisition of Cairn India Limited by Vedanta.

In this Annual Report, references to the “ADS offering” is to the initial public offering of our equity shares in the form of American Depositary Shares (“ADSs”), each currently representing four equity shares, in the United States (or the “US”) completed in June 2007.

Unless otherwise indicated, our accompanying financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board, or IASB, for the fiscal years ended March 31, 2011, 2012, 2013, 2014 and 2015. References to a particular “fiscal” year are to our fiscal year ended March 31 of that year. Our fiscal quarters end on June 30, September 30 and December 31. References to a year other than a “fiscal” year are to the calendar year ended December 31.

Our consolidated financial statements are reported in Indian Rupees or “Rs.”. Unless otherwise specified, translation of amounts for the convenience of the reader has been made in this Annual Report (i) from Indian Rupees to US dollars at the rate of Rs. 62.31 per \$ 1.00 based on the exchange rate quoted by the Federal Reserve Bank of New York as of March 31, 2015; (ii) from Australian dollars to US dollars at the rate of AUD 1.31 per \$ 1.00 based on the exchange rate quoted by the Federal Reserve Bank of New York as of March 31, 2015; (iii) from South African Rand to US dollars at the rate of ZAR 12.14 per \$ 1.00 based on the exchange rate quoted by the Federal Reserve Bank of New York as of March 31, 2015 and (iv) from Namibian dollars to US dollars at the rate of NAD 12.08 per \$ 1.00 based on the exchange rate quoted by Oanda (data available at www.oanda.com) as of March 31, 2015. As of July 31, 2015, the exchange rate between US dollars and Indian Rupees was \$ 1.00 = Rs. 63.87 as quoted by the Federal Reserve Bank of New York.

In this Annual Report, references to “US” or the “United States” are to the United States of America, its territories and its possessions. References to “UK” are to the United Kingdom. References to “India” are to the Republic of India. References to “Namibia” are to the Republic of Namibia. References to “South Africa” are to the Republic of South Africa. References to “Ireland” are to the “Republic of Ireland”. References to “Sri Lanka” are to the “Democratic Socialist Republic of Sri Lanka”. References to “\$”, “dollars” or “US dollars” are to the legal currency of the United States. References to “Rs.”, “Re.”, “Rs”, “Rupees” or “Indian Rupees” are to the legal currency of the Republic of India. References to “AUD”, “Australian dollars” are to the legal currency of the Commonwealth of Australia. References to “NAD” or “Namibian dollars” are to the legal currency of Namibia. References to “ZAR” or “RAND” are to the legal currency of the Republic of South Africa. References to “¢” are to US cents. References to “RMB”, “Renminbi”, “CNY” or “Chinese Yuan” are to the legal currency of the Republic of China.



References to “lb” are to the imperial pounds (mass) equivalent to 0.4536 kilograms, references to “mt” or “tons” are to metric tons, references to “mmt” are to million metric tons, references to “tpa” are to tons per annum, a unit of mass equivalent to 1,000 kilograms or 2,204.6 lb, references to “mmtpa” are to million metric tons per annum, references to “dmt” are to dry million metric tons, references to “oz” are to ounces, with one kilogram being equivalent to 32.1507 oz and one ton equivalent to 32,151 oz, references to “mm” are to millimeters, references to “ha” are to hectares, a unit of area equal to 10,000 square meters or 107,639 square feet, references to “bbls” are to barrels, references to “mmbbl” are to million barrels of oil equivalent, references to “bbl” are to billion barrels of oil equivalent, references to “mmbopd” are to million barrels of oil per day, references to “kbopd” are to kilo barrels of oil per day, references to “bopd” are to barrels of oil per day, references to “boepd” are to barrels of oil equivalent per day, references to “tcm” are to trillion cubic meters, references to “mmscmd” are to million metric standard cubic meter per day, references to “mscf” are to thousand standard cubic feet, references to “mmscf” are to million metric standard cubic feet, references to “mmscfd” are to million metric standard cubic feet per day, references to “bcf” are to billion cubic feet, and references to “TcRc” are to treatment and refining charges. References to net oil and gas production are to the entitlement interest production of Cairn India Limited and its subsidiaries, in which the Ravva royalty is not netted off.

We conduct our businesses both directly and through a consolidated group of companies that we have ownership interests in. See “Item 4. Information on the Company” for more information on these companies and their relationships to us. Unless otherwise stated in this Annual Report or unless the context otherwise requires, references in this Annual Report to “we”, “us”, “our”, “Vedanta Limited”, “our Company” or “our consolidated group of companies” mean Vedanta Limited, its consolidated subsidiaries and its predecessors, collectively, including Cairn India Limited and its subsidiaries (“Cairn India”), Monte Cello BV (“Monte Cello”), Copper Mines of Tasmania Proprietary Limited (“CMT”), Thalanga Copper Mines Proprietary Limited, Bharat Aluminium Company Limited (“BALCO”), Hindustan Zinc Limited (“HZL”), Fujairah Gold FZC, Sterlite (USA), Inc., (“Sterlite USA”), Talwandi Sabo Power Limited (“TSPL”), THL Zinc Ventures Limited, THL Zinc Limited, THL Zinc Holding B.V., THL Zinc Namibia Holdings (Proprietary) Limited (“Skorpion”), Skorpion Zinc (Proprietary) Limited, Skorpion Mining Company (Proprietary) Limited, Namzinc (Proprietary) Limited, Amica Guesthouse (Proprietary) Limited, Rosh Pinah Health Care (Proprietary) Limited, Black Mountain Mining (Proprietary) Limited (“BMM”), Vedanta Lisheen Holdings Limited (“Lisheen”), Vedanta Lisheen Mining Limited, Killoran Lisheen Mining Limited, Killoran Lisheen Finance Limited, Lisheen Milling Limited, Vedanta Exploration Ireland Limited, Lisheen Mine Partnership, Sterlite Ports Limited, Sterlite Infraventures Limited, Vizag General Cargo Berth Private Limited, Paradip Multi Cargo Berth Private Limited, Pecvest 17 Proprietary Limited, Lakomasko B.V., MALCO Energy Limited (“MALCO Energy”) (formerly known as Vedanta Aluminium), Sesa Resources Limited, Sesa Mining Corporation Limited, Bloom Fountain Limited (“BFL”), Twin Star Energy Holdings Limited (“TEHL”), Twin Star Mauritius Holdings Limited (“TMHL”), Western Cluster Limited (“WCL”), Vedanta Exploration Ireland Limited, Maritime Ventures Private Limited and Twinstar Energy Holding Limited.

Our consolidated financial information does not include our controlling shareholder Vedanta, its shareholders and various companies owned directly or indirectly by it (other than us and our consolidated group of companies described above), including without limitations, Vedanta Resources Holdings Limited (“VRHL”), Konkola Copper Mines Plc, Konkola Resources Plc, Twin Star Holdings Limited (“Twin Star”), Welter Trading Limited (“Welter Trading”), the Anil Agarwal Discretionary Trust (“Trust”), Conclave PTC Limited (“Conclave”), Sterlite Technologies Limited, Monte Cello Corporation NV, Valliant (Jersey) Limited, Vedanta Resources Jersey II Limited, Vedanta Resources Finance Limited, Vedanta Resources Cyprus Limited, Richter Holding Limited (“Richter”), Westglobe Limited (“Westglobe”), Finsider International Company Limited (“Finsider”), Vedanta Resources Jersey Limited, Vedanta Finance (Jersey) Limited, Vedanta Jersey Investments Limited, Vedanta Finance UK Limited, Sesa Sterlite Mauritius Holdings Limited and Sterlite Grid Limited. References to the “Group” is to Vedanta Limited and its subsidiaries on a consolidated basis and references to the “Vedanta Group” is to Vedanta and its subsidiaries on a consolidated basis.

In this Annual Report, references to The London Metal Exchange Limited (“LME”) price of zinc, copper, aluminium are to the cash seller and settlement price on the LME for copper, zinc or aluminium for the period indicated. References to primary market share in this Annual Report are to the market that includes sales by producers of metal from copper concentrate or alumina, as applicable, and do not include sales by producers of recycled metal or imports.



20018GsPnWw!q8F6

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains “forward-looking statements” as defined in the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about our company and our industry. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “project,” “seek,” “should” and similar expressions. These forward-looking statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that, although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. Factors which could cause these assumptions to be incorrect include, but are not limited to:

- a decline or volatility in the prices of or demand for zinc, oil and gas, iron ore, copper, aluminium or power or increase in supply of zinc, oil and gas, iron ore, copper, aluminium or power;
- events that could cause a decrease in our production and higher cost of production for zinc, oil and gas, iron ore, copper, aluminium or power;
- unavailability or increased costs of raw materials for our products;
- dependence on obtaining and maintaining mining leases for our mining sites and approvals from regulatory authorities for increasing oil and gas production;
- general risks related to Vedanta Limited’s commercial power business;
- fluctuations in metal prices on LME, ore prices, oil and gas prices or power prices;
- fluctuations in currency exchange rates;
- interruptions in the availability of exploration, production or supply equipment or infrastructure and/or increased costs;
- construction of pipelines and terminals may take longer than planned, may not work as intended and the cost of construction may be greater than forecast;
- our actual economically recoverable lead-zinc ore, copper ore or bauxite reserves being lower than we have estimated;
- our ability to expand our business, effectively manage our growth or implement our strategy;
- our ability to retain our senior management team and hire and retain sufficiently skilled labor to support our operations;
- regulatory, legislative and judicial developments and future regulatory actions and conditions in our operating areas;
- increasing competition in the zinc, oil and gas, iron ore, copper, aluminium or power industries;
- political or economic instability in and around India or around the regions in which we operate;
- worldwide economic and business conditions;
- reliance on third party contractors and providers of equipment which may not be readily available and whose costs may increase;
- compliance with extensive environmental and health and safety regulations;
- our ability to successfully consummate strategic acquisitions;
- our ability to simplify our group structure and reduction in non-controlling stake in group companies;
- the outcome of outstanding litigation in which we are involved;
- our ability to maintain good relations with our trade unions and avoid strikes and lock-outs;
- any actions of our controlling shareholder, Vedanta;
- the future capital requirements of our business and the availability of financing on favorable terms;



- the continuation of tax holidays, exemptions and deferred tax schemes we currently enjoy;
- changes in tariffs, royalties, customs duties and government assistance; and
- terrorist attacks and other acts of violence, natural disasters and other environmental conditions and outbreaks of infectious diseases and other public health concerns in India, Asia and elsewhere.

These and other factors are more fully discussed in “Item 3. Key Information—D. Risk Factors,” “Item 5. Operating and Financial Review and Prospects” and elsewhere in this Annual Report. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions to any of these forward-looking statements to reflect future events or circumstances.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

A. Selected Consolidated Financial Data

The selected consolidated financial data presented below as of March 31, 2014 and 2015 and for the years ended March 31, 2013, 2014 and 2015 has been derived from our consolidated financial statements included herein, which have been prepared in conformity with IFRS as issued by the IASB. These consolidated financial statements have been audited by Deloitte Haskins & Sells LLP, Mumbai, India, or Deloitte, our independent registered public accounting firm, and included elsewhere in this Annual Report.

The selected consolidated financial data presented below as of March 31, 2011, 2012 and 2013, and for the years ended March 31, 2011 and 2012 has been derived from our consolidated financial statements, which also have been prepared in conformity with IFRS as issued by the IASB, and which have not been included elsewhere in this Annual Report.

We have also disclosed below, for all periods presented herein, segment revenue and segment profit, based on the segment disclosures in our consolidated financial statements and cost of production by segment. Cost of production per unit is not a recognized measure under IFRS as issued by the IASB. We have included cost of production as it is a key performance indicator used by the management to assess the performance of the operations. We also believe it is a measure used by investors and analysts to evaluate companies in our industry. Our results of operations are, to a significant degree, dependent upon our ability to efficiently run our operations and maintain low costs of production. Efficiencies relating to recovery of metal from the ore, process improvements, by-product management and increasing productivity help drive our costs down. Our computation of cost of production should be considered in addition to, and not as a substitute for other measures of financial performance and liquidity reported in accordance with IFRS as issued by the IASB. Cost of production is a measure intended for monitoring the operating performance of our operations. This measure is presented by other metal companies, though our measure may not be comparable to similarly titled measures reported by other companies in our industry.

Our historical results do not necessarily indicate our expected results for any future period. The translations of Indian Rupee amounts to US dollars presented in the tables below, are solely for the convenience of the reader and are based on the noon buying rate of Rs. 62.31 per \$ 1.00 in the City of New York for cable transfers of Indian Rupees, respectively, as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2015. No representation is made that the Indian Rupee amounts represent US dollar amounts or have been, could have been or could be converted into US dollars at such rates or at any other rates.

You should read the following information in conjunction with “Item 5. Operating and Financial Review and Prospects” and the consolidated financial statements included elsewhere in this Annual Report.



20018GsPjMrBSzZQi

For the Year Ended March 31,

	2011	2012	2013	2014	2015	2015
	(Rs.) (in millions except shares and per share data)	(Rs.) (in millions except shares and per share data)	(Rs.) (in millions except shares and per share data)	(Rs.) (in millions except shares and per share data)	(Rs.) (in millions except shares and per share data)	(US Dollar) (in millions except shares and per share data)
Revenue	447,610	598,116	722,303	725,243	733,579	11,773.1
Cost of sales	(313,066)	(435,993)	(556,663)	(557,900)	(995,968)	(15,984.1)
Gross profit/(Loss)	134,544	162,123	165,640	167,343	(262,389)	(4,211.0)
Other operating income	6,917	2,252	3,791	4,541	4,802	77.1
Distribution expenses	(22,126)	(32,151)	(16,430)	(12,127)	(10,078)	(161.7)
Administration expenses	(16,950)	(24,699)	(23,490)	(32,229)	(31,550)	(506.4)
Operating profit/(loss)	102,385	107,525	129,511	127,528	(299,215)	(4,802.0)
Investment and other income	20,559	23,583	34,931	42,165	51,154	821.0
Finance and other costs	(5,015)	(46,323)	(54,716)	(72,821)	(63,398)	(1,017.5)
Share in consolidated profit of associate	—	4,404	—	—	—	—
Profit/(Loss) before tax	117,929	89,189	109,726	96,872	(311,459)	(4,998.5)
Income tax expense	(24,406)	(7,710)	7,502	(34,646)	108,320	1,738.4
Profit/(Loss) for the year	93,523	81,479	117,228	62,226	(203,139)	(3,260.1)
Profit/(Loss) attributable to:						
Equity holders of the parent	73,711	51,811	62,363	15,466	(128,350)	(2,059.9)
Non-controlling interest	19,812	29,668	54,865	46,760	(74,789)	(1,200.2)
Earnings/(Loss) per share (refer to Note 27 to consolidated financial statements)						
Basic	24.9	17.47	21.03	5.22	(43.29)	(0.7)
Diluted	22.9	17.47	21.03	5.22	(43.29)	(0.7)
Number of equity shares						
Period End	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871
Weighted Average	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871
Diluted	3,046,447,432	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871
Dividend declared per share ^{(1),(2)}					4.10	

Notes:

(1) On April 29, 2014 the board of directors of Vedanta Limited declared a final dividend of Rs. 1.75 per equity share for fiscal year 2014. The dividend of Rs. 5,188 million (\$ 86.5 million) was paid on July 15, 2014. On October 29, 2014 the Board of SSL declared an interim dividend of Rs. 1.75 (\$ 0.03) per equity share for fiscal year 2014. The dividend of Rs. 5,188 million was paid on November 10, 2014. On April 29, 2015, the Board recommended a final dividend of Rs. 2.35 (\$ 0.03) per equity share for fiscal year 2015, which was approved by our shareholders at the annual general meeting held on July 11, 2015. The dividend amounting to Rs. 6,967 million (\$ 111.8 million) has been paid on July 15, 2015.



- (2) Vedanta Limited declared and paid dividend of Rs. 1.10, Rs. 2.00 Rs. 2.30 and Rs. 3.25 per equity share for the years ended March 31, 2011, 2012, 2013 and 2014, respectively.
- (3) On June 11, 2010, our shareholders approved the sub-division of our equity shares from Rs. 2 each to Rs. 1 each. Our shareholders also approved a bonus issue in the ratio of one equity share of Rs. 1 each for one equity share of Rs. 1.

	As of March 31,					
	2011	2012	2013	2014	2015	2015
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Consolidated Financial Position Data:						
Cash and cash equivalents	24,394	65,270	15,199	12,960	8,621	138.4
Restricted cash and cash equivalents	39	154	706	2,463	4,090	65.6
Total assets	1,177,761	2,209,684	2,414,382	2,581,939	2,161,704	34,692.8
Net assets	696,483	1,058,786	1,183,269	1,262,343	1,028,608	16,508.0
Long-term borrowings	115,563	546,704	523,038	547,375	517,852	8,310.9
Short-term borrowings	122,947	129,928	178,413	161,728	161,233	2,587.6
Equity attributable to equity holders of the parent	586,780	620,809	680,609	699,570	561,119	9,005.3

	For the Year Ended March 31,					
	2011	2012	2013	2014	2015	2015
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	116,379	154,064	97,110	56,199	125,710	2,017.7
Investing activities	(157,215)	(484,939)	(153,176)	(52,631)	(43,939)	(705.2)
Financing activities	59,771	370,706	1,855	(6,280)	(86,448)	(1,387.3)

Segment Data:

Revenue from external customers:

Zinc India	98,444	111,319	123,241	131,980	144,127	2,313.1
Zinc International	9,961	41,272	43,475	40,156	35,886	575.9
Oil & Gas*	—	44,944	175,518	187,103	146,945	2,358.3
Iron Ore	99,851	88,248	26,054	16,516	19,039	305.6
Copper	156,610	201,647	217,262	205,577	225,198	3,614.2
Aluminium	71,590	82,195	99,073	107,790	126,900	2,036.6
Power	11,154	26,088	34,169	35,076	33,906	544.2
Others	—	2,403	3,511	1,045	1,578	25.2
Total	447,610	598,116	722,303	725,243	733,579	11,773.1

Operating profit/(loss):

Zinc India	50,914	54,060	58,341	61,696	62,267	999.3
Zinc International	1,592	6,008	5,078	2,484	4,268	68.5
Oil & Gas*	—	16,887	50,370	53,942	(395,146)	(6,341.6)
Iron Ore	34,533	23,115	(77)	(5,476)	(3,422)	(54.9)
Copper	9,198	7,765	8,517	8,876	14,344	230.2
Aluminium	3,628	(2,585)	960	4,979	13,752	220.7
Power	3,310	2,335	6,393	1,494	4,484	72.0
Others	(790)	(60)	(71)	(467)	238	3.8
Total	102,385	107,525	129,511	127,528	(299,215)	(4,802.0)

Segment profit/(loss)

Zinc India	55,343	59,296	64,227	68,642	70,605	1,133.1
Zinc International	4,247	17,367	15,712	12,829	11,059	177.5
Oil & Gas*	—	33,825	128,502	139,453	88,671	1,423.1
Iron Ore	48,154	34,229	4,530	(2,700)	(891)	(14.3)
Copper	11,247	9,938	10,868	11,429	17,385	279.0
Aluminium	13,426	7,742	11,285	16,131	22,529	361.6
Power	4,527	6,299	11,551	7,429	8,424	135.2
Others	(789)	(60)	(61)	(257)	532	8.5
Total	136,155	168,636	246,614	252,956	218,314	3,503.7



* 2012 represents period from December 8, 2011 to March 31, 2012.

Notes:

(1) Segment profit is presented as required by IFRS 8 and is calculated by adjusting operating profit to exclude depreciation, amortization and impairment. Our segment profit may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. We have included our segment profit because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Our segment profit should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS as issued by the IASB. We believe that the inclusion of supplementary adjustments applied in our presentation of segment profit are appropriate because we believe it is an indicative measure of our baseline performance as it excludes certain charges that our management considers to be outside of our core operating results. In addition, our segment profit is among the primary indicators that our management uses as a basis for planning and forecasting future periods. The following table reconciles operating profit to segment profit for the periods indicated:

	For the Year Ended March 31,					
	2011 (Rs. in millions)	2012 (Rs. in millions)	2013 (Rs. in millions)	2014 (Rs. in millions)	2015 (Rs. in millions)	2015 (US dollars in millions)
Zinc India:						
Operating profit	50,914	54,060	58,341	61,696	62,267	999.3
Plus: Depreciation and amortization	4,429	5,236	5,886	6,946	8,338	133.8
Segment profit	55,343	59,296	64,227	68,642	70,605	1,133.1
Zinc International						
Operating profit	1,592	6,008	5,078	2,484	4,268	68.5
Plus: Depreciation and amortization ⁽¹⁾	2,655	11,359	10,634	10,345	6,791	109.0
Segment profit	4,247	17,367	15,712	12,829	11,059	177.5
Oil & Gas						
Operating profit/(loss)	—	16,887	50,370	53,942	(395,146)	(6,341.6)
Plus: Depreciation and amortization ⁽²⁾	—	16,938	78,132	85,511	483,817	7,764.7
Segment profit	—	33,825	128,502	139,453	88,671	1,423.1
Iron Ore						
Operating profit/(loss)	34,533	23,115	(77)	(5,476)	(3,422)	(54.9)
Plus: Depreciation and amortization	13,621	11,114	4,607	2,776	2,531	40.6
Segment profit/(loss)	48,154	34,229	4,530	(2,700)	(891)	(14.3)
Copper:						
Operating profit	9,198	7,765	8,517	8,876	14,344	230.2
Plus: Depreciation and amortization	2,049	2,173	2,351	2,553	3,041	48.8
Segment profit	11,247	9,938	10,868	11,429	17,385	279.0
Aluminium:						
Operating profit/(loss)	3,628	(2,585)	960	4,979	13,752	220.7
Plus: Depreciation and amortization ⁽³⁾	9,797	10,327	10,325	11,152	8,777	140.9



Segment profit	<u>13,426</u>	<u>7,742</u>	<u>11,285</u>	<u>16,131</u>	<u>22,529</u>	<u>361.6</u>
Power:						
Operating profit	3,310	2,335	6,393	1,494	4,484	72.0
Plus: Depreciation and amortization	<u>1,217</u>	<u>3,964</u>	<u>5,158</u>	<u>5,935</u>	<u>3,940</u>	<u>63.2</u>
Segment profit	<u>4,527</u>	<u>6,299</u>	<u>11,551</u>	<u>7,429</u>	<u>8,424</u>	<u>135.2</u>
Others:						
Operating profit/(loss)	(790)	(60)	(71)	(467)	238	3.8
Plus: Depreciation and amortization	<u>1</u>	<u>—</u>	<u>10</u>	<u>210</u>	<u>294</u>	<u>4.7</u>
Segment profit/(loss)	(789)	(60)	(61)	(257)	532	8.5



- (1) Includes impairment charge of Rs. 2,873 million in fiscal year 2014
- (2) Includes impairment charge of Rs. 406,144 million (\$ 6,518.1 million) in fiscal year 2015
- (3) Includes impairment charge of Rs. 668 million in fiscal year 2014 and Rs. 294 million (\$ 4.7 million) in fiscal year 2015

	For the Year Ended March 31,			
	Unit of	2013	2014	2015
	Measurement	(in US dollars per ton, except as indicated)		
TcRc ⁽¹⁾	¢/lb	12.8	16.6	21.4
Cost of production before by-product revenue ⁽²⁾				
Zinc India	\$	1,111	1,069	1,215
Zinc International	\$	1,165	1,300	1,533
Oil and Gas	\$/boe	22.2	20.9	22.9
Iron ore	\$	41.3	40.9	134.9
Copper smelting and refining	¢/lb	20.1	18.8	14.0
Aluminium	\$	1,887	1,664	1,790
Power – Jharsuguda 2400 MW plant	Rs./unit	2.1	2.1	2.1
Cost of production net of by-product revenue ⁽²⁾				
Zinc India	\$	981	985	1,111
Zinc International	\$	1,089	1,167	1,393
Oil and Gas	\$/boe	22.2	20.9	22.9
Iron ore	\$	41.3	40.9	134.9
Copper smelting and refining	¢/lb	8.7	9.7	4.2
Aluminium	\$	1,879	1,658	1,785
Power - Jharsuguda 2400 MW plant	Rs./unit	2.1	2.1	2.1

- (1) Represents our average realized TcRc for the period.
- (2) Cost of production per unit is not a recognized measure under IFRS as issued by the IASB. We have included cost of production as it is a key performance indicator used by the management to assess the performance of our operations. We also believe it is a measure used by investors and analysts to evaluate companies in our industry. Our results of operations are, to a significant degree, dependent upon our ability to efficiently run our operations and maintain low costs of production. Efficiencies relating to recovery of metal from the ore, process improvements, by-product management and increasing productivity help drive our costs down. Our computation of cost of production should be considered in addition to, and not as a substitute for other measures of financial performance and liquidity reported in accordance with IFRS as issued by the IASB. Cost of production is a measure intended for monitoring the operating performance of our operations. This measure is presented by other metal companies, though our measure may not be comparable to similarly titled measures reported by other companies.



We present below costs of production for our metal products on the following basis:

- 1) Cost of production before by-product revenue, which represents the direct cash costs relating to production and conversion costs of metal (such as energy costs, ore extraction costs and processing costs at our captive mines, labor costs and other manufacturing expenses); excluding depreciation and finance costs, and
- 2) Cost of production net of by-product revenues which represents cost of production before by-product revenue offset by any amounts we receive upon sale of by-products from such operations. Offsetting by-product revenues is useful to the management and investors to compare our cost competitiveness with our peers in the industry as it is a common metric used by our peers in the industry.

We explain the cost of production for each metal as set forth below:

- In the case of Zinc India operations, where we have integrated operations from production of zinc ore to zinc metal, cost of production before by-product revenue is the cost of extracting ore and conversion of the ore into zinc metal ingots. Payment of Royalty and provision towards contribution to District Mineral Foundation (“DMF”) and National Mineral Exploration Trust (“NMET”) is included in determining the cost of production. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue earned from the by-product sulphuric acid, which is deducted from the cost of production consistent with the industry practice. The total cash cost before by-product revenue and net of by-product revenue is divided by the total number of tons of zinc metal produced to calculate the cost of production before by-product revenue and net of by-product revenue per ton of zinc metal. Our Zinc India segment primarily consists of zinc ingot production and lead is only a co-product of zinc while silver is a by-product arising from lead smelting process. Accordingly, the cost of production presented for Zinc India operations is only for zinc ingot production and the cost of production of lead and silver are not presented.
- Our Zinc International operations consist of the Skorpion mine and refinery in Namibia, Black Mountain mine in South Africa and Lisheen mine in Ireland. Skorpion produces special high grade zinc ingots. As a result, the cost of production before by-product revenue with respect to the Skorpion mine consists of the total direct cost of mining zinc ore and producing zinc in the refinery through a leaching, refining and electrowinning process. Skorpion mine does not produce any material by-products. Cost of production before by-product revenue of zinc at Black Mountain mine consists of direct mining costs, concentrate costs, TcRc and direct services cost. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue from copper consistent with the industry practice. At Black Mountain mine lead is only a co-product of zinc while silver is a by-product of lead. Accordingly, the cost of production presented for Black Mountain mine is only for zinc production and the cost of production of lead and silver are not presented. Lisheen mine produces zinc and lead concentrate. Therefore, the cost of production before by-product revenue with respect to the Lisheen mine consists of direct mining costs, mill processing costs, other overhead costs, treatment charges and other direct cash costs. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue from lead and silver consistent with the industry practice. Royalties paid are also included in the cost of production. The total cash cost before by-product revenue and net of by-product revenue is divided by the total number of tons of zinc metal produced or zinc metal in concentrate produced to calculate the cost of production before by-product revenue and net of by-product revenue per ton of zinc metal produced or zinc metal in concentrate produced.
- The cost of production in our oil and gas business consists of expenditure incurred towards the production of crude oil and natural gas including statutory levies, such as cess, royalties (except the Rajasthan block) and production payments payable pursuant to the production sharing contracts as well as operational expenditures such as costs relating to manpower, repairs and maintenance of facilities, power generation and fuel for such facilities, water injection, insurance, and storage, transportation and freight of crude oil and natural gas, among others. The total production cost is divided by the net interest quantity of oil and gas produced to determine the cost of production per barrel of oil equivalent.
- In the case of iron ore, cost of production relates to the iron ore mining and processing cost. Payment of Royalty and provision towards contribution to DMF and NMET is included in determining the cost of production. The total cost is divided by the total number of tons of iron ore produced to calculate the cost of production per ton of iron ore. Our iron ore segment also includes met coke and pig iron. However, the cost of production presented for iron ore operations does not include met coke and pig iron.



- In the case of copper, cost of production before by-product and free copper revenue relates only to our custom smelting and refining operations (and not for our mining operations), and consists of the cost of converting copper concentrate into copper cathodes, including the cost of freight of copper anodes from Tuticorin to Silvassa. Cost of production net of by-product and free copper revenue represents cost of production before by-product and free copper revenue, net of revenue earned from the sale of by-product, sulphuric acid, and copper metal recovered in excess of paid copper metal are deducted from the cash costs, in line with the cost reporting practice of custom smelters globally. The total cash costs before by-product and free copper revenue and net of by-product and free copper revenue are divided by the total number of pounds of copper metal produced to calculate the cost of production before by-product and free copper revenue and net of by-product and free copper revenue per pound of copper metal produced.
- Cost of production of aluminium includes the average cost of production in the BALCO and Odisha aluminium businesses. The cost of production before by-product revenue includes cost of purchased alumina, the cost of producing bauxite and conversion of bauxite/alumina into aluminium metal. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue earned from the sale of by-products, such as vanadium, which is consistent with the industry practice. The total cash cost before by-product revenue and net of by-product revenue is divided by the total quantity of hot metal produced to determine the cost of production before by-product revenue and net of by-product revenue per ton of aluminium hot metal produced. Hot metal production output is used instead of the cast metal production output disclosed elsewhere in this Annual Report in calculating this measure. This is because, the hot metal production, which excludes the value added cost of casting, is the measure generally used in the aluminium metal industry for calculating measures of cost of production.
- Cost of production of power for Jharsuguda 2400 MW power plant (and not for the TSPL 660 MW, the 274 MW HZL power plant, the 270 MW BALCO power plant and the 106.5 MW MALCO's power plant) includes the cost of coal and other liquid fuels used for generating power and other overhead costs such as operating, maintenance and manpower costs. The total cost is divided by the total net units generated to calculate the cost of production per unit of energy produced.
- Cost of production before by-product revenue and net of by-product revenue is divided by the daily average exchange rate for the year to calculate US dollar cost of production per lb or per ton of metal or per barrel of oil equivalent as reported.



For the Year Ended March 31,

	2011		2012		2013		2014		2015	
	(Rs.in millions, except Production output and Cost of production)		(Rs.in millions, except Production output and Cost of production)		(Rs.in millions, except Production output and Cost of production)		(Rs.in millions, except Production output and Cost of production)		(Rs.in millions, except Production output and Cost of production)	
Zinc—India:										
Segment revenue	Rs.	98,444	Rs.	111,319	Rs.	123,241	Rs.	132,811	Rs.	144,127
Less:										
Segment profit		(55,343)		(59,296)		(64,227)		(68,642)		(70,605)
		43,101		52,023		59,014		64,169		73,522
Less:										
Cost of tolling including raw material cost		(1,651)		(3,121)		(6,805)		—		—
Cost of intermediary product sold		(1,699)		(149)		(1,806)		(3,461)		(3,230)
Cost of lead metal sold		(3,028)		(5,260)		(6,962)		(8,115)		(8,991)
Others (c)		(815)		(1,451)		(2,506)		(4,146)		(6,773)
Total before adjusting for by-product revenues	Rs.	35,908	Rs.	42,042	Rs.	40,934	Rs.	48,447	Rs.	54,528
By-product revenue		(3,762)		(5,315)		(4,766)		(3,821)		(4,692)
Total after adjusting for by-product revenues	Rs.	32,146	Rs.	36,727	Rs.	36,168	Rs.	44,626	Rs.	49,836
Production output (in tons)		712,471		758,716		676,923		749,167		733,805
Cost of production before by-product revenue (per ton) (a)	\$	1,106	\$	1,156	\$	1,111	\$	1,069	\$	1,215
Cost of production net of by- Product revenue (per ton) (a)		990		1,010		981		985		1,111
Zinc—International:										
Segment revenue	Rs.	9,961	Rs.	42,771	Rs.	43,475	Rs.	40,156	Rs.	35,886
Less: Segment profit		(4,247)		(17,367)		(15,712)		(12,829)		(11,059)
		5,714		25,404		27,763		27,327		24,827
Less:										
Cost of intermediary product sold		(82)		—		—		—		—
TcRc		—		4,340		3,344		4,191		4,943
Cost of lead metal sold		(453)		(6,240)		(5,336)		(4,631)		(4,486)
Others (c)		(345)		(2,228)		(3,351)		(2,900)		(894)
Total before adjusting for by-product revenues	Rs.	4,834	Rs.	21,276	Rs.	22,421	Rs.	23,987	Rs.	24,390
By-product revenue		(706)		(1,621)		(1,459)		(2,464)		(2,230)
Total after adjusting for by-product revenues	Rs.	4,128	Rs.	19,655	Rs.	20,962	Rs.	21,522	Rs.	22,160
Production output (in tons)		80,066		359,730		353,404		304,945		260,106
Cost of production before by-product revenue (per ton) (a)	\$	1,324	\$	1,233	\$	1,165	\$	1,300	\$	1,533



For the Year Ended March 31,

	2011	2012	2013	2014	2015
	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)
Cost of production net of by-product revenue (per ton) ^(a)	\$ 1,131	\$ 1,139	\$ 1,089	\$ 1,167	\$ 1,393
Oil & Gas					
Segment revenue	—	44,944	175,518	187,103	146,945
Less:					
Segment profit	—	(33,825)	(128,502)	(139,453)	(88,671)
	—	11,119	47,016	47,650	58,274
Less:	—				
Unsuccessful Exploration Cost	—	(709)	(2,821)	(653)	(7,867)
Other income	—	180	1,025	379	103
Pre award cost	—	(67)	(194)	(242)	(1)
Others ^(c)	—	(2,954)	(5,217)	(5,575)	(5,619)
Total before adjusting for by-product revenues	Rs. —	Rs. 7,569	Rs. 39,810	Rs. 41,560	Rs. 44,890
By-product revenue	—	—	—	—	—
Total after adjusting for by-product revenues	Rs. —	Rs. 7,569	Rs. 39,810	Rs. 41,560	Rs. 44,890
Net Production (in mmboe)	—	8.57	33.00	32.89	32.0
Cost of production before by-product revenue (per boe)^(a)	\$ —	\$ 17.4	\$ 22.2	\$ 20.9	\$ 22.9
Cost of production net of by-product revenue (per boe)^(a)	—	17.4	22.2	20.9	22.9
Iron Ore					
Segment revenue	99,851	88,339	26,119	16,558	19,963
Less:					
Segment profit	(48,154)	(34,229)	(4,530)	2,700	891
	51,697	54,110	21,589	19,258	20,854
Less:					
Cost of Intermediary product sold	(8,899)	(8,018)	(9,309)	(16,340)	(15,953)
Export Duty	(6,620)	(16,233)	(4,430)	—	—
Others ^(c)	(7,549)	(7,665)	500	810	214
Total before adjusting for by-product revenues	28,629	22,194	8,351	3,728	5,115
By-product revenue	—	—	—	—	—
Total after adjusting for by-product revenues	28,629	22,194	8,351	3,728	5,115
Production output (in million dmt)	18.84	13.75	3.71	1.51	0.62
Cost of production before by-product revenue (per dmt) ^(a)	\$ 33.3	\$ 33.7	\$ 41.3	\$ 40.9	\$ 134.9
Cost of production net of by-product revenue (per dmt) ^(a)	33.3	33.7	41.3	40.9	134.9



For the Year Ended March 31,

	2011	2012	2013	2014	2015
	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)	(Rs.in millions, except Production output and Cost of production)
Copper:					
Segment revenue	Rs. 156,610	Rs. 201,647	Rs. 217,374	Rs. 205,879	Rs. 226,298
Less:					
Segment profit	(11,247)	(9,938)	(10,868)	(11,429)	(17,385)
	145,363	191,709	206,506	194,450	208,913
Less:					
Purchased concentrate/rock	(135,651)	(181,766)	(193,200)	(182,399)	(196,428)
Cost for downstream products	(1,638)	(1,481)	(2,163)	(3,354)	(3,441)
Others (c):	(2,153)	(1,779)	(2,630)	(1,295)	(2,220)
Total before adjusting for by-product and free copper revenues	Rs. 5,921	Rs. 6,683	Rs. 8,513	Rs. 7,402	Rs. 6,824
By-product revenues	(2,717)	(3,976)	(2,165)	(1,208)	(2,215)
Free Copper net sale	(1,969)	(2,708)	(2,647)	(2,385)	(2,559)
Total after adjusting for by-product and free copper revenues	Rs. 1,235	Rs. (1)	Rs. 3,701	Rs. 3,809	Rs. 2,050
Production output (in tons)	303,991	325,877	353,154	294,434	362,373
Cost of production before by-product and free copper revenue (a)	¢/lb 19.4	¢/lb 19.4	¢/lb 20.1	¢/lb 18.8	¢/lb 14.0
Cost of production net of by-product and free copper revenue (a)	4.0	0.0	8.7	9.7	4.2
Aluminium:					
Segment revenue	71,590	82,302	99,633	107,989	127,130
Less:					
Segment profit	(13,426)	(7,742)	(11,285)	(16,131)	(22,529)
	58,164	74,560	88,348	91,858	104,601
Less: Cost of intermediary product sold	—	—	—	—	—
Cost for downstream products	(3,629)	(4,122)	(5,140)	(4,230)	(4,611)
Others (c):	839	(1,887)	(3,613)	(7,540)	(7,707)
Total before adjusting for by-product revenues	Rs. 55,374	Rs. 68,551	Rs. 79,594	Rs. 80,087	Rs. 92,283
By-product revenue	(229)	(290)	(299)	(281)	(223)
Total after adjusting for by-product revenues	Rs. 55,145	Rs. 68,261	Rs. 79,296	Rs. 79,807	Rs. 92,060
Production output (hot metal) (in tons)	644,193	680,461	774,851	795,728	843,219
Cost of production before by-product revenue (per ton) (a)	\$ 1,886	\$ 2,101	\$ 1,887	\$ 1,664	\$ 1,790



	For the Year Ended March 31,				
	2011 (Rs.in millions, except Production output and Cost of production)	2012 (Rs.in millions, except Production output and Cost of production)	2013 (Rs.in millions, except Production output and Cost of production)	2014 (Rs.in millions, except Production output and Cost of production)	2015 (Rs.in millions, except Production output and Cost of production)
Cost of production net of by-product (per ton) ^(a)	\$ 1,878	\$ 2,091	\$ 1,879	\$ 1,658	\$ 1,785
Power					
Segment revenue	11,154	28,473	36,365	37,638	41,186
Less:					
Segment profit	(4,527)	(6,299)	(11,551)	(7,429)	(8,424)
	6,627	22,174	24,814	30,209	32,762
Less:					
Cost of power at TSPL, BALCO, HZL and MALCO Energy	(6,627)	(8,188)	(8,286)	(9,456)	(13,725)
Others ^(c) :	—	(1,828)	(2,555)	(4,710)	(3,589)
Total	Rs. —	Rs. 12,157	Rs. 13,973	Rs. 16,043	Rs. 15,448
Production output (in MU) ^(b)	—	4,637	6,718	7,625	7,216
Cost of production before by-product revenue (per unit)	Rs. —	Rs. 2.6	Rs. 2.1	Rs. 2.1	Rs. 2.1
Cost of production net of by-product revenue (per unit)	Rs. —	Rs. 2.6	Rs. 2.1	Rs. 2.1	Rs. 2.1

Notes:

- (a) Exchange rates used in calculating cost of production were based on the daily Reserve Bank of India (“the RBI”), reference rates for the years ended March 31, 2011, 2012, 2013, 2014 and 2015 of Rs. 45.58 per \$ 1.00, Rs. 47.95 per \$ 1.00, Rs. 54.45 per \$ 1.00, Rs. 60.50 per \$ 1.00 and Rs. 61.15 per \$ 1.00 respectively.
- (b) Production does not include units generated from the TSPL 660 MW, the 274 MW HZL wind power plant, the 270 MW BALCO power plant and the 106.5 MW MALCO Energy’s power plant.
- (c) “Others” include head office expenses, administration expenses, selling and distribution expenses, exploration costs that have been expensed, changes in inventory, foreign exchange fluctuations, expenses incurred for large corporate social responsibility initiatives undertaken, such as building hospitals and other operating income. These costs are indirect costs and not related to the direct cash cost of production and hence have been excluded from calculating cost of production.

B. Capitalization and Indebtedness

Not applicable

C. Reasons for the Offer and Use of Proceeds

Not applicable

D. Risk Factors

This Annual Report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the following risk factors and elsewhere in this Annual Report. If any of the following risks actually occur, our business, financial condition and results of operations could suffer and the trading price of our equity shares and ADSs could decline.



Risks Relating to Our Business

Our operations are subject to governmental, health and safety and environmental regulations, which require us to obtain and comply with the terms of various approvals, licenses and permits. Any failure to obtain, renew or comply with the terms of such approvals, licenses and permits in a timely manner may have a material adverse effect on our business, results of operations and financial condition.

Numerous governmental permits, approvals and leases are required for our operations as the industries in which we operate and seek to operate are subject to numerous laws and extensive regulation by national, state and local authorities in jurisdictions including India, Sri Lanka, Australia, Namibia, South Africa, Ireland, Liberia and any other jurisdictions where we may operate in future. Our operations are also subject to laws and regulations relating to employment, the protection of health and safety of employees as well as the environment, including conservation and climate change. For instance, we are required to obtain various environmental and labor-related approvals in connection with our operations in India, including clearances from the Ministry of Environment and Forests ("MoEF"), Government of India ("GoI") and from the relevant pollution control boards in various states in India in which we operate in order to establish and operate our facilities. Certain of such approvals are valid for certain specified periods of time and require periodic renewals, such as consents to operate and under the Air (Prevention and Control of Pollution) Act, 1981, as amended, and the Water (Prevention and Control of Pollution) Act, 1981 from the relevant Pollution Control Boards, which are generally granted for a period of one year.

Further, our oil and gas, exploration and mining activities depend on the grant or renewal of various exploration and mining licenses and production sharing contracts and other regulatory approvals that are valid for a specific period of time. In addition, such licenses and contracts contain various obligations and restrictions, including restrictions on assignment or any other form of transfer of a mining lease or on the employment of a person who is not an Indian national. For instance, in connection with our mining operations in India, mining leases are typically granted for a period of 20 to 30 years and stipulate conditions including approved limits on extraction. Similarly, in connection with our oil and gas operations in India, Cairn India is required to enter into a production sharing contract and obtain an exploration license, which typically extends to 7 or 8 years following the award of a block before it can commence exploration activities and if exploration is successful, Cairn India is then required to procure a petroleum mining lease from the relevant government authority which typically extends for 20 years in order to conduct extraction operations for oil and gas.

Our current oil and gas reserves and production are significantly dependent on the Rajasthan block in India. The current production sharing contract for the block is valid until May 2020. If the production sharing contract does not get extended or gets extended on unfavorable terms, for example, if the GoI seeks a higher profit share, or the Oil and Natural Gas Corporation Limited ("ONGC") seeks higher shareholding in the Rajasthan block, this could result in a substantial loss of value and could have a material and adverse effect on our results of operations and financial condition. Furthermore, under the terms of the production sharing contracts, we are obliged to sell our entitlement to crude oil in the domestic Indian market until such time as the total availability of the crude oil and condensate from all domestic petroleum production activities meets the total national demand and India achieves self-sufficiency. There is currently a mismatch between the demand and the supply for crude oil in India, with the demand outweighing the domestic production of crude oil, and this mismatch is expected to continue in the long term. Further, to the extent our Indian blocks yield crude oil that is not suitable for processing by refineries in India, it may be difficult for us to monetize such domestic crude oil reserves and this could have a material adverse effect on our oil and gas business, financial condition or results of operations.

Government approval is also required, generally, for the continuation of mining as well as oil and gas exploration and production activities in India and other jurisdictions, and such approval can be revoked for a variety of circumstances by the GoI, Indian courts or other authorities. Any general suspension of mining activities by the government of a jurisdiction containing our mining operations could have the effect of closing or limiting production from our operations. For example, our total iron ore production declined from 13.8 mmt in fiscal year 2012 to 0.6 mmt in fiscal year 2015. This was due to the suspension imposed by the state government of Goa and this suspension was upheld by the Supreme Court of India on the mining activities in the state of Goa for the period September 2012 to April 2014. The ban was lifted in Goa in April 2014 through an order of the Supreme Court which was conditional on the state government of Goa issuing a state mining policy. Thereafter the state government of Goa declared a state mining policy later during the year, and renewed leases pending from the year 2007 in December 2014 and January 2015. Most of the leases are awaiting consent from the Indian Bureau of Mines and the Goa State Pollution Control Board following which mining will commence. The MoEF has also lifted the suspension on environmental clearances which it had earlier notified. Pursuant to the April 2014 order from the Supreme Court and recommendation, the state government of Goa has advised an initial cap of 20 mt for the state of Goa which is estimated to be increased in future. The Group has been allocated a capacity of 5.54 mt with a cap limit of 20 mt for Goa mining operations. The registration of mining leases in Goa has been completed and the Goa State Pollution Control Board in their meeting held on July 10, 2015 has considered renewal of consent to operate under the Air (Prevention of Pollution) Act and Water (Prevention of Pollution) Act. Further, we have filed application for approval of mining plan for 15 mine leases, of which we have received approval for six mines. On August 10, 2015, operations at the Codli mine commenced and operations at the remaining mines are likely to restart from the second half of fiscal year 2016 after receiving the consent to operate and the approval of mining plans. Further, the state government of Goa appointed a firm of chartered accountants in August 2014 to undertake an audit of



20018GsPjMvVprjQF

production levels in excess of environment clearances of all mining companies operating in the state of Goa, including our Company for the period from fiscal year 2008 to fiscal year 2013. The firm of chartered accountants submitted its final report to the state Directorate of Mines and Geology (DMG) on May 5, 2015. Observations raised by the audit with respect to our Company included production levels to be in excess of environmental clearances for the leases of the Company, and whether the royalty can be payable on a dry metric ton (DMT) basis instead of wet metric ton (WMT) basis, and the audit process was based on the formats and procedures specified by DMG and the report was submitted accordingly. The Company has refuted these observations and provided its responses to these observations to the firm of chartered accounts based upon a legal opinion of our Indian counsel, and these responses have been filed in the audit report of the chartered accountant firm to the state DMG. In doing so, the Company has reserved its rights without prejudice to its responses and requested an opportunity to furnish further documentation and information as may be appropriate before any further steps in this regard are taken by the state government. The Company has not received any further notice or communication in this regard. If the Company is subject to any subsequent action based upon the recommendations of the audit report, we could be subject to significantly higher royalty payments and / or other penalties. Such an outcome or any other adverse outcome could result in a material adverse effect on our financial condition and results of operations.



With regards to operating in Karnataka, we resumed operations after receiving the stage I forest clearance from the state government of Karnataka and a temporary working permission from the MoEF, but the temporary working permission expired on July 31, 2014. Our operations in Karnataka were suspended for the period from August 1, 2014 to February 27, 2015 and recommenced from February 28, 2015 after obtaining all statutory clearances. We have applied to the Central Empowered Committee through the Monitoring Committee for enhancement of its environmental clearance limit for our iron ore operations in Karnataka.

Furthermore, regulation of greenhouse gas emissions in the jurisdictions of our major customers and in relation to international shipping could also have an adverse effect on the demand for our products. Our smelting and mineral processing operations are energy intensive and depend heavily on fossil fuels. Increasing regulation of climate change issues such as greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets, may raise energy costs and costs of production over the coming years.

Any failure to comply with applicable laws, regulations or recognized international standards, or to obtain or renew the necessary permits, approvals and leases may result in the loss of the right to operate our facilities or continue our operations, the imposition of significant administrative liabilities, or costly compliance procedures, or other enforcement measures that could have the effect of closing or limiting production from our operations. If we were to fail to meet environmental requirements or to have a major accident or disaster, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines, penalties and damages against us, as well as subject to orders that could limit or halt or even cause closure of our operations, any of which could have a material adverse effect on our business, results of operations and financial condition.

For example, in March 2013, the Tamil Nadu Pollution Control Board (“TNPCB”) ordered the closure of the copper smelter at Tuticorin due to complaints regarding a noxious gas leak by local residents. We filed a petition in the National Green Tribunal challenging the order of the TNPCB. The National Green Tribunal passed an interim order in May 2013 allowing the copper smelter to recommence operations subject to certain conditions. We recommenced operations on June 16, 2013. In addition, the expansion of the alumina refinery at Lanjigarh has been on hold since October 2010 because the environmental approval has been withheld by the MoEF. See “Item 8. Financial Information— A. Consolidated Statements and Other Financial Information— Legal Proceedings.” for further details.

Any prolonged closure of our operations could have a material adverse effect on our businesses, results of operations, financial condition or prospects or may result in the recognition of an impairment of our assets.

We are exposed to the political, legal, regulatory and social risks of the countries in which we operate

We are exposed to the political, economic, legal, regulatory and social risks of the countries in which we operate or intend to operate. These risks potentially include expropriation and nationalization of property, instability in political, economic or financial systems, uncertainty arising from underdeveloped legal and regulatory systems, corruption, civil strife or labor unrest, acts of war, armed conflict, terrorism, outbreaks of infectious diseases, prohibitions, limitations or price controls on hydrocarbon exports and limitations or the imposition of tariffs or duties on imports of certain goods. Countries in which we have operations or intend to have operations have transportation, telecommunications and financial services infrastructures that may present logistical challenges not associated with doing business in more developed locales. Furthermore, we may have difficulty in ascertaining our legal obligations and enforcing any rights that we may have.

For example, under the terms of the shareholders’ agreement between the GoI and us, we were granted two call options to acquire all the shares in HZL held by the GoI at the time of exercise. We exercised the first call option on August 29, 2003. The GoI has disputed and refused to act upon the second call option. Also, GoI has disputed our exercise of the call option to purchase the remaining ownership interest of the GoI in BALCO. See “Item 4. Information on the Company—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO.”



Further, during fiscal year 2015, the Audit Committee was made aware that charges have been filed against several persons unconnected with the Group and one employee of Cairn India Limited who was previously arrested and subsequently released, for alleged possession and access to government information. Cairn India Limited has not been named in the charges. Cairn India Limited has in place a comprehensive compliance program and controls, and regularly undertakes review of its controls.

Political, legal and commercial instability or community disputes in the countries and territories in which we operate could affect our operations. Some of our current and potential operations are located in or near communities that may regard such operations as having a detrimental effect on their environmental, economic or social circumstances.

Any such disputes or issues could have a material adverse impact on our cost, profitability, and ability to finance our operations. Such events could lead to disputes with national or local governments or with local communities and give rise to negative publicity. If our operations are delayed or shut down as a result of political and community instability, our revenue growth may be constrained and the long-term value of our business could be adversely impacted. Once we establish operations in a particular country, it may be expensive and logistically difficult to discontinue such operations should economic, political, physical or other conditions deteriorate subsequently. All of these factors could have a material adverse effect on our business, results of operations, financial condition or prospects.

Material changes in the regulations that govern our businesses, or the interpretation of recent legislation, could have a material adverse effect on our business, financial condition and result of operations

Mining in India is subject to a complex and comprehensive set of laws and regulatory requirements. See “Business — Indian Regulatory Matters — Mining Laws”. These laws and regulatory requirements are subject to change. If we are affected, directly or indirectly, by the application or interpretation of any such statute, enforcement proceedings initiated under it, it may have a material adverse effect on our business, financial condition and result of operations.

The new Mines and Minerals (Development and Regulations) Amendment Act, 2015 (“MMDRA Amendment Act”), notified towards the end of fiscal year 2015, brings greater transparency in the granting of mineral concessions through an e-auction process. It also removes certain uncertainties relating to automatic renewals of mine leases for future periods. However for existing mining leases, it notifies an amount not exceeding royalty, to be contributed to the District Mineral Foundation (“DMF”) for the benefit of people affected by mining and an additional 2% of royalties to the National Mineral Exploration Trust. Although the exact percentage of the DMF contribution has not been notified and the government is expected to announce it shortly, it can potentially impact mining of low grade and deep ore bodies which will not be conducive to growth of mining in the country.

In addition, our oil and gas business is also subject to complex and comprehensive regulations in India, Sri Lanka and South Africa. For example, upon the expiry of oil and gas licenses in India, contractors are generally required under the terms of relevant licenses or local law to conduct decommissioning or abandonment activities with regard to the equipment, and wells and generally make good production sites. There can be no assurance that we will not in the future incur decommissioning charges in excess of those currently provided for, since local or national governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, particularly in case of future oil and gas license renewals. The costs, liabilities and requirements associated with complying with existing and future laws and regulations may also be substantial and time-consuming and may delay the commencement or continuation of oil and gas exploration or metal mining and production activities. This and any changes to the regulations could require changes to the manner in which we conduct our business and result in an increase in compliance costs, which could have a material adverse effect on our business, financial condition and results of operation.

We have significant asset concentration risks, and any interruption in the operations at those assets could have a material adverse effect on our results of operations and financial condition

Our results of operations have been and are expected to continue to be substantially dependent on the reserves, production and the cost of production at certain of our key assets, and any interruption in the operations, exploration and development activities at those assets for any reason could have a material adverse effect on our results of operations and financial condition. For example, the Rajasthan block produced 93.2% of our average daily net operated production from our oil and gas business in fiscal year 2015 and oil and gas from the Rajasthan block constituted 96.3% of our net aggregate proved oil and gas reserves on a barrel of oil equivalent basis as of March 31, 2015. Our ongoing capital expenditure program has focused on development and exploration activities across all the assets with approximately 83% of the capital expenditure for fiscal year 2015 having been invested in the Rajasthan block.



Further, our Rampura Agucha zinc mine produced 82.8% of the total mined zinc metal in concentrate that we produced in fiscal year 2015 and constituted 45.7% of our total proven and probable zinc ore reserves as of March 31, 2015 in India. Furthermore, the Codli mine in Goa constituted 16.8% of our proved and probable iron ore reserves in India as of March 31, 2015. Suspension of mining activities in Goa has materially affected our operations, and any future interruption in the operations of these mines, could have a material adverse effect on our results of operations and financial condition. For example, the production of saleable ore from our iron ore business at Goa declined from 3.7 million tons in fiscal year 2013 to nil in fiscal year 2014 due to the suspension of mining activities in Goa since September 11, 2012 and an order of the Supreme Court of India since October 5, 2012. On April 21, 2014, the Supreme Court of India lifted the mining suspension with certain conditions. The Supreme Court also imposed an interim restriction on the maximum annual excavation from the mining leases in the State of Goa. Further, in its order, the Court held that all mining leases in the State of Goa including ours expired in 2007. Consequently, no mining operations can be carried out until the renewal or execution of mining lease deeds by the state government of Goa. Following such order of the Supreme Court, in August 2014, the High Court of Bombay at Goa pronounced an Order to renew mining leases in Goa. The MoEF and state government of Goa have also revoked their suspension orders subject to limits imposed by the Supreme Court. However, operations for most of the mines in Goa remain suspended, pending mining clearances from the Indian Bureau of Mines and the Pollution Control Board. Any such suspension or further delay in recommencement of mining operations from these mines could have a material adverse effect on our results of business, financial condition, results of operations and prospects.

Our business requires substantial capital expenditures and the dedication of management and other resources to maintain ongoing operations and to grow our business through projects, expansions and acquisitions, which projects, expansions and acquisitions are subject to additional risks that could adversely affect our business, financial condition and results of operations

Capital requirements. We require capital for, among other purposes, expanding our operations, making acquisitions, managing acquired assets, acquiring new equipment, maintaining the condition of our existing equipment and maintaining compliance with environmental laws and regulations. To the extent that cash generated internally and cash available under our existing credit facilities are not sufficient to fund our capital requirements, we will require additional debt or equity financing, which may not be available on favorable terms, or at all. Future debt financing, if available, may result in increased finance charges, increased financial leverage, and decreased income available to fund further acquisitions and expansions and the imposition of restrictive covenants on our business and operations. In addition, future debt financing may limit our ability to withstand competitive pressures and render us more vulnerable to economic downturns. If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance our indebtedness.

In light of this, our planned and any proposed future expansions and projects may be materially and adversely affected if we are unable to obtain funding for such capital expenditures on satisfactory terms, or at all, including as a result of any of our existing facilities becoming repayable before its due date. In addition, there can be no assurance that our planned or any proposed future expansions and projects will be completed on time or within budget, which may adversely affect our cash flow.

Demands on management. Our efforts to continue our growth will place significant demands on our management and other resources and we will be required to continue to improve operational, financial and other internal controls, both in India and elsewhere. Our ability to maintain and grow our existing business and integrate new businesses will depend on our ability to maintain the necessary management resources and on our ability to attract, train and retain personnel with skills that enable us to keep pace with growing demands and evolving industry standards.

We are, in particular, dependent to a large degree, on the continued service and performance of our senior management team and other key team members in our business units. These key personnel possess technical and business capabilities that are difficult to replace. The loss or diminution in the services of members of our senior management or other key team members, or our failure to maintain the necessary management and other resources could have a material adverse effect on our results of operations, financial condition and prospects. In addition, as our business develops and expands, we believe that our future success will depend on our ability to attract and retain highly skilled and qualified personnel, which is not guaranteed.

Acquisition risks. As part of our growth strategy, we intend to continue to pursue acquisitions to expand our business. There can be no assurance that we will be able to identify suitable acquisition, strategic investment or joint venture opportunities, obtain the financing necessary to complete and support such acquisitions or investments, integrate such businesses or investments, satisfy regulatory requirements for such acquisitions or that any business acquired will be profitable. If we attempt to acquire non-Indian companies, we may not be able to satisfy certain Indian regulatory requirements for such acquisitions and may need to obtain the prior approval of the RBI which we may not be able to obtain. The funding of such acquisitions by us may require certain approvals from regulatory authorities in India. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on our operating results, diversion of management's attention, failure to retain key personnel, risks associated with unanticipated events or liabilities and difficulties in the assimilation of the operations, technologies, systems, services and products of the acquired businesses or investments. Any failure to achieve successful integration of such acquisitions or investments could have a material adverse effect on our business, results of operations or financial condition.



If our planned expansions and new projects are delayed, or if we experience cost overruns in our projects, our results of operation and financial condition may be materially and adversely affected

We have in recent years initiated significant expansion plans for our existing operations and planned greenfield projects, which involve significant capital expenditure. Although several of these initiatives have been completed, work remains to be completed in some of these projects. The timing, implementation and cost of such expansion are subject to a number of risks, including the failure to obtain necessary leases, licenses, permits, consents and approvals, or funding for the expansion. We do not currently have all of the leases, licenses, permits, consents and approvals that are or will be required for our planned expansion and new projects. There can be no assurance that we will be able to obtain or renew all necessary leases, licenses, permits, consents and approvals in a timely manner.

For example, a writ petition was filed at the High Court of Madras challenging the grant of an environmental clearance for the expansion of our copper smelting unit at Tuticorin. Further, the expansion of our alumina refinery at Lanjigarh has been on hold since October 2010 because of the environmental approval was rendered non-operational by the MoEF. See “Item 8. Financial Information— A. Consolidated Statements and Other Financial Information— Legal Proceedings.” for further details.

Additionally, while all pre-commissioning activities, tests and tie-ins are completed for pipelines and most of the key approvals are in place, there could be further delays in final start-up of the facilities pending export readiness of the marine systems, in case certain pending supplies from original equipment manufacturers are delayed. Further, although all tests and pre-commissioning activities have been completed, risks associated to the start-up stage could further delay the first cargo. For instance, the construction of the additional Salaya to Bhogat section of the main pipeline has been approved by ONGC, the relevant regulatory authorities and the GoI. The estimated costs of the Salaya to Bhogat section were included as part of the overall cost estimates for construction of the main pipeline and the cost overrun has been approved by the joint venture partner and the relevant regulatory authorities, but not yet approved by the GoI. If the GoI does not approve the increase in costs, this could increase the risk that some of the costs for constructing, installing and commissioning this section of the main pipeline are not allowed for cost recovery purposes. The occurrence of any of the above events could have a material adverse effect on our results of operations and financial condition of our business.

Moreover we are currently undertaking exploration programs in our Rajasthan and other oil blocks and any delays in this exploration program or shortfall in achieving the necessary output levels could materially and adversely affect our operations and financial condition.

In fiscal year 2013, we announced an expansion of our zinc-lead mines capacity to 1.2 MTPA in a phased manner until fiscal year 2019 in our Zinc India business. This will involve sinking of underground shafts and developing underground mines. Benefits from these growth projects are expected to begin in fiscal year 2016, even though project activities will continue until fiscal year 2019. Annual capital expenditure towards these projects is expected to be approximately \$ 250 million. Any delays in the execution of the expansion plans or any shortfall in achievement of the expansion objectives may adversely affect our business, financial condition and results of operations.

Furthermore, the GoI is contemplating a proposal to demarcate certain forest areas in India, based on the permissibility of using such land for mining purposes. The identification of designated areas where mining activities will, or will not, be permitted will be based on mapping forest and coal reserves as well as field-level studies. While this proposal remains in discussion, the MoEF has denied the grant of environmental and forest diversion clearances applied for in certain areas identified as restricted areas. In the event the proposal is implemented, our current and any future mining activities and related expansion plans and new projects may be affected, which would adversely affect our business prospects and results of operations or otherwise hinder our borrowing capabilities.

Any delay in completing planned expansions, revocation of existing clearances, failure to obtain or renew regulatory approvals, non-compliance with applicable regulations or conditions stipulated in the approvals obtained, suspension of current projects, or cost overruns or operational difficulties once the projects are commissioned may have a material adverse effect on our business, results of operations or financial condition. Further, our decision to undertake or continue any of these projects will be based on assumptions of future demand for our products which may not materialize. As a consequence of project delays, cost overruns, changes in demand for our products and other reasons, we may not achieve the reductions in the cost of production or other economic benefits expected from these projects, which could adversely affect our business, financial condition and results of operations.

***If we are unable to secure additional reserves of oil and gas, zinc, copper, iron ore and bauxite that can be extracted at competitive costs or cannot extract existing reserves at competitive costs, our profitability and operating margins could decline***

If our existing oil and gas, zinc, copper, iron ore and bauxite reserves cannot be extracted at competitive costs or if we cannot secure additional reserves that can be extracted at competitive costs, we may become more dependent upon third parties for the metal ore, or our production volumes will decline. As our reserves decline as we extract the mineral ore or crude oil, our future profitability and operating margins depend upon our ability to access reserves that have geological characteristics enabling extraction at competitive costs. Replacement reserves may not be available when required or, if available, may not be of a quality capable of being extracted at costs comparable to the existing or exhausted mines and fields.

We may not be able to accurately assess the geological characteristics of any reserves that we acquire, which may adversely affect our profitability and financial condition. Because the value of reserves is calculated based on that part of our mineral and oil and gas deposits that are economically and legally exploitable at the time of the reserve calculation, a decrease in commodity prices may result in a reduction in the value of any reserves that we obtain as less of the deposits contained therein would be economically exploitable at lower prices. For example, during fiscal year 2015, we recorded impairment charge on oil and gas assets of Rs. 406,144 million (\$ 6,518.1 million) mainly relating to the Rajasthan block and the Sri Lanka block, triggered by the significant fall in crude oil prices.

Exhaustion of reserves at particular mines or oil fields may also have an adverse effect on our operating results that is disproportionate to the percentage of overall production represented by such mines or oil fields. Further, with depletion of reserves we will face higher unit extraction costs.

Our future production depends significantly upon our success in finding or acquiring and developing additional reserves adopting and using the appropriate technology. If we are unsuccessful, we may not meet our production targets which could adversely affect our results of operations and financial condition.

Our ability to obtain additional reserves in the future could be limited by restrictions under our existing or future debt agreements, competition from other metal and oil and gas companies, lack of suitable acquisition candidates, government regulatory and licensing restrictions, difficulties in obtaining mining leases and surface rights or the inability to acquire such properties on commercially reasonable terms, or at all. To increase production from our existing mines or oil fields, we must apply for governmental and joint operation partner approvals, which we may not be able to obtain in a timely manner, or at all.

The results of appraising discoveries are uncertain, more so in our oil and gas business, which may result in reductions in projected reserves and production declines and may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but uneconomic to develop. Appraisal and development activities may be subject to delays in obtaining governmental approvals or consents, shut-ins of connected wells, insufficient storage or transportation capacity or exhaustion and depletion of reserves or other geological and mechanical conditions all of which may result in a material increase of our costs of operations or delay anticipated revenues.

Our operations are subject to risks that could result in decreased production, increased cost of production and increased cost of or disruptions in transportation, power generation, mining and oil exploration

We are subject to operating conditions and events beyond our control that could, among other things, increase our mining, transportation or production costs, disrupt or halt operations at our mines and production facilities permanently or for varying lengths of time or interrupt the delivery of our products to our customers. These conditions and events include:

- *Disruptions in extraction and production due to equipment failures, unexpected maintenance problems and other interruptions.* All of our operations are vulnerable to disruptions. Our aluminium smelters are particularly vulnerable to disruptions in the supply of power which, even if lasting only a few hours, can cause the contents of the furnaces or cells to solidify, which would necessitate a plant closure and a shutdown in operations for a significant period, as well as involve expensive repairs. Our Tuticorin smelter plant was shut down for nine days in February 2012 due to the unavailability of copper concentrate. This was caused primarily due to the declaration of force majeure by some copper mines with which we had contracted for the supply of copper concentrate. We incurred loss of production to the extent of 8,000 metric tons and other costs due to this interruption. The losses from these interruptions include lost production, repair costs and other expenses.

Further, our oil processing facility in the northern fields of the Rajasthan block designed to separate oil, gas and water may not function as designed over the life of the fields. This may result in the crude oil not meeting export specifications of pipelines which may mean that any such crude oil either cannot be sold or will be sold at a significant discount to the agreed crude oil sales price, which could have an adverse effect on our business, financial condition or results of operations.



Additionally, fall of ground has been identified as the largest risk for the Lisheen mine and it is likely that this will remain the top risk until all underground operations have ceased and rewatering has commenced (currently anticipated to be November 2015). Other risks for consideration are the declining production profile due to poor ground conditions and the inability to meet backfill targets and these risks increase during the later months of production.

- *Availability of raw materials.* Any shortage of or increase in the prices of any of the raw materials needed to satisfy our businesses' requirements may interrupt our operations or increase our cost of production. We are particularly dependent on coal, which is used in many of our captive power plants. Our aluminium business, which has high energy consumption due to the energy-intensive nature of aluminium smelting, is significantly dependent on receiving allocations from Coal India Limited and its subsidiaries. A shortage of coal from April 2005 led Coal India Limited to reduce the amount of coal supplied to all of its non-utility customers, such as the aluminium industry consumers, including BALCO. As a result, BALCO was forced to utilize higher-priced imported coal and coal from non-linkage sources, which resulted in higher power generation costs. In fiscal year 2015, 70.0% of the allocated coal was supplied from Coal India Limited.

We established our aluminium business in Odisha through an agreement with Orissa Mining Corporation Limited to establish an aluminium smelter and associated captive power plants in the Lanjigarh and Jharsuguda district in Odisha. A memorandum of understanding with the Government of Odisha (through Orissa Mining Corporation Limited) provides that the Government of Odisha would supply us 150 million tons of bauxite ore. However delay in obtaining captive bauxite supply as per the terms of memorandum of understanding has resulted in our Orissa aluminium business reporting losses since inception. Any further delays in securing assured bauxite supplies for our Orissa aluminium business could continue to adversely affect our results of operations and financial condition.

Further, we may not receive the coal block allocations that we expect or may not be allowed to use such allocations for our commercial power generation business. Any coal block allocations that we receive may not be sufficient for our planned operations and we may not be successful in procuring a sufficient supply of coal at economically attractive prices, or at all. Additionally, we are subject to certain restrictive covenants contained in the coal block allocation agreements including specified end use and submission of mining plans within a specified period.

Our oil processing facility in the northern fields of the Rajasthan block require reliable fuel supply for power generation and heating, to ensure the quality of our crude oil production. Currently, the fuel supply for power generation and heating requirements are being met through associated natural gas from the Mangala field, supplemented as required by natural gas from the Raageshwari Deep gas field. While the current gas supply is adequate to ensure a sufficient fuel supply, there is no guarantee that the current estimates of the future fuel requirements can be supplied from the gas associated with existing and future oil production, supplemented by gas supply from the Raageshwari Deep gas field. In such an event, an alternative energy source would need to be obtained, which could have a material adverse effect on our business, financial condition or results of operations.

- *Availability of water.* The mining operations of our zinc and aluminium businesses, production from our oil fields, smelter operations of copper business and our captive power plants depend upon the supply of a significant amount of water. There is no assurance that the water required will continue to be available in sufficient quantities or that the cost of water will not increase. For example, BALCO is currently in a dispute with the National Thermal Power Corporation Limited regarding the right of way for a water pipeline that provides one of BALCO's captive power plants access to a body of water adjacent to the National Thermal Power Corporation Limited's premises. An unfavorable decision in this dispute may significantly increase BALCO's costs of obtaining water for our power plant.

We inject hot water to maintain reservoir pressure and to optimize crude oil recovery at the Mangala, Bhagyam and Aishwariya oil fields. The source water for these fields is, and will continue to be provided from water production wells drilled in the Thumbli saline aquifer in the Barmer Basin. Extraction of saline water also requires the approval of the relevant government authorities. There can be no assurance that the estimated impact of the expected water extraction from the flow of groundwater is accurate. A failure to extract the required amount of water during the life of the existing and currently planned developments or an inaccurate prediction of the impact on the flow of groundwater, or delay or cancellation of the approval from the government authorities to extract saline water, may require us to access alternative sources of water. Although the relevant government authority has given its consent for the extraction of saline groundwater from Thumbli, it is possible that we will be perceived to be directly or indirectly responsible for any shortage of fresh water or deterioration in water quality. In such an event, the local authorities may require us to access alternative water sources or holding us responsible for any contamination of the fresh water supply by saline groundwater from the aquifer which would have a material adverse effect on our business, financial condition or results of operations.



- *Disruptions to or increased costs of transport services.* We depend upon seaborne freight, inland water transport, rail, trucking, overland conveyor and other systems to transport bauxite, alumina, zinc concentrate, copper concentrate, coal and other supplies to our operations and to deliver our products to customers. Any disruption to or increase in the cost of these transport services, including as a result of interruptions that decrease the availability of these transport services or as a result of increases in demand for transport services from our competitors or from other businesses, or any failure of these transport services to be expanded in a timely manner to support an expansion of our operations, could have a material adverse effect on our business, financial condition or results of operations.
- *Inadequate plant operating and maintenance procedures.* We have in place operating and maintenance procedures to maintain the integrity of our production facilities. However, there is a risk of unplanned events, inadequate application of these procedures or higher levels of corrosion than expected could cause disruption to production all of which could have a material adverse effect on our business, financial condition or result of operations.
- *Dependence on third parties.* We depend on third parties for the construction, delivery and commissioning of the power facilities, supply and testing of equipment and transmission and distribution of electricity that we generate, which is beyond our control. For instance, the external contractors may not be able to complete construction and installation on time, within budget, or to the specifications set forth in our contracts with them, or the contractors may otherwise cause delays in meeting project milestones or achieving commercial operation by the scheduled completion date, which could in turn cause forecast budgets to be exceeded or result in delayed payment by customers, invoke liquidated damages, penalty clauses or performance guarantees or result in termination of contracts. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings- Proceedings against TSPL relating to its delay in commissioning various units of the power plant.” In addition, the demand for contractors with specialist design, engineering and project management skills and services has increased, resulting in a shortage of contractors and increasing costs of services. There can be no assurance that such skilled and experienced contractors will continue to be available at reasonable rates and we may be exposed to risks relating to the cost and quality of their services, equipment and supplies.
- *Price volatility and changes in tariff policy.* As we sell the power we generate in the open market (rather than to captive schemes), we are exposed to spot prices, which are subject to factors beyond our control.
- *Power purchase agreements.* The power purchase agreements and other agreements that we have entered into, or may enter into may require us to guarantee certain minimum performance standards, such as plant availability and generation capacity, to the power purchasers. If our facilities do not meet the required performance standards, the power purchasers with whom we have power purchase agreements may not reimburse us for any increased costs arising as a result of our plants’ failure to operate within the agreed norms, which in turn may affect our results of operations and financial condition.
- *Power transmission.* Lack of strong power transmission infrastructure could restrict our power generation volumes. For example, the effective plant load factor for all the four units of our commercial power plant at Jharsuguda was constrained at 39% in fiscal year 2015 on account of the limited power transmission infrastructure available in India.
- *Regulatory compliance.* Power generation in India is a regulated industry. In particular, national and state regulatory bodies and other statutory and government mandated authorities may, from time to time, impose minimum performance standards upon us. Failure to meet these requirements could expose us to the risk of penalties, including, in certain instances, plant shut downs.
- *Flow assurance concerns of crude oil.* The waxy nature of crude oil at the northern fields of the Rajasthan block requires us to use hot water injection as the recovery technique at these fields. Injection of hot water requires that the temperature of the water is maintained at a certain level to ensure that the temperature of the crude oil is not reduced by the water used in the injection process to the point where solidification may occur. If the temperature of the injection water is not maintained at the required level, the required injection rate may not be able to be maintained, therefore the overall field production rate and ultimate recovery may be adversely impacted. Further, the waxy nature of crude oil requires that the temperature of crude oil transported through the 24 inch insulated oil pipeline and connecting spur lines should be kept at a temperature greater than the temperature of crude oil. Maintaining the temperature of the crude oil above this wax appearance temperature has required the installation of a specialized heating system and heating stations at various points along the pipeline. If the specialized heating system does not perform as expected, or there are problems associated with the performance of the heating stations, there are problems supplying fuel to the power generation systems at these heating stations; the temperature of crude oil may not be maintained, which would have an adverse impact on the rate at which oil can be transported through the pipeline. Any reduction in the crude oil production, ultimate recovery, or in the oil transportation may have a material adverse effect on our business, financial condition or results of operations.



- *Accidents at mines, oil fields, smelters, refineries, oil processing terminals, cargo terminals and related facilities.* Any accidents or explosions causing personal injury, property damage or environmental damage at or to our mines, oil fields, smelters, refineries, oil processing terminals, cargo terminals and related facilities may result in expensive litigation, imposition of penalties and sanctions or suspension or revocation of permits and licenses. Risks associated with our open-pit mining operations include flooding of the open-pit and collapses of the open-pit wall. Risks associated with our underground mining operations include underground fires and explosions (including those caused by flammable gas), cave-ins or ground falls, discharges of gases or toxic chemicals, flooding, sinkhole formation and ground subsidence. Injuries to and deaths of workers at our mines and facilities have occurred in the past and may occur in the future. For example, the production of Skorpion Zinc was stopped for 23 days in January 2015 due to a fire accident in the cell house. We are required by law to compensate employees for work-related injuries and failure to make adequate provisions for our workers' compensation liabilities could harm our future operating results.

Furthermore, our oil and gas exploration and production operations by us or operators of assets in which we have an interest will involve risks normally incidental to such activities, including blowouts, oil spills, gas leaks, explosions, fires, equipment damage or failure, natural disasters, geological uncertainties, unusual or unexpected rock formations and abnormal pressures. Offshore operations are also subject to natural disasters as well as to hazards inherent in marine operations and damage to pipelines, platforms, facilities and sub-sea facilities from trawlers, anchors and vessels. Our producing fields are located in areas that can be subject to extreme weather conditions, flooding, earthquake and other natural disasters. Additionally, we or the operators of assets in which we have an interest may face interruptions or delays in the availability of oil field services, equipment or infrastructure, including seismic survey vessels, rigs, pipelines and storage tanks, on which oil and gas exploration and production activities are dependent.

- *Strikes and industrial actions or disputes.* The majority of the total workforce of our consolidated group of companies is unionized. Strikes and industrial actions or disputes have in the past and may in the future lead to business interruptions and halts in production. For example, the trade unions of BALCO initiated a 67-day-long strike in May 2001 in opposition to the divestment of equity shares of BALCO by the GoI. We also experienced short strikes and work stoppages in 2005 and 2006. In addition, we may be subject to union demands and litigation for pay raises and increased benefits, and our existing arrangements with the trade unions may not be renewed on terms favorable to us, or at all.

The occurrence of any one or more of these conditions or events could have a material adverse effect on our business, financial condition or results of operations.

We are exposed to competitive pressures in our various business segments in which we operate which could result in lower prices or sales volumes of the products we produce, which may cause our profitability to suffer

The mines and minerals, commercial power generation, and oil and gas industries are highly competitive. We continue to compete with other industry participants in the search for and acquisition of mineral and oil and gas assets and licenses. Competitors include companies with, in many cases, greater financial resources, local contacts, staff and facilities than ours. Competition for exploration and production licenses as well as for other investment or acquisition opportunities may increase in the future. This may lead to increased costs in the carrying out of our activities, reduced available growth opportunities and may have a material adverse effect on our businesses, financial condition, results of operations and prospects.

We depend upon third parties for supply of a portion of our raw material requirements, for the continuance of certain iron ore mining leases, and for execution of our projects and supply of equipment and services, as well as for offtake of our production volumes

We source a majority of our copper concentrate and a portion of alumina requirements from third parties. For example, in fiscal year 2015, we sourced approximately 100% of our copper concentrate and 41.9% of our alumina requirements from third parties. Profitability and operating margins of our copper and aluminium business depends on the ability of the suppliers to ensure timely delivery of the contracted volumes. Also, profitability and operating margins of our aluminium business depends upon our ability to obtain the required alumina at prices that are low relative to the market prices of aluminium products that we sell and our ability to source these raw materials at a reasonable price.



We operated our Sonshi iron ore mine that is leased by the state of Goa to third parties through a long-term ore raising contract, until the imposition of a temporary suspension of mining activities relating to iron ore by Supreme Court of India in the state of Goa during September 2012. Under the contract, we, as a contractor, are responsible for extracting the ore which we then purchase back from the relevant third party owners. During fiscal year 2013, approximately 0.9 million tons of our crude iron ore production (or approximately 23% of our iron ore production) was derived from our operation of third party mines. As part of our contract arrangements, we generally pay such third party owners a purchase price per ton of iron ore, which is linked to the market price of iron ore. This contract expired on March 31, 2015, but negotiations are underway to renew it. However, there is no assurance that the third party mine owners will renew our contract on the same or otherwise favorable terms, or at all. There is also no assurance that, where such mine is owned by a third party under a lease, the third party will apply for a renewal of such lease in a timely fashion prior to its expiry, or be successful in obtaining such renewals. Any failure to renew material contracts or significant increases in royalty payments may adversely affect our business, financial condition, results of operations and prospects.

Further, in common with many exploration and production companies, we and the operators of assets often contract or lease services and equipment from third party providers. Such services and equipment can be scarce and may not be readily available at the times and places required. In addition, the costs of third party services and equipment have increased significantly over recent years and may continue to rise. Scarcity of services and equipment and increased prices may in particular result from any significant increase in regional exploration and development activities, which in turn may be the consequence of increased or continued high hydrocarbon or mineral prices. The scarcity of such services and equipment, as well as their potentially high costs, could delay, restrict or lower the profitability and viability of projects which may have a material adverse effect on our businesses, prospects, financial condition or results of operations.

In our oil and gas business, we had infrastructure and oil sales agreements with the GoI nominated public sector refineries and domestic private sector refineries for expected levels of crude oil production from the Rajasthan block until March 2016. Stoppage of off-take or supply could result if the buyers fail to take delivery of volumes anticipated by these sales agreements. Additionally, two private sector buyers account for approximately 84% of the total sales of Rajasthan block in fiscal year 2015 and any unforeseen disruption at these buyer's facilities would affect sales volume and therefore revenue generation. Further, we are subject to the risk of delayed off takes or payment for delivered production volumes or counterparty default. Any of these could have an adverse impact on our crude oil sales and cash flows.

In certain cases, the relevant counterparty, either legally or as a result of geographic, infrastructure or other constraints or factors, is in practice the sole potential purchaser of the relevant production output. This is particularly the case for sales of gas which relies on the availability or construction of transmission and other infrastructure facilities, enabling the supply of gas produced to be supplied to end users. The absence of competitors for the transmission or purchase of gas produced by us may expose us to offtake and production delays, adverse pricing or other contractual terms or may restrict the availability of transmission or other necessary infrastructure.

Such delays or defaults or adverse pricing or other adverse contractual terms or restricted infrastructure availability could have a material adverse effect on our business, financial condition or results of operations.

Defects in title or loss of any leasehold interests in our properties could limit our ability to conduct operations on such properties or result in significant unanticipated costs

Our ability to mine the land on which we have been granted mining lease rights and to make use of our other industrial and office premises is dependent on the acquisition of surface rights. Surface rights and title to land are required to be negotiated separately with land owners, although there is no guarantee that these rights will be granted. Any delay outside of the ordinary course of business in obtaining or inability to obtain or any challenge to the title or leasehold rights to surface rights could negatively affect our business, financial condition or results of operations.

In addition, there may be certain irregularities in title in relation to some of our owned and leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities or the lease deeds may have expired and not yet been renewed. Since registration of land title in India is not centralized and has not been fully computerized, the title to land may be defective as a result of a failure on our part, or on the part of a prior transferee, to obtain the consent of all such persons or duly complete stamping and registration requirements. The uncertainty of title to land may impede the process of acquisition, independent verification and transfer of title, and any disputes in respect of land title that we may become party to may take several years and considerable expense to resolve if they become the subject of Court proceedings. Further, certain of these properties may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements, or it may be alleged that such irregularities exist in the construction and development of our built up properties. For example BALCO has 1,804.67 acres of government land out of which 1,751 acres is situated in forest land which was given on lease by the state government. The lease deed has not been executed as on date as a petition was filed in the Supreme Court against BALCO in relation to the alleged encroachment of land on which our Korba smelter is situated. Any such dispute, proceedings or irregularities may have an impact on our business, financial condition or results of operations.



Third party interests in our subsidiary companies, restrictions due to stock exchange listings of our subsidiary companies as well as third party interest in assets of our subsidiary companies will restrict our ability to deal freely with our subsidiaries or such assets of our subsidiary companies, which may have a material adverse effect on our results of operations and financial condition

We do not wholly own all of our operating subsidiaries, although we hold the majority of the total outstanding share capital in all of our subsidiaries. Although we have direct or indirect management control of HZL, BALCO, Black Mountain Mining and Cairn India, each of these companies has other shareholders who, in some cases, hold substantial interests. As a result of the non-controlling interests in our subsidiaries and affiliates and the Indian stock exchanges listings of HZL and Cairn India, these subsidiaries may be subject to additional legal or regulatory requirements, or we may be prevented from taking certain courses of action without the prior approval of a particular or a specified percentage of shareholders and/or regulatory bodies (under shareholders' agreements, relationship agreements or by operation of law). The existence of minority or other interests in, and stock exchange listings of our subsidiaries may limit our ability to increase our equity interests in these subsidiaries, combine similar operations, utilize synergies that may exist between the operations of different subsidiaries, move funds among the different parts of our businesses or reorganize the structure of our business in a tax efficient manner, which may have a material adverse effect on our business, financial condition or results of operations.

ONGC is our joint operation partner with respect to all operating assets of our oil and gas business, and we operate all of our oil and gas assets. Accordingly, any mismanagement of an oil and gas asset by us may give rise to liabilities to our joint operation partners in respect of such asset. There is also a risk that other parties with interests in our assets may elect not to participate in certain activities relating to those assets which require such party's consent. In such circumstances, it may not be possible for such activities to be undertaken by us alone or in conjunction with other participants at the desired time or at all. In addition, other joint operation partners may default in their obligations to fund capital or other funding obligations in relation to the assets. In certain circumstances, we may be required under the terms of the relevant operating agreement to contribute all or part of any such funding shortfall, which could adversely impact our business, financial condition or results of operations.

Proceedings against the GoI which has disputed our exercise of the call option to purchase its remaining ownership interest in BALCO

There are certain proceedings that are currently ongoing with respect to the exercise of a call option to acquire the remaining shares of BALCO held by the GoI, in accordance with the terms of the shareholders' agreement between the GoI and us. The amount claimed under this proceeding is presently unquantifiable. The arbitration tribunal formed under the directions of the High Court of Delhi declared an award rejecting our claim regarding the exercise of the option on January 22, 2011. According to the award, certain clauses of the shareholders' agreement were held to be void, ineffective and inoperative as being in violation of sub section (2) of Section 111A of the Companies Act, 1956. We filed an application before the High Court of Delhi to set aside this award under Section 34 of the Arbitration and Conciliation Act, 1996. Our application is scheduled for hearing on November 23, 2015. See "Item 4. Information on the Company—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO." There is no assurance that the outcome of our challenge of the award will be favorable to us. In such an event, we may be unable to purchase the GoI's remaining 49.0% interest in BALCO or may be required to pay a higher purchase price, should it decide to consummate such purchase, which may have a material adverse effect on our results of operations and financial condition.

Proceedings against the GoI which has disputed our exercise of the call option to purchase its remaining ownership interest in HZL

We commenced arbitration proceedings against the GoI with respect to exercise of our call option to acquire the remaining shares of HZL held by the GoI, in accordance with the terms of the shareholders' agreement between the GoI and us. The GoI denied our right to exercise the option on the basis that the shareholders' agreement contravenes the provisions of Section 111A of the Companies Act, 1956 and is therefore void. The next date of hearing by the arbitral tribunal is on January 16, 2016. See "Item 4. Information on the Company—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO." There can be no assurance that the arbitral proceedings will result in a favorable outcome for us. In such an event, we may be delayed in the purchase of, or may be unable to purchase, the GoI's remaining 29.5% interest in HZL or may be required to pay a purchase price in excess of the market value or fair value of those shares, which may have a material adverse effect on our results of operations and financial condition.



Future production from our assets may vary from the forecast

We estimate the annual metal production and the mine life through a detailed mine plan for both open pit and underground mines and the oil and gas production rates and field life through the field development plans. These mine plans and field development plans are prepared based on our estimates of future mine and field performance. Future performance is subject to a number of risks including but not limited to geological conditions being more complex than originally predicted, ore grade being different from estimates, future producer or injector well performance, plant operating efficiencies being less than originally forecast, inadequate power, water or utility supplies, and other constraints. Our zinc and lead mining operations in India are currently transitioning from open pit mining operations to underground mining operations. Difficulties in managing this transition may result in challenges in achieving our expected milestones. Any material fall in production from the current production level or from the estimates due to some or all of the risks detailed above may adversely impact our business, financial condition or results of operations.

Plateau production rates from the Rajasthan block may be less than forecast. The estimates of production rates and field life contained in the field development plans for the Mangala, Bhagyam, Aishwariya, Raageshwari and Saraswati fields in the Rajasthan block are based on our estimates of future field performance. Where any estimates of future production rates are in excess of the existing approved field plateau production rates in the case of our oil and gas business, the consent of the joint operation partner, the appropriate regulatory authorities and the GoI will be required before any of our oil fields can produce at these enhanced estimates of future production rates. In the event consent of the joint operation partner is delayed or not obtained, production would be limited to the rate set out in the field development plans, which would have a detrimental impact on our business, financial condition or results of operations.

If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of production may increase relative to our competitors, or such implemented technologies might not achieve the objective, which would have a material adverse effect on our results of operations, financial condition and prospects

Our profitability and competitiveness are in large part dependent upon our ability to maintain a low cost of production as we sell commodity products with prices we are unable to influence. Unless we continue to invest in newer technologies and equipment and are successful at integrating such newer technologies and equipment to make our operations more efficient, our cost of production relative to our competitors may increase and we may cease to be profitable or competitive. Newer technologies and equipment are expensive and the necessary investments may be substantial. Moreover, such investments entail additional risks including whether they will reduce our cost of production sufficiently to justify the capital expenditures to obtain them, or whether they will result in achieving the objective of using such technology.

For example, the field development plans for the northern fields of the Rajasthan block assume the use of enhanced oil recovery techniques to extract an additional incremental percentage of the estimated oil in place in the reservoirs. Enhanced oil recovery screening studies of these northern fields have concluded that polymer flooding or alkaline surfactant polymer flooding, two common enhanced oil recovery techniques, are the preferred enhanced oil recovery options. Following a successful enhanced oil recovery polymer flood pilot and the approval of the field development plan, we along with ONGC, our joint venture partner, have started full field implementation in the third quarter of fiscal year 2015. However, the implementation has a number of logistical and other challenges. We will be required to source large quantities of polymer that would be required for the enhanced oil recovery techniques and ensure their efficient and timely transportation to the fields. We have entered into a polymer procurement contract for fiscal year 2015, and the mechanics of transportation to the field are now well defined. However, there remains a challenge for the continuous sourcing of polymer with regards to ongoing operations.

Further, if we fail to maintain the polymer at the correct temperature in the reservoir, it may degrade and not function properly, thereby reducing the incremental amount of crude oil that is expected to be recovered. There is also a risk that the polymer handling facilities at the surface may perform at lower efficiency than designed, which may lead to degradation of the polymer and ultimately its higher consumption. All these factors could have a material and adverse effect on our business, financial condition or results of operations.

The use of enhanced oil recovery technique may significantly increase the operational expenditure necessary to extract crude oil. The economic viability of such recovery techniques will be determined by the incremental cost of such techniques compared to the then prevailing price of crude oil in the international markets. There can be no assurance that the price of crude oil will allow such techniques to be an economically viable proposition at the time we intend to effect these enhanced recovery techniques. This could have a material adverse effect on our ability to compete, our business, financial condition or results of operations.



Our iron ore business is largely dependent on export sales of iron ore to China. As a result, any downturn in the rate of economic growth in China or negative changes in international relations between India and China or negative changes in the Chinese regulatory or trade policies relating to the import of iron ore could have a material adverse effect on our results of operations and financial condition

Our iron ore business is largely dependent on export sales of iron ore to China. For instance, in fiscal year 2013, 91% of our iron ore sales in terms of volume were exported of which 89% was derived from sales of iron ore to customers in China. As a result, the performance and growth of our iron ore business is necessarily dependent on the Chinese economy, which may be materially and adversely affected by political instability or regional conflicts, economic slowdown elsewhere in the world or otherwise. In addition, any deterioration of international relations between India and China, any negative changes in Chinese regulatory or trade policies relating to the import of iron ore or other limitations or restrictions in our ability to export iron ore to China could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to restrictive covenants for the credit facilities including term loans and working capital facilities provided to us and our subsidiaries

There are restrictive covenants in agreements which we have entered into with certain financial institutions for our borrowings and for borrowings by our subsidiaries. These restrictive covenants among others, require us to maintain certain financial ratios and seek the prior permission of these financial institutions for various activities, including, among others, any change in our capital structure, issue of equity, preferential capital or debentures, raising any loans and deposits from the public, undertaking any new project, effecting any scheme of acquisition, merger, amalgamation or reconstitution, implementing a new scheme of expansion or creation of a subsidiary. If the covenants are not complied with we may be required to repay the amount borrowed from such lenders immediately. Such restrictive covenants may restrict our operations or ability to expand and may adversely affect our business, financial condition or results of operations.

We are involved in a number of litigation matters, arbitration proceedings both civil and criminal in nature and any final judgment against us could have a material adverse effect on our business, result of operations, financial condition and prospects

We are involved in a number of legal and arbitration proceedings including matters relating to, alleged violations of environmental, tax, Indian laws and regulations, criminal sanctions, property and labor disputes and other related issues. A final judgment against us or our directors in one or more of these disputes may result in damages that we will be required to pay to the other party, injunctions against us any of which may require us to cease or limit our operations and such decisions or judgments may have a material adverse effect on our business, results of operations, financial condition and prospects.

For a detailed discussion of material litigation matters pending against us, see “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings.”

We may be liable for additional taxes if the tax holidays, exemptions and tax deferral schemes which we currently benefit from expire without renewal, and the benefits of the tax holidays, exemptions and tax deferral schemes are limited by the minimum alternative tax

We currently benefit from significant tax holidays, exemptions and tax deferral schemes. These tax holidays, exemptions and tax deferral schemes are for limited periods. For example, HZL’s captive power plant at Dariba, Chanderiya, and Zawar benefits from tax exemptions on the profits generated from transfers of power to HZL’s other units, which are expected to generate substantial savings. We also have wind mills located in states such as Gujarat, Karnataka, Tamil Nadu, Maharashtra and Rajasthan and melting and casting plants at Pantnagar which are also eligible for tax exemption. We pay royalties and cess in relation to our oil and gas business, to the state governments and the central government in India at rates determined by the respective governments, linked to the volume of oil that we produce. Furthermore, we may be liable for additional taxes if the tax holiday which our oil and gas business currently benefits from expires without renewal in fiscal year 2017.

Our copper refinery and copper rod plant at Tuticorin and one of our hydrometallurgical zinc smelters at Chanderiya was awarded the status of export oriented units, under which we were eligible for tax exemptions on raw materials, capital goods procured and finished goods sold until March 31, 2011. New captive power plants will not be eligible for such tax exemptions if the capitalization is effected after March 31, 2017. Captive power plants will continue to have the benefit of any existing tax exemptions after March 31, 2015 until such tax exemptions expire. The expiry or loss of existing tax holidays, exemptions and tax deferral schemes or the failure to obtain new tax holidays, exemptions or tax deferral schemes will likely increase our tax obligations and any increase could have a material adverse effect on our business, financial condition or results of operations.



In addition, we are subject to a Minimum Alternate Tax which sets a minimum amount of tax that must be paid each year based on our book profits. The base Minimum Alternate Tax rate is currently 18.5%. The Finance Act, 2013 had increased the surcharge on income of domestic companies having taxable income over Rs. 100 million (\$ 1.6 million) from 5% to 10% which resulted in the increase in the effective Minimum Alternate Tax rate for such companies from 20.01% to 20.96%, including surcharge, education cess and secondary and higher secondary education cess. The Finance Act, 2015 has increased the surcharge rate to 12%, which resulted in an increase in the effective Minimum Alternate Tax rate to 21.34%. The Minimum Alternate Tax prevents us from taking full advantage of any tax holidays, exemptions or tax deferral schemes that may be available to us.

The GoI may allege a breach of a covenant by us and seek to exercise a put or call right with respect to shares of HZL, which may result in substantial litigation and serious financial harm to our business, results of operations, financial condition and prospects

Under the terms of the shareholders' agreement between the GoI and erstwhile SIIL, we agreed that we would ensure that HZL would implement a 1 mmtpa greenfield zinc smelter plant at Kapasan in the state of Rajasthan (the "Kapasas Project"), within 5 years from April 11, 2002. The shareholders' agreement provided that if within one year from this date, we reviewed the feasibility of the Kapasas Project and determined that it was not in the best economic interests of HZL, which determination required the report of an independent expert, and the board of directors of HZL confirmed this determination, then we would not be obliged to ensure that HZL implement the Kapasas Project. In 2003, HZL notified the GoI that the Kapasas Project would not be undertaken and that a report of an independent expert may not be required. While we have not received any notice of breach under the provisions of the shareholders' agreement between the GoI and us with respect to HZL, the GoI may claim that we have breached the covenant related to the Kapasas Project as mentioned in the shareholders' agreement triggering an event of default. The GoI, under the terms of the shareholders' agreement, may become entitled to the right, which is exercisable at any time within 90 days from the day it became aware of such event of default, to either sell any or all of the shares of HZL held by the GoI to us at a price equivalent to 150.0% of the market value of such shares, or purchase any or all of the shares of HZL held by us at a price equivalent to 50.0% of the market value of such shares.

The closing market price of HZL's shares on the NSE, on July 31, 2015, was Rs. 156.85 (\$ 2.5) per share. Based solely on this price, if GoI became entitled to sell and exercised this right to sell all of its 1,247,950,590 shares of HZL at a price equivalent to 150.0% of their market value, we would be required to pay Rs. 293,612 million (\$ 4,712.1 million) for those shares. Assuming the same July 31, 2015 closing market price of HZL's shares, if GoI became entitled to purchase all of the 2,743,154,310 shares of HZL held by us at a price equivalent to 50.0% of their market value, we would receive Rs. 215,132 million (\$ 3,452.6 million) for those shares.

If the GoI were to assert that an event of default occurred under the shareholders' agreement and seek to exercise a put or call right with respect to shares of HZL, we may face expensive and time-consuming litigation over the matter, uncertainty as to the future of our zinc business, an inability to enforce our call option to acquire the GoI's remaining 29.5% ownership interest in HZL and the possibility of serious financial harm if we were unsuccessful in litigation, any of which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Attracting and retaining talent at technical, managerial and leadership level as well as shortage of skilled labor in the natural resources industry could increase our costs and limit our ability to maintain or expand our operations, which could adversely affect our results of operations

Our efforts to execute our business plans will place significant demands on our management and other resources and we will be required to continue to improve operational, financial and other internal controls. Our ability to maintain and grow our business will depend on our ability to attract, train and retain personnel with skills that enable us to keep pace with growing demands and evolving industry standards. We are dependent to a large degree, on the continued service and performance of our senior management team and other key team members in our business units and functions. These key personnel possess technical and business capabilities that are difficult to replace. The loss or diminution of services of members of our senior management or other key team members, or our failure to retain our key personnel at various managerial positions could have an adverse effect on our results of operations, financial condition and prospects.

Mining, metal refining, metal smelting and fabrication operations and oil and gas extraction, require a skilled and experienced labor force. If we experience a shortage of skilled and experienced labor, our labor productivity could decrease and costs could increase, our operations may be interrupted or we may be unable to maintain our current production or increase our production as otherwise planned, which could have a material adverse effect on our results of operations, financial condition and business prospects.

***Our insurance coverage may prove inadequate to satisfy future claims against us***

We maintain insurance which we believe is typical in the respective industries in which we operate and in amounts which we believe to be commercially appropriate. Nevertheless, we may become subject to liabilities against which we may not have adequate insurance coverage or at all. Our insurance policies contain certain customary exclusions and limitations on coverage which may result in our claims not being honored to the full extent of the losses or damages we have suffered. The exploration and production of crude oil and natural gas is inherently hazardous. A range of factors incorporating natural and man-made factors may result in oil spills, fires, equipment failure, loss of well control, leakage of hydrocarbons or hydrogen sulfide etc., which can result in death, injury and damage to production facilities and the environment. In addition, our operating entities in India can only seek insurance from domestic insurance companies or foreign insurance companies operating in joint ventures with Indian companies and these insurance policies may not continue to be available at economically acceptable premiums. The occurrence of a significant adverse event, the risks of which are not fully covered or honored by such insurers could have a material adverse effect on our business, financial condition or results of operations.

The Re-organization Transactions may not result in expected benefits

At the time of announcing the Re-organization Transactions, we estimated cost savings arising from the transaction, due to operational and financial synergies. These synergies may not be realized or may be materially lower than estimated and the extent to which any of the other benefits will actually be achieved, if at all, or the timing of any such benefits, cannot be predicted with certainty. If we are unable to realize the estimated cost savings or the other benefits that we expect to achieve through the consolidation, or if we are prevented from taking advantage of the anticipated tax efficiencies, or if we are unable to offset the incremental costs we incur over time as a result of the consolidation with such savings and benefits, there could be a material adverse effect on our business, financial condition or results of operations. Further, subsequent to the effectiveness of the Amalgamation and Re-organization Scheme, a special leave petition challenging the orders of the High Court of Bombay at Goa was filed before the Supreme Court of India by the Commissioner of Income Tax, Goa and the Ministry of Corporate Affairs in July 2013 and April 2014, respectively. Further, a creditor and a shareholder challenged the Amalgamation and Re-organization Scheme in the High Court of Madras in September 2013. These petitions are pending for hearing and admission.

There is no assurance that the special leave petitions will be determined in our favor, and accordingly, there is no assurance that the Courts will negate the effectiveness of the Re-organization Transactions. In such circumstance, we may not be able to achieve financial, operational, strategic and other potential benefits from the consolidation pursuant to the Re-organization Transactions. See “Item 8. Financial Information— A. Consolidated Statements and Other Financial Information— Legal Proceedings.” for further details.

Risks Relating to our Industry***Commodity prices and the copper TcRc may be volatile, which would affect our revenue, results of operations and financial condition***

Historically, the international commodity prices for copper, zinc, oil and gas, iron ore and aluminium and the prevailing market TcRc rate for copper have been volatile and subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, such commodities, market uncertainties, the overall performance of world or regional economies and the related cyclicality in industries we directly serve and a variety of other factors. For example, between March 31, 2014 and March 31, 2015, the average LME prices of zinc and aluminium increased by 14.1% and 6.6% respectively and copper, lead, silver and dated Brent decreased by 7.7%, 3.4%, 15.3%, and 20.6% respectively. For instance, we purchase copper concentrate at the LME price for copper metal for the relevant quotational period less a treatment charge (“Tc”) and refining charge (“Rc”), or TcRc, that we negotiate with our suppliers, but which is influenced by the prevailing market rate for the TcRc. The TcRc has historically fluctuated independently and significantly from the copper LME price. We attempt to make the LME price a pass through for us as both our copper concentrate purchases and sales of finished copper products are based on LME prices. Nevertheless, we are also exposed to differences in the LME price between the quotational periods for the purchase of copper concentrate and sale of the finished copper products, and any decline in the copper LME price between these periods will adversely affect us. See “Item 5. Operating and Financial Review and Prospects—Factors Affecting Results of Operations—Metal Prices, Copper TcRc and Power Tariff.”

Similarly, for the portion of our alumina requirements sourced internally, our profitability is dependent upon the LME price of aluminium, less the cost of production, which includes the cost of mining bauxite, the refining of bauxite into alumina, transportation of bauxite and alumina and smelting of alumina into aluminium. For the portion of our alumina requirements sourced from third parties, our profitability is dependent upon the LME price of aluminium, less the cost of the sourced alumina and the cost of smelting. During fiscal year 2015, 41.9% of our alumina requirement was sourced from third parties. Further, the units of power generated by our commercial power generation business are also subject to price volatility.



The market price of the alumina that we purchase from third parties and the market price of the aluminium metals that we sell have experienced volatility in the past and any increases in the market price of the raw material relative to the market price of the metal that we sell would adversely affect the profitability and operating margins of our aluminium business, which could have a material and adverse effect on our business, financial condition or results of operations.

Further for our Rajasthan and Cambay blocks, the crude oil is benchmarked to Bonny Light, West African low sulphur crude that is frequently traded in the region, with appropriate adjustments for crude quality. The implied price realization of crude oil generally lies within the stated guidance of 8% - 13% discount to Dated Brent for Rajasthan and 3% - 6% to Dated Brent for Cambay, due to the prevailing oil market conditions. Movements in discount affect our revenue realization and any increase in quality differentials may adversely impact our revenues and profits.

Our reserves are estimates are based on a number of assumptions, any changes to which may require us to lower our estimated reserves

There are numerous uncertainties inherent in estimating crude oil and natural gas reserves. Reservoir engineering follows a subjective process of estimating underground accumulations of crude oil and natural gas. It is well understood that these cannot be measured in an exact manner. These risks are gradually mitigated through enhanced understanding of the reservoirs, achieved by undertaking additional work. Reserves estimation involves a high degree of judgment and it is a function of the quality of the available data and the engineering and geological interpretation. Results of drilling, testing and production may substantially change the reserve estimates for a given reservoir over a period of time. For these reasons, actual results may vary substantially. Such variation in results may materially impact our actual production, revenue and expenditures.

Our metal and oil and gas reserves are estimates and represent the quantity of ore that we believed, as of March 31, 2015, could be mined, processed, recovered and sold at prices sufficient to cover the estimated future total costs of production, remaining investment and anticipated additional capital expenditures. These estimates are subject to numerous uncertainties inherent in estimating quantities of reserves and could vary in the future as a result of actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and other costs and economic parameters such as metal prices, smelter treatment charges and exchange rates, many of which are beyond our control. For example, fluctuations in the market price of ore and other commodities reduced recovery rates or increased production costs due to inflation or other factors may render proven and probable ore reserves containing relatively lower grades of mineralization uneconomic to exploit and ultimately result in a restatement of reserves. As a result, you should not place undue reliance on the reserve data contained in this Annual Report. In the event that any of these assumptions turn out to be incorrect, we may need to revise our reserves downwards and this may adversely affect our life-of-mine plans and consequently the total value of our mining asset base, which could increase our costs and decrease our profitability.

Oil and gas exploration activities are capital intensive and inherently uncertain in their outcome

Oil and gas exploration activities are capital intensive and inherently uncertain in their outcome. We or the operators of assets in which we have an interest may undertake exploration activities and incur significant costs in so doing with no assurance that such expenditure will result in the discovery of hydrocarbons in commercially viable quantities or not.

Changes in tariffs, royalties, cess, customs duties, export duties and government assistance may reduce our Indian market domestic premium, which would adversely affect our profitability and results of operations

Copper, zinc and aluminium are sold in the Indian market at a premium to the international market prices of these metals due to tariffs payable on the import of such metals. Between March 2003 and February 2011, basic customs duties on imported copper, zinc, lead and aluminium decreased cumulatively from 25.0% to 5.0%, and have remained at 5.0% since February 2011. The GoI may reduce or abolish customs duties on any of these commodities in the future, although the timing and extent of such reductions cannot be predicted. As we sell the majority of the commodities we produce in India, any reduction in Indian tariffs on imports will decrease the premiums we receive in respect of those sales which would have an adverse effect on our business, financial condition or results of operations.

We pay royalties to the state governments of Chhattisgarh and Rajasthan based on our extraction of bauxite and lead-zinc ore, respectively, and to the state government of Tasmania in Australia based on our extraction of copper ore. Most significant of these is the royalty that HZL is required to pay to the state government of Rajasthan, where all of HZL's mines are located, at a rate of 10.00%, with effect from September 1, 2014 (with the rate being 8.40% prior to September 1, 2014, of the zinc LME price payable on the zinc metal contained in the concentrate produced and 14.50% (with the rate being 12.70% prior to September 1, 2014) of the lead LME price payable on the lead metal contained in the concentrate produced. Any upward revision to the royalty rates being charged currently may adversely affect our profitability. Additionally, the Department of Mines and Geology of the State of Rajasthan has raised additional demands for payment through several show cause notices to HZL for mining minerals associated with lead and zinc such as cadmium and silver. Similarly, Cairn India pays royalties and cess to the state governments and



20018GsPnWmnds1b6F

the Central government in India at rates determined by the respective governments, linked to the volume or value of oil produced. Any upward revision to these rates being charged currently or payment of additional royalty for mining of associated minerals may adversely affect our profitability. See “Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal Proceedings—Demands against HZL by Department of Mines and Geology.” We pay royalties to the state government of Tasmania in Australia based on our extraction of copper ore. We also pay royalties to the government from our Zinc International business. In our iron ore business, we pay royalty on iron ore to the state governments of Goa at 15% of the average price declared periodically by the Indian Bureau of Mines and in Karnataka , royalty / Special Purpose Vehicle contribution at 15% is borne by buyer. We used to pay export duty on export of iron ore at the rate of 30% ad valorem on the Free on Board (“F.O.B”) value of exports with effect from December 30, 2011 (the rate being 20% prior to December 30, 2011) and the GoI has reduced the rate of export duty on iron ore fines of less than 58 grade from 30% to 10% which is effective from June 1, 2015. In April 2014, the Supreme Court of India ordered to create the Iron Ore Goa Permanent Fund, wherein all lease holders have to contribute 10% of sales value to this fund, See “Item 5 — Operating and Financial Review and Prospects — Factors Affecting Results of Operations — Government Policy” for details.



Changes in tax laws could also result in additional taxes payable by us. For example, the GoI raised the export duty on iron ore fines twice during 2011, first to 20% with effect from March 1, 2011 and then to 30% with effect from December 30, 2011.

Towards end of the fiscal year 2015, the MMDRA is notified which brings greater transparency in granting of mineral concessions through an e-auction process. It also removes certain uncertainties relating to automatic renewals of mine leases for future periods. However for existing mining leases, it notifies an amount not exceeding royalty, to be contributed to District Mineral Foundation for the benefit of people affected by mining and an additional amount equivalent to 2% of royalty to National Mineral Exploration Trust. While the exact percentage for DMF contribution has not been determined notified and the government is expected to announce it shortly, it can potentially impact mining of low grade and deep ore bodies which will not be conducive to growth of mining in the country.

Indian exports of copper, aluminium and zinc receive assistance premiums from the GoI, which have been reduced since 2002. These export assistance premiums have been reduced in recent years and may be further reduced in the future. Any reduction in these premiums will decrease the revenue we receive from export sales and may have a material adverse effect on our business, financial condition or results of operations. See “Item 5. Operating and Financial Review and Prospects—Factors Affecting Results of Operations—Government Policy.”

The upstream oil and gas industry is dependent on a limited number of global vendors for key equipment and services

There are a limited number of highly specialized vendors globally catering to the requirements of upstream oil and gas industry for key equipment and services such as rigs and other oilfield equipment and services. Many of these equipment and services involve long lead times to delivery. Inability or delay in sourcing the equipment and services of the required specifications and quality may result in delay of our exploration, development and production projects, and consequently have an adverse effect on our business, results of operations and financial condition.

There are particular risks and hazards associated with mining and oil exploration activities

Our mining operations include open-pit and underground mining, both of which involve significant hazards and risks. Hazards associated with our open-pit mining operations include flooding of the open pit, collapses of the open-pit wall, accidents related to the operation of large open-pit mining and rock transportation equipment, accidents related to the preparation and ignition of large scale open pit blasting operations, production disruptions due to weather and hazards related to the disposal of mineralized waste water, such as groundwater and waterway contamination. Hazards associated with our underground mining operations include underground fires and explosions, including those caused by flammable gas, cave-ins or ground falls, discharges of gases and toxic chemicals, flooding, sinkhole formation and ground subsidence and other accidents and conditions resulting from drilling and removing and processing material from an underground mine. If any of these hazards or accidents result in significant injury to employees and damage to equipment or other property, we may experience unexpected production delays, increased production costs, and increased capital expenditures to repair or replace equipment or property, as well as claims from affected employees and environmental and other authorities for any alleged breaches of applicable laws or regulations.

Disruptions to mining and oil extraction, delays and costs on account of such hazards or accidents could have a material adverse effect on our business, financial condition and results of operations.

**Risks Relating to Our Relationship with Vedanta**

We are controlled by Vedanta and our other shareholders' ability to influence matters requiring shareholder approval will be extremely limited

We are a majority-owned and controlled subsidiary of Vedanta. Volcan Investments Limited, or Volcan holds 62.47% of the share capital and 69.69% of the voting rights of Vedanta as of July 31, 2015. Volcan is a holding company, 100% beneficially owned and controlled by the Trust. Conclave is the trustee of the Trust and the sole registered shareholder of Volcan and consequently controls all voting and investment decisions of the Trust. Vedanta shares beneficially owned by Volcan may be deemed to be beneficially owned by the Trust, of which Mr. Anil Agarwal is the protector and with effect from October 16, 2014, one of the beneficiary. Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement that seeks to facilitate the carrying on of Vedanta's business independently of Volcan, its direct and indirect shareholders, and their respective associates, or as collectively referred to below, the Volcan Parties. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Related Parties—Vedanta." However, we cannot assure you that Vedanta, and in turn we, will be able to operate completely independently of the Volcan Parties, despite the relationship agreement, which lack of independence could have a material adverse effect on the holders of our equity shares and ADSs.

As long as Vedanta, through its subsidiaries, owns a majority of our outstanding equity shares, Vedanta may have the ability to control or influence significant matters requiring board approval and to take shareholder action without the vote of any other shareholder, and the holders of our equity shares and ADSs will not, in such circumstances, be able to affect the outcome of any shareholder vote. Vedanta will have the ability to control all matters affecting us. In the event Vedanta ceases to be our majority shareholder, we will be required to immediately repay some of our outstanding long-term debt.

Vedanta's voting control may discourage transactions involving a change of control of us, including transactions in which holders of our equity shares and ADSs might otherwise receive a premium over the then current market prices. Vedanta is not prohibited from selling a controlling interest in us to a third party and may do so without the approval of holders of our equity shares and ADSs and without providing for a purchase of our equity shares or ADSs. Accordingly, our equity shares and ADSs may be worth less than they would be if Vedanta did not maintain voting control over us.

Vedanta may decide to allocate business opportunities to other members of the Vedanta Group instead of us, which may have a material adverse effect on our business, results of operations, financial condition and prospects

Vedanta's control of us means it can determine the allocation of business opportunities among us, itself and its other subsidiaries. For example, as of July 31, 2015, Vedanta owned 79.4% of Konkola Copper Mines Plc, an integrated copper producer in Zambia, apart from the control exercised on us, and our subsidiaries, through us. As Vedanta controls Konkola Copper Mines Plc it determines the allocation of business opportunities among, as well as strategies and actions of, Konkola Copper Mines Plc and us. Vedanta may determine to have Konkola Copper Mines Plc or any other entity instead of us, pursue business opportunities in the zinc, oil and gas, copper, iron ore, aluminium or commercial power generation business, or any other business, or cause such companies or us to undertake corporate strategies, the effect of which is to benefit such companies instead of us and which could be detrimental to our interests. If Vedanta were to take any such actions, our business, results of operations, financial condition and prospects could be materially and adversely affected and the value of our equity shares and the ADSs may decline.

We have issued several guarantees as security for the obligations of certain of our subsidiaries and other companies within the Vedanta Group and we will have liability under these guarantees in the event of any failure by such entities to perform their obligations, which could have a material adverse effect on our results of operations and financial condition

We have issued several guarantees in respect of the obligations of certain of our subsidiaries and other companies within the Vedanta Group, including guarantees issued as security for loan obligations, credit facilities or issuance of customs duty bonds for import of capital equipment at concessional rates of duties. Our outstanding guarantees cover obligations aggregating Rs. 30,902 million (\$ 496.0 million) as of March 31, 2015 the liabilities for which have not been recorded in our consolidated financial statements. We will have a liability in the event that any of these entities fails to perform its obligations under the loan agreements, credit facilities or bonds, which could have a material adverse effect on our business, financial condition or results of operations. See Note 29 "Commitments, contingencies, and guarantees" on Notes to the consolidated financial statements.

Any disputes that arise between us and Vedanta or other companies in the Vedanta Group could harm our business operations

Disputes may arise between Vedanta or other companies in the Vedanta Group and us in a number of areas, including:

- intercompany agreements setting forth services and prices for services between us and Vedanta or other companies in the Vedanta Group;
- business combinations involving us;



- sales or distributions by Vedanta of all or any portion of its ownership interest in us; or
- business opportunities that may be attractive to us and Vedanta, or other companies in the Vedanta Group.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party.

Our agreements with Vedanta and other companies in the Vedanta Group may be amended upon agreement between the parties. As we are controlled by Vedanta, Vedanta may require us to agree to amendments to these agreements that may be less favorable to us than the original terms of the agreements.

Some of our directors and executive officers may have conflicts of interest because of their ownership of Vedanta shares, options to acquire Vedanta shares and positions with Vedanta

Some of our directors and executive officers own Vedanta shares and options to purchase Vedanta shares, including through their continued participation in the Vedanta Long-Term Incentive Plan 2003 and Vedanta Long-Term Incentive Plan 2014, the Vedanta LTIP or ESOP schemes of Vedanta. In addition, some of our directors and executive officers are directors or executive officers of Vedanta. Ownership of Vedanta shares and options to purchase Vedanta shares and the presence of an executive officer of Vedanta on our Board of directors could create, or appear to create, potential conflicts of interest and other issues with respect to their fiduciary duties to us when our directors and officers are faced with decisions that could have different implications for Vedanta than for us.

Our management, including our senior management, is not solely focused on our business and may be distracted by, or have conflicts as a result of, the demands of Vedanta or other businesses within the Vedanta Group, which may materially and adversely affect our business, results of operations and financial condition.

As a foreign private issuer and a “controlled company” within the meaning of the New York Stock Exchange (“NYSE”) rules, we are subject to different NYSE rules than non-controlled domestic US issuers. Consequently, the corporate governance standards which we are required to adhere to are different than those applicable to such companies, which may limit the information available to, and the shareholder rights of, holders of our ADSs

We qualify as a “controlled company” within the meaning of the NYSE rules as Vedanta has effective control of a majority of our equity shares. This will allow Vedanta to, among other things, control the composition of our Board of directors and direct our management and policies.

As a foreign private issuer and a “controlled company,” we are exempt from complying with certain corporate governance requirements of the NYSE, including the requirement that a majority of our Board of directors consist of independent directors. As the corporate governance standards applicable to us are different than those applicable to domestic non-controlled US issuers, holders of our equity shares and ADSs may not have the same protections afforded under the NYSE rules as shareholders of companies that do not have such exemptions. It is also possible that the Agarwal family’s significant ownership interest of us as a result of its majority ownership of Vedanta’s majority shareholder, Volcan, could adversely affect investors’ perceptions of our corporate governance. For a summary of the differences between the corporate governance standards applicable to us as a listed company in India and as a foreign private issuer and “controlled company” in the United States and such standards applicable to a domestic non-controlled US issuer, See “Item 10. Additional Information—B. Memorandum and Articles of Association—Comparison of Corporate Governance Standards.”

Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations

A substantial portion of our assets and operations are located in India and we are subject to regulatory, economic, social and political uncertainties in India

We are incorporated in India. Our primary operating subsidiaries, HZL, BALCO and Cairn India, are also incorporated in India. A substantial portion of our assets and employees are located in India and we intend to continue to develop and expand our facilities in India. Consequently, our financial performance and the market price of our equity shares and ADSs will be affected by changes in exchange rates and controls, interest rates, changes in government policies, including taxation policies, social and civil unrest and other political, social and economic developments in or affecting India.



20018GsPnWMy=dKg

The GoI has exercised and continues to exercise significant influence over many aspects of the Indian economy. Since 1991, successive Indian governments have pursued policies of economic liberalization, including by significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant and we cannot assure you that such liberalization policies will continue. The rate of economic liberalization could change, and specific laws and policies affecting metals and mining companies, foreign investments, currency exchange rates and other matters affecting investment in India could change as well. Further, protests against privatizations and government corruption scandals, which have occurred in the past, could slow the pace of liberalization and deregulation. Given the changes in government policy on investments, there can be no assurance that any of the proposed privatizations which we may be interested in pursuing will be implemented or completed in the near future, or at all. A significant change in India's policy of economic liberalization and deregulation could adversely affect business and economic conditions in India generally and our business in particular, if new restrictions on the private sector is introduced or if existing restrictions are increased.

As the domestic Indian market constitutes the major source of our revenue, the downturn in the rate of economic growth in India due to the unprecedented and challenging global market and economic conditions, or any other such downturn for any other reason, will be detrimental to our results of operations

In fiscal year 2015, approximately 65.6% of our revenue was derived from commodities that we sold to customers in India. The performance and growth of our business are necessarily dependent on the health of the overall Indian economy. Any downturn in the rate of economic growth in India, whether due to political instability or regional conflicts, economic slowdown elsewhere in the world or otherwise, may have a material adverse effect on demand for the commodities we produce. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of the monsoon, which is difficult to predict. In the past, economic slowdowns have harmed manufacturing industries, including companies engaged in the copper, zinc, aluminium and power sectors, as well as the customers of manufacturing industries. Any future slowdown in the Indian economy could have a material adverse effect on the demand for the commodities we produce and, as a result, on our business, financial condition and results of operations.

Terrorist attacks and other acts of violence involving India or other neighboring countries could adversely affect our operations directly, or may result in a more general loss of customer confidence and reduced investment in these countries that reduces the demand for our products, which would have a material adverse effect on our business, results of operations, financial condition and cash flows

Terrorist attacks and other acts of violence or war involving India or other neighboring countries may adversely affect the Indian markets and the worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and generally have a material adverse effect on our businesses, results of operations, financial condition and cash flows. In addition, any deterioration in international relations may result in investor concern regarding regional stability which could adversely affect the price of our equity shares and ADSs.

South Asia has also experienced instances of civil unrest, terrorist attacks and hostilities among neighboring countries from time to time, especially between India and Pakistan. Such activity or terrorist attacks in the future could adversely affect the Indian economy by disrupting communications and making travel more difficult and could create the perception that investments in Indian companies involve a high degree of risk. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue our operations.

If natural disasters or environmental conditions in India, including floods and earthquakes, affect our mining and production facilities, our revenue could decline

Our mines and production facilities are spread across India, and our sales force is spread throughout the country. Natural calamities such as floods, rains, heavy downpours (such as heavy downpours in Tuticorin in 2008 which caused the closure of our Tuticorin facilities for two to three days, as well as the rains in Mumbai and other parts of the State of Maharashtra in 2005 and other states in 2006) and earthquakes could disrupt our mining and production activities and distribution chains and damage our storage facilities. Unusually heavy rains during the monsoon season in the years 2006 and 2013 in the states of Rajasthan and Gujarat triggered floods and caused destruction in these states. The area in which the Mangala field is located experienced flooding which directly affected existing well-sites and roads. Other regions in India have also experienced floods, earthquakes, tsunamis and droughts in recent years.

Substantially all of our facilities and employees are located in India and there can be no assurance that we will not be affected by natural disasters in the future. For example, the pipeline to transport crude oil from the northern fields of the Rajasthan block to Salaya, and thereafter to the Bhogat terminal in Gujarat, passes near Bhuj, which was the epicenter of an earthquake measuring 6.9 on the richter scale in 2001 and that resulted in the deaths of approximately 30,000 people as well as damage to the infrastructure in the region. Although our Rajasthan block crude oil production plans assume that the proposed pipeline will withstand damage from fire, earthquakes, floods, storms and similar events, there can be no assurance that the pipeline will withstand damage from such events. In addition, if there were a drought or general water shortage in India or any part of India where our operations are located, the GoI or local, state or other authorities may restrict water supplies to us and other industrial operations in order to maintain water supplies for drinking and other public necessities which would cause us to reduce or close our operations.

***Currency fluctuations among the Indian Rupee, the US dollar and other currencies could have a material adverse effect on our results of operations***

Although substantially all of our revenue is tied to commodity prices that are typically priced by reference to the US dollar, most of our expenses are incurred and paid in Indian Rupees and, to a lesser extent, Australian dollars, Sri Lankan Rupees, Euros, Namibian dollars, South African Rands and Liberian dollars. In addition, in fiscal year 2015, 34.4% of our revenue was derived from commodities that we sold to customers outside India. The exchange rates between the Indian Rupee and the US dollar and between other currencies and the US dollar have changed substantially in recent years and may fluctuate substantially in the future. See “Item 10. Additional Information—D. Exchange Controls”. Our results of operations or financial condition could be adversely affected if the US dollar depreciates against the Indian Rupee or other currencies. We seek to mitigate the impact of short-term movements in currency on our businesses by hedging our short-term exposures progressively based on their maturity. However, large or prolonged movements in exchange rates may have a material adverse effect on our business, financial condition or results of operations.

If India’s inflation worsens or the prices of oil or other raw materials rise, we may not be able to pass the resulting increased costs to our customers and this may adversely affect our profitability or cause us to suffer operating losses

India has experienced wholesale price inflation in recent years compared to historical levels due to higher demand than supply. In addition, international prices of crude oil have recently experienced significant volatility, including a rise to historical highs that increased transportation costs followed more recently by a significant decline as global economic conditions have deteriorated. Inflation, increased transportation costs and an increase in energy prices generally, which may be caused by a rise in the price of oil, or an increase in the price of thermal coking coal in particular, could cause our costs for raw material inputs required for production of our products to increase, which would adversely affect our financial condition and results of operations if we cannot pass these added costs along to customers.

Stringent labor laws in India may adversely affect our profitability

India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee compensation for injury or death sustained in the course of employment, and imposes financial obligations on employers upon employee layoffs. This makes it difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition or results of operations.

Political, economic and social risks associated with investments in countries other than India could have an adverse effect on our business

In addition to operating in India, we currently operate in various other jurisdictions including Sri Lanka, Australia, Namibia, South Africa, Ireland and Liberia. Certain of these countries are subject to political, economic and social developments that may, individually or in combination, create risks for investors that may be more difficult to predict or measure than would be the case in certain developed economies. Any political instability could have an adverse impact on the economy as a whole. Political disruptions and civil unrest that may occur in any of these countries could potentially have an adverse effect on exports and, consequently, on our business, financial condition or results of operations. For example, the Ebola epidemic in Liberia resulted in stoppage of drilling, exploration work for iron ore during fiscal year 2015.

Global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs

Global market and economic conditions have been unprecedented and challenging and have resulted in tighter credit conditions and recession in most major economies in the last several years. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations across various economies. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.



As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets generally and of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs. For example, in response to global economic conditions and a decline in commodity prices, we had ceased operations at one of our aluminium smelters at the Korba complex in previous years which had an adverse effect on our business, financial condition or results of operations.

There are certain differences in shareholder rights and protections between the laws of India and the United States and between governance standards for a US public company and a foreign private issuer such as us

We are incorporated in India and investors should be aware that there are certain differences in the shareholder rights and protections between the laws of India and the United States. There are also certain differences in the corporate governance standards for a domestic US issuer and those applicable to a foreign private issuer such as us. See “Item 10. Additional Information—B. Memorandum and Articles of Association—Comparison of Shareholders’ Rights.”

The Securities and Exchange Board of India (“SEBI”) and the various Indian stock exchanges are responsible for improving and setting standards for disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. Nevertheless, there may be less information made publicly available in respect of Indian companies than is regularly made available by public companies in the United States as a result of differences between the level of regulation and monitoring of the Indian securities markets and of the transparency of the activities of investors and brokers in India compared to the United States. Similarly, our disclosure obligations under the rules of the NSE and BSE Ltd. (“BSE”) on which our equity shares are listed may be less than the disclosure obligations of public companies on the NYSE.

Risks Relating to our ADSs

Substantial future sales of our equity shares or ADSs in the public market, or the perception of such sales, could cause the market price of our ADSs to fall

If our existing shareholders sell a substantial number of our equity shares in the open market, or if there is a perception that such sale or distribution could occur, the market price of our equity shares and ADSs could be adversely affected. These sales, or the perception that these sales could occur, also might make it more difficult for us to sell securities in the future at a time or at a price that we deem appropriate or pay for acquisitions using our equity securities.

As of March 31, 2015 we had 2,964,694,239 equity shares outstanding, including 221,331,788 equity shares represented by 55,332,947 ADSs. All our 2,964,694,239 outstanding equity shares are freely tradable on the NSE and BSE. Furthermore, Vedanta, through Twin Star and other investment companies, continued to have effective control over 1,863,458,132 of our total outstanding equity shares (including equity shares representing ADSs), which represented 62.85% of our outstanding share capital as of July 31, 2015.

Fluctuations in the exchange rate between the Indian Rupee and the US dollar could have a material adverse effect on the value of our ADSs, independent of our actual operating results

The price of the ADSs is quoted in US dollars. Our equity shares are quoted in Indian Rupees on the NSE and BSE. Any dividends in respect of our equity shares will be paid in Indian Rupees and subsequently converted into US dollars for distribution to ADS holders.

Currency exchange rate fluctuations will affect the dollar equivalent of the Indian Rupee price of our equity shares on the NSE and BSE and, as a result, the prices of our ADSs, as well as the US dollar value of the proceeds a holder would receive upon the sale in India of any of our equity shares withdrawn from the depositary under the deposit agreement and the US dollar value of any cash dividends we pay on our equity shares. Holders may not be able to convert Indian Rupee proceeds into US dollars or any other currency, and there is no guarantee of the rate at which any such conversion will occur, if at all. Currency exchange rate fluctuations will also affect the value received by ADS holders from any dividends paid by us in respect of our equity shares. Holders of our ADSs will bear all of the risks with respect to a decline in the value of the Indian Rupee as compared to the US dollar, which would adversely affect the price of our ADSs and the US dollar value of any dividends we pay that are received by ADS holders.



Transfers of the underlying shares by persons resident outside India to residents of India are subject to certain pricing norms

Under current Indian regulations, subject to certain conditions, no prior regulatory approval is required for the sale of any equity shares, including any equity shares withdrawn from the ADS facilities, by a person resident outside India to a resident of India. However, certain reporting requirements would need to be complied with by the parties to the sale transaction. Also, the prior approval of the RBI would be required in the event of a sale of the equity shares underlying our ADSs by a non-resident investor to a resident investor if the sale price is greater than the maximum price set by the RBI under Indian foreign exchange laws. Any such approval required from the RBI or any other government agency may not be obtained on terms favorable to a non-resident investor, or at all.

Holders of ADSs may be restricted in their ability to exercise preemptive rights under Indian law and thereby may suffer future dilution of their ownership positions

Under the Indian Companies Act, the holders of equity shares of a company incorporated in India have a preemptive right to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares by the company, unless the preemptive rights have been waived by adopting a special resolution passed by 75% of the shareholders present and voting at a general meeting.

Holders of ADSs may be unable to exercise preemptive rights for the underlying equity shares of the ADSs unless a registration statement under the Securities Act of 1933, as amended, or the Securities Act is effective with respect to such rights or an exemption from the registration requirements of the Securities Act of 1933 is available. We are not obligated to prepare and file such a registration statement and our decision to do so will depend on the costs and potential liabilities associated with any such registration statement, as well as any other factors we consider appropriate at the time. No assurance can be given that we would file a registration statement under these circumstances. If we issue any such securities in the future, such securities may be issued to the depository, which may sell the securities for the benefit of the holders of the ADSs. The value the depository would receive from the sale of such securities cannot be predicted. To the extent that holders of ADSs are unable to exercise preemptive rights granted in respect of our equity shares represented by their ADSs, their proportional ownership interests in us would be diluted.

We may be classified as a passive foreign investment company, which could result in adverse United States federal income tax consequences to US Holders

Based on the market prices of our equity shares and ADSs and the composition of our income and assets, including goodwill, although not clear, we do not believe we were a PFIC for United States federal income tax purposes for our taxable year ended March 31, 2015. However, the application of the PFIC rules is subject to uncertainty in several respects and, therefore, the US Internal Revenue Service may assert that, contrary to our belief, we were a PFIC for such taxable year. Moreover, although the asset test (defined below) is required to be calculated based on the fair market value of our assets, we did not do a valuation of our assets and our belief that we were not a PFIC for our taxable year ended March 31, 2015 is, in part, based on the book value of our assets. A non-United States corporation will be considered a passive foreign investment company, or PFIC, for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the total value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets, including cash, that produce or are held for the production of passive income, or passive assets. In addition, a separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the aggregate value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs and equity shares, fluctuations in the market price of the ADSs and equity shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. Accordingly, we cannot assure you that we will not be a PFIC for the taxable year that will end on March 31, 2015 or any future taxable year. If we were a PFIC for any taxable year during which a US Holder (as defined under “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation”) holds an ADS or an equity share, certain adverse United States federal income tax consequences could apply to the US Holder. See “Item 10. Additional Information—E. Taxation—United States Federal Income Taxation—Passive Foreign Investment Company.”



20018GsPnWrJDGx6c

ITEM 4. INFORMATION ON THE COMPANY**A. History and Development of our Company*****Important Events in the Development of Vedanta Limited***

The Company was incorporated in Kolkata, the State of West Bengal, India as Rainbow Investment Limited on September 8, 1975 under the laws of India. Our name was subsequently changed to Sterlite Cables Limited on October 19, 1976 and then to Sterlite Industries (India) Limited on February 28, 1986.

Pursuant to the Re-organization Transactions (as explained below) becoming effective on August 17, 2013, our name changed to Sesa Sterlite Limited. On April 22, 2015, Sesa Sterlite Limited submitted to the SEC regarding the name change to Vedanta Limited following the approval from the Registrar of Companies, Goa on April 21, 2015. Our Company identification number is L13209GA1965PLC000044. Our registered office is presently situated at Sesa Ghor, 20, EDC Complex, Patto, Panaji, Goa 403001, India. The telephone number of our registered office is (91) 832 246 0600. The register of members of the Company is maintained at the registered office. Our website address is <http://www.vedantalimited.com>. Our agent for service of process in the United States is CT Corporation System and are located at 111 Eighth Avenue, New York, New York 10011.

The Board of directors approved the relocation of our registered office from the State of Goa to Mumbai in the State of Maharashtra. Subsequently, the shareholders of the Company vide postal ballot dated July 7, 2015, approved the relocation of the registered office. The Company has made an application to the GoI for its approval. Until the approval, the registered office of the Company shall continue to be located in the State of Goa.

SIIL was acquired by Mr. Anil Agarwal and his family in 1979. In 1988, SIIL completed an initial public offering of shares in India to finance in part its first polythene insulated jelly filled copper telephone cables plant. It discontinued production of polyvinyl chloride power and control cables and enameled copper wires in 1990 and in 1991 commissioned a continuous cast copper rod plant.

In 1997, in order to obtain captive sources of copper for the copper rod plant, it commissioned the first privately developed copper smelter in India at Tuticorin. In 2000, SIIL acquired CMT through Monte Cello, which owns the Mt. Lyell copper mine in Australia. The operation of Mt Lyell mine was suspended in January 2014, following a mud slide incident. Subsequently, the operations at the Mt. Lyell copper mine has been placed under care and maintenance following a rock falling on the ventilation shaft in June 2014.

In July 2000, the telecommunications cables and optical fiber business was spun-off into a new company, Sterlite Technologies Limited. The Agarwal family has substantial interests in Sterlite Technologies Limited. Sterlite Technologies Limited is not a part of our group companies.

SIIL acquired the aluminium business through the acquisition of a 51.0% interest in BALCO from the GoI on March 2, 2001. The exercise of our call option to purchase the remaining 49.0% of the shareholding of GoI in BALCO is still under dispute.

On April 11, 2002, SIIL acquired, through Sterlite Opportunities and Ventures Limited (“SOVL”), a 26.0% interest in HZL from the GoI and a further 20.0% interest through an open market offer. On November 12, 2003, SIIL acquired through SOVL, a further 18.9% interest in HZL following the exercise of a call option granted by the GoI, increasing SIIL’s interest in HZL to 64.9%. In addition, SOVL has a call option which became exercisable on April 11, 2007 to acquire the GoI’s remaining ownership interest in HZL. As per the order of the High Court of Madras dated March 29, 2012, SOVL merged into SIIL. The exercise of this option has been contested by the GoI and is still under dispute.

On October 3, 2006, SIIL acquired 100% of Sterlite Energy from Mr. Anil Agarwal and Mr. Dwarka Prasad Agarwal, one of its directors until March 31, 2009, for a total consideration of Rs. 4.9 million (\$ 0.1 million). Sterlite Energy was SIIL’s subsidiary through which it had set up a thermal coal-based 2,400 MW power facility in the State of Odisha.

In June 2007, SIIL completed an initial public offering of its shares in the form of ADSs in the US and its ADSs were listed on the NYSE. After this offering, Vedanta’s ownership interest, held through its subsidiaries, decreased to 59.9%.

In July 2008, Sterlite Energy was successful in an international bidding process and was awarded the construction of a 1,980 MW coal-based thermal commercial power plant at Talwandi Sabo in the State of Punjab, India. On September 1, 2008, Sterlite Energy completed the acquisition of TSPL for a purchase price of Rs. 3,868 million.

In July 2009, in connection with SIIL’s follow-on offering of ADS, each representing one equity share of par value Rs. 2, it issued 131,906,011 new equity shares in the form of ADSs, at a price of \$ 12.15 per ADS, aggregating approximately \$ 1,602.7 million. Out of 131,906,011 equity shares, 41,152,263 equity shares were allotted to its parent company, Twin Star, which is a wholly-owned subsidiary of Vedanta.



In October 2009, SIIL issued \$ 500 million aggregate principal amount of convertible senior notes at an interest rate of 4 % per annum. Subject to certain exceptions, these convertible senior notes were convertible, at the option of the holder, into ADSs at a conversion rate of 42.8688 ADSs per \$ 1,000 principal amount of convertible senior notes, which was equal to a conversion price of approximately \$ 23.33 per ADS. Upon the effectiveness of the Amalgamation and Re-organization Scheme, the conversion rate has been changed to 25.7213 ADSs per \$ 1,000 principal amount of the convertible senior notes which is equal to a conversion price of approximately \$ 38.88 per ADS. These convertible senior notes matured on October 30, 2014 and were repaid on the maturity date.

On May 10, 2010, SIIL agreed to acquire the zinc business of Anglo American Plc for a total consideration of Rs. 69,083 million (\$ 1,513.1 million). The zinc business comprises of the following:

- (1) 100.0% stake in Skorpion which owns the Skorpion mine and refinery in Namibia;
- (2) 74.0% stake in BMM, which includes the Black Mountain mine and the Gamsberg Project, in South Africa; and
- (3) 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

On December 3, 2010, SIIL announced the completion of the acquisition of 100.0% stake in Skorpion by Sterlite Infra Limited, wholly-owned subsidiary of SIIL for a consideration of Rs. 32,098 million (\$ 706.7 million). On February 4, 2011, SIIL announced the completion of the acquisition of the 74.0% stake in BMM for a consideration of Rs. 11,529 million (\$ 250.9 million), net of refund of \$ 9.3 million. On February 15, 2011, SIIL announced the completion of the acquisition of 100.0% stake in Lisheen for a consideration of Rs. 25,020 million (\$ 546.2 million). The purchase price for the zinc business was paid in US dollars and has been converted into Indian Rupees based on the exchange rate as on the date of each such acquisition.

On February 3, 2011, the board of SIIL approved the acquisition of 100% ownership of Malco Power Company Limited for a consideration of Rs. 0.5 million and Malco Industries Limited for a consideration of Rs. 1.3 million. The acquisition of Malco Power Company Limited and Malco Industries Limited was completed on February 19, 2011 and March 4, 2011, respectively. Malco Power Company Limited was renamed as Sterlite Ports Limited and it received its new certificate of incorporation on October 5, 2011. Malco Industries Limited was renamed as Sterlite Infraventures Limited and it received its new certificate of incorporation on January 23, 2012. Subsequent to the change in name of Malco Power Company Limited and Malco Industries Limited, the registered offices of both the companies were shifted from Mettur to Tuticorin in the state of Tamil Nadu.

On November 28, 2011, THL Zinc Holding B.V. acquired the entire outstanding share capital of Lakomasko BV for a consideration of \$ 37.7 million from VRHL, a wholly owned subsidiary of Vedanta. Consequently, Lakomasko BV became the subsidiary of SIIL.

Consolidation and re-organization of Sesa Goa, SIIL, Vedanta Aluminium, Sterlite Energy and MALCO to form Sesa Sterlite and transfer of Vedanta's shareholding in Cairn India to Sesa Sterlite

On February 25, 2012, Vedanta announced an all-share merger of Sesa Goa and SIIL to create Sesa Sterlite and to effect the consolidation and simplification of Vedanta's corporate structure through two series of transactions (together the "**Re-organization Transactions**") consisting of the "**Amalgamation and Re-organization Scheme**" and the "**Cairn India Consolidation**"). On August 17, 2013, Re-organization Transactions became effective and the name of the merged entity was changed to Sesa Sterlite Limited with effect from September 18, 2013.

On August 19, 2013, Sesa Goa furnished to the SEC a notice, as required under Rule 12g-3(f) under the Exchange Act which provided that Sesa Goa was the successor issuer to SIIL under the Exchange Act. Further, the notice provided that the equity shares of Sesa Goa with a par value of Re. 1 each, would be traded in the United States in the form of ADSs, where each ADS would represent four equity shares of Sesa Goa and such ADSs would be deemed to be registered under Section 12(b) of the Exchange Act by operation of Rule 12g-3(a) under the Exchange Act. The ADSs of Sesa Goa were registered for trading on the NYSE on September 13, 2013. On September 23, 2013, Sesa Goa submitted to the SEC that the name of Sesa Goa Limited was changed to Sesa Sterlite Limited following the approval from the Registrar of Companies, Goa on September 18, 2013.

Our equity shares are listed and traded on the NSE and the BSE. Our American Depositary Receipts ("ADRs") are quoted on the NYSE (NYSE:VEDL). Our equity shares have been included in BSE Sensex, a diversified index of 30 Indian stocks listed on the BSE since July 28, 2008. Our equity shares continue to remain listed in Sensex after the completion of the Re-organization Transactions. Sesa Goa was a part of CNX Nifty ("Nifty") since October 2010 and after the completion of the Re-organization Transactions, we continue to be a part of Nifty.

Our equity shares are beneficially held by the Twin Star, Finsider, Westglobe and Welter Trading, which are in turn wholly-owned subsidiaries of Vedanta. Twin Star, Finsider, Westglobe and Welter Trading held 46.5%, 13.5%, 1.5%, 1.3%, respectively, of our share capital as of March 31, 2015.

**The Amalgamation and Re-organization Scheme**

The Amalgamation and Re-organization Scheme was made effective in the month of August 2013. In accordance with the Amalgamation and Re-organization Scheme

- i. SIIL merged with and into Sesa Goa through the issue of Sesa Goa shares to SIIL shareholders (other than MALCO) on a 3 for 5 basis resulting in the issue of 1,944,874,125 Sesa Goa shares to SIIL shareholders. The holders of SIIL ADSs received 3 Sesa Goa ADSs for every 5 existing SIIL ADSs. The outstanding convertible bonds of SIIL have become convertible bonds of Sesa Goa with equivalent rights and obligations;
- ii. MALCO's power business was sold to Vedanta Aluminium for cash consideration of Rs. 1,500 million;
- iii. MALCO merged with and into Sesa Goa through the issue of Sesa Goa shares to the shareholders of MALCO on a 7 for 10 basis, resulting in the issue of 78,724,989 Sesa Goa shares to the shareholders of MALCO and therefore MALCO's holding in SIIL was cancelled;
- iv. Sterlite Energy merged with and into Sesa Goa for no consideration;
- v. Vedanta Aluminium's aluminium business merged with and into Sesa Goa for no consideration; and
- vi. Through a separate but concurrent amalgamation under Indian and Mauritian law, Ekaterina Limited, a Mauritian company and a wholly owned subsidiary of Vedanta which held Vedanta's 70.5% ownership interest in Vedanta Aluminium, merged with and into Sesa Goa. SIIL held the remaining 29.5% of the shares of Vedanta Aluminium and upon this concurrent amalgamation scheme becoming effective, Vedanta Aluminium became a wholly-owned subsidiary of Sesa Sterlite.

Subsequent to the effectiveness of the Amalgamation and Re-organization Scheme, a special leave petition challenging the orders of the High Court of Bombay at Goa was filed by the Commissioner of Income Tax, Goa and the Ministry of Corporate Affairs at the Supreme Court of India. Further, a creditor and a shareholder have challenged the Amalgamation and Re-organization Scheme in the High Court of Madras. These petitions are pending for hearing and admission.

Cairn India Consolidation

Prior to the Re-organization Transactions, Sesa Goa along with one of its subsidiaries Sesa Resources Limited, held 20.1% of the total outstanding equity share capital of Cairn India. Pursuant to the share purchase agreement dated February 25, 2012 between BFL, a wholly owned subsidiary of Sesa Goa and VRHL, BFL acquired 38.68% shareholding in Cairn India and an associated debt of \$ 5,998 million by way of acquisition of TEHL, for a nominal cash consideration of \$ 1. With effect from August 26, 2013, TEHL, TMHL and Cairn India (including all of its subsidiaries) have become subsidiaries of Sesa Goa. As a result, Sesa Sterlite held 58.76% of the total shareholding of Cairn India as of August 26, 2013. As of March 31, 2015, Sesa Sterlite held 59.88% of the total shareholding of Cairn India.

Acquisition of Power Assets

Through a slump sale agreement dated August 19, 2013 between Vedanta Aluminium and Sesa Goa, the power business consisting of a 1,215 MW thermal power facility situated at Jharsuguda and a 300 MW co-generation facility (90 MW operational and 210 MW under development) at Lanjigarh, was purchased by the Company at a consideration of Rs. 28,929 million (\$ 482.2 million).

Merger of Goa Energy Limited and Sterlite Infra Limited

During fiscal year 2015, Goa Energy Limited and Sterlite Infra Limited, wholly owned subsidiaries, merged with the Vedanta Limited. The High Court of Bombay had approved the scheme of amalgamation of the Goa Energy Limited on March 12, 2015 and the High Court of Madras had approved the Scheme of Amalgamation of Sterlite Infra Limited on March 25, 2015.

Brief History of Sesa Goa

Sesa Goa was incorporated as a private company under the laws of India in Panaji, state of Goa, India on June 25, 1965 as Sesa Goa Private Limited. It became a public limited company following a public offering of its shares in 1981. In 2007, Vedanta, through its subsidiaries, acquired 51.0% of Sesa Goa Limited from Mitsui Co. Ltd. which was subsequently increased to 55.13% by fiscal year 2013.



On June 11, 2009, Sesa Goa entered into a share purchase agreement with the shareholders of V.S. Dempo & Co. Private Limited (which later changed its name to Sesa Resources Limited) pursuant to which Sesa Goa agreed to purchase the entire issued share capital of Sesa Resources Limited for a total consideration of Rs. 17,500 million (\$ 291.6 million) on a debt-free and cash-free basis other than with respect to two loans owed to Mitsui and the Bank of India, New York. The transaction included the purchase of the entire issued share capital of Sesa Resources' wholly-owned subsidiary, Sesa Mining Corporation Limited, and 50.0% of the share capital held by Sesa Resources Limited in Goa Maritime Private Limited. The assets acquired include mining leases, mining rights and related infrastructure in Goa.

In October 2009, Sesa Goa issued 5,000 5% convertible bonds of an aggregate principal amount of \$ 500 million. Subject to certain exceptions, the convertible bonds were convertible, at the option of the holder, into ADSs at a conversion rate of 13,837.64 ADSs per \$100,000 principal amount of convertible bonds, which is equal to a conversion price of approximately \$ 7.23 per ordinary share. The convertible bonds were due for maturity on October 31, 2014 and they have been repaid on the maturity date. On July 25, 2011, Sesa Goa entered into a share purchase and operation agreement with Elenilto Minerals & Mining LLC, WCL and BFL, pursuant to which BFL agreed to acquire 51.0% of the fully diluted ordinary share capital of WCL for a cash consideration of \$ 90 million. Subsequently, on December 20, 2012, BFL acquired the remaining 49.0% of the fully diluted ordinary share capital of WCL from Elenilto Minerals & Mining LLC for \$ 33.5 million.

On December 8, 2011, Sesa Goa along with its subsidiary Sesa Resources Limited, completed the acquisition of 20.1% of the equity share capital of Cairn India. As of this date, Vedanta had a total ownership interest of 59.88% (including equity interests held through its other subsidiary, TMHL).

On March 1, 2012, Sesa Goa acquired 100% of the equity share capital of Goa Energy Private Limited engaged in the business of power generation from Videocon Industries at a consideration of \$ 9.5 million. The name was subsequently changed to Goa Energy Limited in September 2012.

B. Business Overview

OUR INDUSTRY

Unless otherwise indicated, all data relating to the zinc and copper industries contained in this Annual Report is primarily derived from Wood Mackenzie and other industry sources. Unless otherwise indicated, all data relating to the aluminium industry contained in this Annual Report is primarily derived from CRU International Ltd ("CRU") and other industry sources. Unless otherwise indicated, all data relating to the oil and gas industry contained herein is primarily derived from BP Statistical Review of World Energy June 2015. Unless otherwise indicated, all data relating to the iron ore industry contained herein is primarily derived from the Bureau of Resources and Energy Economics, Australia ("BREE") and the United States Geological Survey ("USGS").

Unless otherwise indicated, all financial and statistical data relating to the power industry in India in the following discussion is derived from the Central Electricity Authority of India's General Review (2004-05 to 2013-14), the Monthly Report on Short-term Transactions of Electricity in India by Central Electricity Regulatory Commission and other industry sources. The data may have been re-classified for the purpose of presentation. Unless otherwise indicated, the data presented excludes captive power generation capacity and captive power generation. The term "units" as used herein refers to kilowatt-hours or kWh.

Unless otherwise stated, the years mentioned in this disclosure contained herein are calendar years.

Zinc

Global Zinc Market

Background

According to Wood Mackenzie, the principal use for zinc in the west is galvanizing, which involves coating steel with zinc to guard against corrosion. Galvanizing, including sheet, tube, wire and general galvanizing, accounted for approximately 59% of world consumption of zinc. The main end-use industries for galvanized steel products are the construction and infrastructure industries, automobile manufacturing, consumer products and industrial machinery manufacturers, and it is these industries on which zinc consumption ultimately depends. Other major uses for zinc include die-casting alloys (14%), brass semis and castings (11%) and oxides and chemicals (9%). Alloys are principally used in vehicles, toys and hardware etc.

The end-user market is dominated by the construction industry, with 50% of global end-use zinc consumption, followed by the transport sector (21%), infrastructure (16%), industrial machinery (7%) and consumer products (6%), according to Wood Mackenzie.



The zinc industry has three broad categories of producers:

- Miners, which mine the lead-zinc ore and produce zinc concentrate for sale to smelters, and usually receive payment for 85% of the zinc contained in the concentrate less a treatment charge (“Tc”);
- Smelters, which purchase concentrate and sell refined metal, with some smelters also having some integrated production downstream; and
- Integrated producers, which are involved in both the mining and smelting of zinc.

For custom smelters, Tc rates have a significant impact on profitability, as prices for zinc concentrate are equal to the LME price net of Tc, and prices of finished zinc products are equal to the LME price plus a premium. A significant proportion of concentrates is sold under frame contracts and Tcs’ are negotiated annually. The main conditions of the contract which are subject to negotiation are the Tcs that are expressed in US dollars per dry metric ton of concentrate and price participation (under long-term contracts). The Tc rates are influenced by the demand-supply situation in the concentrate market, prevailing and forecasted LME prices and mining and freight costs.

Global Zinc Reserves

As of December 31, 2014, global zinc reserves were estimated to be 230 million tons, according to preliminary estimates by the USGS. Australia, China, Peru, Mexico and India collectively account for 68.7% of world reserves.

The following table sets forth world zinc reserves:

	<u>Reserves</u> (in million tons)
Australia	62.0
China	43.0
Peru	29.0
Mexico	16.0
India	11.0
United States	10.0
Kazakhstan	10.0
Canada	5.9
Bolivia	4.5
Ireland	1.1
Other countries	42.0
World Total (rounded)	<u>230.0</u>

Source: USGS, Mineral Commodity Summaries, January 2015

Zinc Consumption

Global zinc consumption grew 4.3% in 2014, from a volume of 13.3 million tons in 2013 to 13.9 million tons in 2014 according to Wood Mackenzie.

Asia, Europe and North America together accounted for approximately 91.4% of global zinc consumption in 2014. Turkey, China, the Russian Federation, Thailand, South Korea and Indonesia, followed by India, are among the fastest growing substantial zinc markets in the world with a compounded annual growth rate (“CAGR”) of 11.7%, 7.9%, 7.4%, 6.9%, 6.5%, 5.4% and 4.6% respectively between 2009 and 2014. China and India are expected to lead future growth as well.

The following table sets forth the regional consumption pattern of refined zinc in 2014:

	<u>Year Ended December 31, 2014</u>	
	<u>Volume</u>	<u>%</u>
	(thousands of tons, except percentages)	
Europe	2,284	16.7%
China	6,486	45.6%
Rest of Asia ⁽¹⁾	2,258	16.7%
North America	1,488	10.6%
Latin America	435	3.4%



20018GsPnWNnon1C6F

India	649	4.8%
Oceania	141	1.2%
Africa	140	1.0%
Total (rounded)	<u>13,881</u>	<u>100.0%</u>



Notes:

(1) The Rest of Asia is defined as Asia excluding China and India, but including the Middle East and Russia.

Source: Wood Mackenzie Metals Market Service Report—Long Term Outlook, March 2015

Zinc Supply

According to Wood Mackenzie, the five largest zinc mining countries are China (37.7%), Australia (11.5%), Peru (9.2%), United States (6.1%) and India (5.4%). These countries collectively accounted for 69.9% of total zinc mined worldwide in 2014. The five largest zinc mining companies in 2014 were Glencore Xstrata (9.8%), HZL (5.4%), Teck Limited (5.0%), Minmetals Resources Limited (4.5%) and Votorantim (2.3%).

The following table sets forth the regional production pattern of zinc mines in 2014:

Region	Year Ended December 31, 2014	
	Volume (thousands of tons, except percentages)	%
Europe	933	7.1%
China	4,960	37.7%
Rest of Asia ⁽¹⁾	984	7.5%
North America	1,812	13.8%
Latin America	1,906	14.5%
India	716	5.4%
Australia	1,507	11.5%
Africa	339	2.5%
Total	13,157	100.0%

(1) The Rest of Asia is defined as Asia excluding China and India, but including the Middle East and Russia.

Source: Wood Mackenzie Metals Market Service Report—Long Term Outlook, March 2015

With a production of 5.7 million tons of refined zinc in 2014, China is the largest single zinc-producing country in the world. The other major zinc producing countries South Korea (6.5%), India (5.6%), Canada (4.8%) and Japan (4.4%) account for approximately 64.4% of total global refined zinc production. The five largest zinc producing companies in 2014 were Korea Zinc Company Limited (8.2%), Nyrstar NV (8.0%), Glencore Xstrata (7.6%), HZL (5.2%), and Votorantim Group (4.3%), which together accounted for about 33.3% of the total refined zinc produced worldwide in 2014.



The following table sets forth the regional production pattern of refined zinc in 2014:

Region	Year Ended December 31, 2014	
	Volume	%
	(thousands of tons, except percentages)	
Europe	2,221	16.6%
China	5,747	43.0%
Rest of Asia ⁽¹⁾	2,305	17.3%
North America	1,103	8.3%
India	755	5.6%
Latin America	619	4.6%
Oceania	481	3.6%
Africa	134	1.0%
Total	13,365	100.0%

Notes:

(1) The Rest of Asia is defined as Asia excluding China and India, but including the Middle East and Russia.

Source: Wood Mackenzie Metals Market Service Report—Long Term Outlook, March 2015

Pricing

Zinc is traded on the LME. Although prices are determined by LME price movements, producers normally charge a regional premium that is market driven.

During 2014, zinc prices averaged at \$ 2,162 by year end, which was 13.2% higher than last year. Zinc outperformed all other base metals due to relatively stronger demand fundamentals.

The following table sets forth the movement in zinc prices from 2005 to 2014:

Zinc Prices	Year ended December 31									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	(\$ per ton, except percentages)									
LME Cash Price	1,381	3,272	3,248	1,870	1,658	2,158	2,190	1,946	1,910	2,162
% Change	31.8	136.9	(0.7)	(42.4)	(11.3)	30.1	1.5	(11.1)	(1.9)	13.2

Source: Wood Mackenzie Metals Market Service Report—Long Term Outlook, March 2015

The last closing LME zinc cash price was \$ 2,075 per ton as of March 31, 2015.

Indian Zinc Market

Background

The USGS estimates India’s zinc reserves to be around 11 million tons, making it the sixth largest country in terms of zinc reserves globally (USGS, Mineral Commodity Summaries, January 2015). The Indian zinc industry has only two domestic producers. The leading producer is our majority-owned subsidiary, HZL. HZL had an estimated 78.0% market share in India in fiscal year 2015, according to the Indian Lead and Zinc Development Association. The other producer is Binani Zinc Limited, with a 1% Indian market share by sales volume in fiscal year 2015.

Consumption Pattern

According to Wood Mackenzie, consumption of refined zinc in India reached 649,000 tons during 2014. The principal use of zinc in the Indian market is in the construction and infrastructure sector, which currently accounts for an estimated 70.0% of total consumption.



Wood Mackenzie forecasts Indian refined zinc demand to increase at a CAGR of 6.3% from 649,000 tons in 2014 to 992,000 tons in 2020.

Pricing and Tariff

Indian zinc prices track global prices as the metal is priced on the basis of the landed costs of imported metal.

The following table sets out the customs duties that were applicable on zinc for the periods indicated:

	<u>January 3, 2009 to present</u>
Zinc	5.0%

In addition, the Finance Act (2 of 2004) of India levied an additional surcharge of 3.0% on the total customs duty payable.

Market Outlook

Global zinc outlook

Global zinc demand is forecasted to grow at 4.3% in 2015 as per Wood Mackenzie. China will continue to remain the dominant driving force as galvanized sheet usage in cars and construction activity is expected to grow, supported by the gradual recovery in global economic activity.

China’s zinc consumption will continue to drive the global zinc demand growth based on Wood Mackenzie’s forecast. The total consumption of slab zinc in China is expected to grow from 6.4 million tons in 2014 to 7.8 million tons in 2017. That would translate to China’s consumption growth at a CAGR of 6.6% between 2014 and 2017, which compares to global consumption growth at a CAGR of 4.3% for the same period and to the world (excluding China consumption growth) at an expected CAGR of 2.3% for the same period.

According to Wood Mackenzie, between 2014 and 2035, new zinc projects and expansions will increase production by almost 1.5 million tons per annum. The average size of new zinc mine projects is quite modest, at around 75,000 tons per annum. However, three are quite substantial: Dugald River (Australia), Bisha (Eritrea), and Gamsberg (South Africa). Expansion or increase in production capacity at 55 mines globally will add about 0.9 million tons per annum. One of the biggest planned closures include Century mine in Australia owned by China’s Minerals and Metals Group in 2015 which is left with a capacity of close to 345,000 tons for 2015. One hundred and forty-four existing producers are forecast to close on reserve depletion by 2035 for the loss of 6.4 million tons per annum. In addition, twenty nine mines which collectively produced 2.8 million tons per annum in 2014 will produce only 2.5 million tons per annum by 2035, resulting in a loss of 0.4 million tons per annum of output by attrition.

Indian zinc outlook

The Indian zinc demand witnessed strong growth in 2014 primarily on account of demand from the galvanized sheet and alloy sector. This growth is expected to continue as new zinc applications and investment in infrastructure projects are expected to increase domestic demand.

Global Oil and Gas Market

Background

The short term outlook of US Energy Information Administration (“EIA”) published in June 2015, pegs global oil demand for 2015 at 93.3 mmbopd vis-à-vis the 2014 demand of 92.1 mmbopd, an increase of 1.3%. Growth forecast for demand were revised upwards based on the premise that low oil prices would stimulate the growth in Gross Domestic Product (“GDP”). The demand from countries which are not members of the Organization for Economic Cooperation and Development (“OECD”) is expected to grow by 0.8 mmbopd in 2015 as compared to 2014 averages but is still subdued due to the Russian economic downturn. China’s growth has also slowed down but is still expected to be the leader of non-OECD demand. OECD demand, which declined in 2014 is expected to grow by 0.4 mmbopd in 2015. Japanese demand is expected to continue declining while European demand will grow at a slow rate. The United States is expected to remain the leader of OECD demand.



According to the BP Statistical Review of World Energy June 2015, the global consumption for crude oil grew by 0.8% in 2014 and increased to 92,086 kbopd, a rise of 843 kbopd over consumption in 2013. The increase in crude oil consumption in the Asia-Pacific and the Middle East regions in 2014 over 2013 was 442 kbopd and 256 kbopd respectively.

North America and Europe witnessed a decrease of 0.1% and 1.2% in crude oil consumption in 2014 vis-a-vis 2013 with total crude oil consumption in 2014 decreasing by 216 kbopd.

The global consumption for natural gas grew by 0.4% in 2014 and increased to 3,393.0 bcm, a rise of 12.0 bcm over gas consumption in 2013. The increase in natural gas consumption in North America and the Asia-Pacific region in 2014 over 2013 was 20.9 bcm and 13.3 bcm, respectively. Europe and Eurasia witnessed a 4.8% decrease in gas consumption in 2014 vis-a-vis 2013 with total gas consumption in 2014 decreasing to 1,009.6 bcm.

(Source: BP Statistical Review of World Energy June 2015)

Global Oil and Gas Reserves

Global oil reserves were estimated to be 1,700.1 billion barrels, as of December 31, 2014 and global gas reserves were estimated at 187.1 tcm. In 2014, Venezuela, Saudi Arabia, Canada, Iran and Iraq had the majority of oil reserves and collectively account for nearly 61.5% of the world's reserves. On the other hand, Iran, Russian Federation, Qatar, Turkmenistan and the United States have the majority of gas reserves, accounting for nearly 63.2% of the world's reserves in 2014.

The following table summarizes the current distribution of the world's oil reserves:

Country	As of December 31, 2014	
	Oil	
	Reserves (In billion barrels)	Share of Total (in percentage)
Venezuela	298.3	17.5%
Saudi Arabia	267.0	15.7%
Canada	172.9	10.2%
Iran	157.8	9.3%
Iraq	150.0	8.8%
Russian Federation	103.2	6.1%
Kuwait	101.5	6.0%
UAE	97.8	5.8%
United States	48.5	2.9%
Libya	48.4	2.8%
Nigeria	37.1	2.2%
Kazakhstan	30.0	1.8%
Other Countries	187.6	10.9%
World Total	1,700.1	100.0%

The following table summarizes the current distribution of the world's gas reserves:

Country	As of December 31, 2014	
	Natural Gas	
	Reserves (In tcm)	Share of Total (in percentage)
Iran	34.0	18.2%
Russian Federation	32.6	17.4%
Qatar	24.5	13.1%
Turkmenistan	17.5	9.3%
United States	9.8	5.2%
Saudi Arabia	8.2	4.4%
United Arab Emirates	6.1	3.3%
Venezuela	5.6	3.0%
Nigeria	5.1	2.7%
Algeria	4.5	2.4%
Australia	3.7	2.0%
Iraq	3.6	1.9%
Other Countries	31.9	17.1%
World Total	187.1	100.0%

Source: BP Statistical Review of World Energy June 2015



20018GsPnWNtSwsgk

Global Oil and Gas consumption and production

In 2014, the global oil consumption grew by 0.84 mmbopd or 0.8% over the 2013 demand. Global oil consumption increased from 91,243 kbopd in 2013 to 92,086 kbopd in 2014, according to the BP Statistical Review of World Energy June 2015.

The United States was the largest consumer of oil in 2014, with a global market share of around 19.9%, followed by China at 12.4%, Japan at 4.7% and India at 4.3%.

Natural gas demand grew by 0.4%, with consumption rising from 3.38 tcm in 2013 to 3.39 tcm in 2014. The United States is the largest consumer of natural gas, with annual demand of 0.8 tcm, singularly accounting for 22.7% of global demand. Other prominent natural gas consuming countries are Russia and China, accounting for 12.0% and 5.4%, respectively.

The following table sets forth the regional consumption pattern for oil and gas:

	Year Ended December 31, 2014			
	Oil Volumes		Gas Volumes	
	(in kbopd)	%	(in bcf per day)	%
North America	23,347	24.3%	91.9	28.3%
United States	19,035	19.9%	73.5	22.7%
Others	4,312	4.4%	18.4	5.6%
South & Central America	7,125	7.8%	16.5	5.0%
Argentina	662	0.7%	4.6	1.4%
Brazil	3,229	3.4%	3.8	1.2%
Others	3,234	3.7%	8.1	2.4%
Europe & Eurasia	18,252	20.4%	97.7	29.6%
Russia	3,196	3.5%	39.6	12.0%
Germany	2,371	2.6%	6.9	2.1%
France	1,615	1.8%	3.5	1.1%
Others	11,070	12.5%	47.7	14.4%
Middle East	8,706	9.3%	45.0	13.7%
Saudi Arabia	3,185	3.4%	10.5	3.2%
Iran	2,024	2.2%	16.5	5.0%
Others	3,497	3.7%	18.0	5.5%
Africa	3,800	4.3%	11.6	3.5%
Asia Pacific	30,856	33.9%	65.7	19.9%
China	11,056	12.4%	17.9	5.4%
Japan	4,298	4.7%	10.9	3.3%
India	3,846	4.3%	4.9	1.5%
Others	11,656	12.5%	32.0	9.7%
Global Total	92,086	100.0%	328.4	100.0%

Source: BP Statistical Review of World Energy June 2015



Global oil production increased by 2.1 mmbopd, or 2.3% in 2014 compared to 2013. Global oil production increased from 86.6 mmbopd in 2013 to 88.7 mmbopd in 2014, according to the BP Statistical Review of World Energy June 2015.

The United States was the largest producer of oil in 2014 with a global market share of 13.1%, followed by Saudi Arabia at 13.0% and Russia at 12.2%.

Global gas production increased from 329.8 bcf per day in 2013 to 334.8 bcf per day in 2014, registering a growth of 1.6%. The United States was the largest producer of natural gas at 70.5 bcf per day with global market share of 21.4% during the year ended December 31, 2014, followed by Russia at 16.7%. The following table sets forth the regional production pattern for oil and gas:

	Year Ended December 31, 2014			
	Oil Volume (in kbopd)	%	Gas Volume (in bcf per day)	%
North America	18,721	21.1%	91.8	27.5%
United States	11,644	13.1%	70.5	21.1%
Others	7,077	8.0%	21.3	6.4%
South & Central America	7,613	8.6%	16.9	5.0%
Venezuela	2,719	3.1%	2.8	0.8%
Brazil	2,346	2.6%	1.9	0.6%
Others	2,548	2.9%	12.2	3.6%
Europe & Eurasia	17,198	19.4%	97.0	28.9%
Russia	10,838	12.2%	56.0	16.7%
Others	6,360	7.2%	41.0	12.2%
Middle East	28,555	32.2%	58.1	17.3%
Saudi Arabia	11,505	13.0%	10.5	3.1%
Others	17,050	19.2%	47.6	14.2%
Africa	8,263	9.3%	19.6	5.9%
Nigeria	2,361	2.7%	3.7	1.2%
Others	5,902	6.6%	15.9	4.7%
Asia Pacific	8,324	9.4%	51.4	15.4%
China	4,246	4.8%	13.0	3.9%
India	895	1.0%	3.1	0.9%
Others	3,183	3.6%	35.3	10.6%
Global Total	88,673	100.0%	334.8	100.0%

Source: BP Statistical Review of World Energy June 2015

Pricing

Prices of various crude oils are based upon the prices of the key physical benchmark crude oils such as Brent, West Texas Intermediate, and Dubai/Oman etc. Crude oil prices move based upon market factors like supply and demand. The regional producers price their crude against benchmark crude prices by placing a premium or a discount over the benchmark based on the quality differentials and competitiveness of the various grades.

In 2014, Europe Brent spot prices averaged around US\$ 99.0 per barrel, around 8.8% lower as compared to the 2013 average. Europe Brent Spot prices were highly volatile and traded within a range of US\$ 45-116 per barrel during fiscal year 2015, ending the year at US\$ 53.7 per barrel according to US Energy Information Administration (Europe Brent Spot Price F.O.B (Dollars per Barrel), Release Date – April 22, 2015).

The movement of annual average oil prices from 2005 to 2014 was as follows:

	Annual Average Prices									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Europe Brent Spot Price, USD/barrel	54.6	65.2	72.4	96.9	61.7	79.6	111.3	111.6	108.6	99.0
% Change	42.6%	19.4%	11.2%	33.8%	(36.3%)	28.9%	39.8%	0.3%	(2.7%)	(8.8%)

Source: US Energy Information Administration (Europe Brent Spot Price FOB (Dollars per Barrel), Release Date – April 22, 2015)



As there is no single global market for natural gas, natural gas market is evolving differently in different geographic areas. Globally, there are three main regional hubs for the pricing of natural gas: the United States (Henry Hub Prices), the United Kingdom (NBP Price), and Japan (imported gas price, mostly linked to crude oil).

Indian Oil and Gas Market

Background

According to the BP Statistical Review of World Energy June 2015, India is a refining surplus country, with a total refining capacity of 4,319 kbopd. However, the country is primarily dependent upon crude oil imports to meet its demand which was 3,809 kbopd. Domestic crude oil only contributes about 895 kbopd (20%) of its total refining demand.

National oil companies like ONGC and Oil India Limited are the primary producers of crude oil in India, together accounting for approximately 625 kbopd of domestic production. Cairn India is a major private producer, with a net operating production of 86.1 kbopd for fiscal year 2015.

India is a gas deficient country with domestic production being 31.7 billion cubic meters with total liquefied natural gas imports of 18.9 billion cubic meters during 2014 according to BP Statistical Review of World Energy June 2015.

Nationalized oil companies like ONGC and Oil India Limited are the primary producers of natural gas in India, with Reliance Industries Limited being the dominant private producer. Fertilizer units, gas-based power plants, city-gas distribution entities and industrial consumers are the primary consumers of natural gas produced in India. For fiscal year 2015, Cairn India had a net operating production of 9.6 mmscfd.

Consumption Pattern

According to the BP Statistical Review of World Energy June 2015, India was the fourth largest consumer of oil after the United States, China and Japan, consuming 3,846 kbopd (4.2% of global consumption) of oil in 2014. On the other hand, India accounted for daily gas consumption of 4.9 bcf (1.5% of global consumption) in 2014.

Pricing and Tariff

Domestic Indian crude oil is also priced with reference to international benchmark crude, with appropriate adjustments for differences in quality. At present, there is no duty imposed on imported oil, whereas domestic crude oil sales are subject to local levies such as central sales tax or value added tax.

The current applicable tax rates for crude oil are as follows:

Central sales tax	2.0%
Value added tax	5.0%

In October 2014, GoI issued the New Domestic Natural Gas Pricing Guidelines, 2014. The gas price determined under these guidelines is applicable to all natural gas produced domestically with certain specified exceptions. The GoI issues the natural gas price based on the New Domestic Natural Gas Pricing Guidelines, 2014 on a half-yearly basis through the Petroleum Planning and Analysis Cell of the Ministry of Petroleum and Natural Gas. Domestic natural gas sales are subject to local levies such central sales tax or value added tax.

The current applicable tax rates for natural gas are as follows:

Central sales tax	2.0%
Value added tax	14.5% / 15.0%



Iron Ore

Global Iron Ore Market

Background

Iron ore is the key raw material used to make pig iron and steel. According to the Mineral Information Institute, 98% of mined iron ore is used to produce steel.

The iron ore itself is usually found in the form of magnetite, hematite, goethite, limonite or siderite. Hematite is also known as natural ore. The name refers to the early years of mining, when certain hematite ores contained 66% iron and could be fed directly into iron making blast furnaces.

The iron ore industry has two broad categories of producers:

1. Mining companies with a focus on extracting different metals and minerals including iron ore; and
2. Steel companies, who mine and produce iron ore to benefit from security of supply of its key raw materials.

In recent years, steel producers have increasingly secured their iron ore supplies through long-term contracts, strategic investments in iron ore projects, and acquisitions of iron ore producers.

World Iron Ore Reserves

As of December 31, 2014, global crude iron ore reserves were estimated at 190 billion tons according to the preliminary estimates by the USGS as published in January 2015. Australia, Brazil, Russia, China and India collectively account for approximately 74.8% of world crude iron ore reserves.

The following table sets for the world iron ore reserves as of December 31, 2014:

	<u>Crude Ore</u> (million tons)	<u>Iron Content</u>
Australia	53,000	23,000
Brazil	31,000	16,000
Russia	25,000	14,000
China	23,000	7,200
India	8,100	5,200
United States	6,900	2,100
Ukraine	6,500	2,300
Canada	6,300	2,300
Sweden	3,500	2,200
Iran	2,500	1,400
Kazakhstan	2,500	900
South Africa	1,000	650
Other countries	18,000	9500
World total (rounded)	<u>190,000</u>	<u>87,000</u>

Source: USGS, Mineral Commodity Summaries, January 2015

World Trade in Iron Ore

Global iron ore trade increased by 9.0% in 2014 to a total of 1.3 billion tons. Notably, the supply from Australia is estimated to have increased 24 % to 717 million tons and iron ore imports into China increased by 8 % to 889 million tons. In 2015, world trade in iron ore is forecast to increase by 4.0% to 1.4 billion tons, supported by an increase in supply from Australia and Brazil and an increase in China’s imports. Over the medium term, world iron ore trade is projected to increase at an annual average rate of 2.8% to reach 1.6 billion tons in 2020 which is underpinned by an increase in the import share of China’s iron ore consumption.



The following table sets for the world iron ore trade (million tons)

<u>Year Ended December 31,</u>	<u>2014</u>
Iron ore imports	
European Union	128
Japan	135
China	889
South Korea	67
Iron ore exports	
Australia	717
Brazil	363
India (net exports)	2
Canada	34
South Africa	46
World trade	<u>1,336</u>

Sources: BREE Resources and Energy Quarterly, March Quarter 2015

Iron ore imports

China’s domestic iron ore producers faced a difficult year in 2014. While production increased by 4 % in 2014 as compared to 2013, the number of mines reporting a loss increased from 15 % at the start of 2014 to 22 % in December 2014. China’s iron ore producers were unable to lower price premiums for domestic concentrate in line with the low price of seaborne iron ore, creating a significant price gap and an increase in the use of seaborne iron ore. Australia’s share of iron ore imports into China increased to 60% in 2014, up from 50% in 2013. This came at the expense of smaller, higher cost producers such as those from South Africa, Iran and the Ukraine whose share of imports fell to 19 % during the year (from 30 % at the start of the year). Brazil’s share of China’s imports remained steady during the year at around 20 %. In 2015, China’s iron ore imports are forecast to increase by 5 % to 935 million tons. China’s steel mills are forecast to face difficult operating conditions in 2015 with low steel prices and oversupply likely to be key features of the market. As a result they are expected to continue their switch from higher cost domestic iron concentrate to cheaper seaborne iron ore, predominantly from Australia and Brazil. This trend is forecast to result in further closures of high cost, low grade producers, both from China and around the world through 2015.

Iron ore exports

In 2014, Australia’s iron ore exports continued to grow rapidly as a result of new mine capacity that started and ramped up to full production rates. Export volumes are estimated to have increased 24 % to a new record of 717 million tons. The increase is the result of brownfield mine expansions in the Pilbara like Newman Jimblebar, the start of production at Kings Mine (part of the Solomon Hub) and infrastructure improvements, particularly in rail transport and ports. In 2015, Australia’s iron ore exports are forecast to increase by a further 11 % to 792 million tons. The increase will be supported by the start of production at Roy Hill, which at capacity is expected to produce around 55 million tons a year of high grade iron ore, and further output increases from Australia’s major producers in the Pilbara. A period of subdued prices is unlikely to impact most Pilbara miners as they are some of the world’s cheapest producers; even at prevailing prices most iron ore mines in Australia have positive cash margins. Nevertheless, lower industry profits are likely and Pilbara producers can be expected to continue driving costs and productivity improvements to maintain their market positions. Over the remainder of the outlook period (2015 to 2020), Australia’s iron ore exports are projected to grow at an average annual rate of 3.4 % to 935 million tons in 2020. Increased production will be supported mainly by improving productivity, expanding capacity at existing mines and debottlenecking activities. New technologies such as driverless trucks and trains and the increased use of information technology are projected to increase production while reducing operating costs. However, the current operating environment is placing pressure on marginal producers, which may lead to the eventual closure of some Australian mines over the short to medium term if prices decline further.

Brazil’s iron ore exports are estimated to have increased 10 % in 2014 to 363 million tons. In 2015, Brazil’s exports of iron ore are forecast to increase by 7 % to 388 million tons, supported by an increase in production at the recently commissioned Minas Rio mine and the use of the Valemax bulk freight vessel that have recently been approved to dock at ports in China. With a carrying capacity of 400,000 tons and in an environment of lower petroleum and shipping costs, the use of the Valemax vessel will improve the competitive position of Vale in the Asia-Pacific market. Depending on future oil prices, Vale may fall below Rio Tinto and BHP Billiton on the iron ore cost curve. Over the remainder of the outlook period (from 2015 to 2020) iron ore exports from Brazil are projected to increase by 5.6 % a year to 509 million tons in 2020. Growth will be supported by expansions to existing mines and the completion of the 90 million tons Serra Sul mine. The Serra Sul mine is anticipated to be one of the lowest cost iron ore mines in the world and is expected to be profitable in the current market.



20018GsPnWmzLL06

In 2014, Indian exports appear to have been negligible. In 2010, India's Supreme Court and state governments imposed production restrictions on iron ore mines operating in Karnataka, Goa and Odisha in an attempt to clamp down on illegal mining. Although this ban was lifted in April 2014, the restart of operations has been slow with approximately three-quarters of India's iron ore mines still estimated to be idle. Further, in order to conserve iron ore for India's steel industry the GoI increased freight charges for iron ore exports as well as royalty payments and export duties. These hurdles combined with a low seaborne price of iron ore led several large Indian steel producers to begin importing the raw material for the first time in 2014. Despite the tough operating conditions that India's iron ore miners now face exports are forecast to increase in 2015 as mines gradually reopen in Goa, an iron ore exporting hub, and begin production. However, the total tonnage is expected to be negligible. Over the remaining outlook period (from 2015 to 2020) India's exports are projected to increase although they are not expected to approach anywhere near their pre- 2010 peak, which was approximately 155 million tons a year.

Consumption and Supply

Global consumption and supply of iron ore closely reflects the consumption and supply scenario in steel, as about 98% of the global iron ore production is used in steel making.

World steel consumption

World steel consumption growth is estimated to have slowed down by 0.6 % in 2014 to 1.65 billion tons, down from growth rates of 6% in 2013 and 4% in 2012. Although India and Brazil recorded strong consumption growth; however, this was offset by a fall in China's growth rate because of reduced construction activity for residential structures. In 2014, world steel production is estimated to have grown 1.1 % to 1.66 billion tons, supported primarily by a 1 % expansion in China's output. With lower consumption growth in China, the extra production was exported. In 2014, China's steel exports increased by 50 % to 94 million tons. If growth in China's steel consumption remains subdued and world markets cannot continue to absorb the growth in China's steel exports, then it is likely that China's steel production will decline. Should this occur world steel production may be lower than forecast in 2015. Over the medium term steel consumption growth is projected to average 1.6 % and total 1.8 billion tons in 2020. Emerging economies have been the growth engine of world steel consumption over the past decade and while their rate of growth is projected to slow down, they are still anticipated to drive steel consumption over the outlook period. These countries have considerably lower per capita steel consumption rates compared with developed economies at their peak and will require further investment in housing, infrastructure and manufacturing to further close the gap in living standards.

China's steel prices fell throughout most of 2014 as the market witnessed an increase in supply coupled with weak growth. The price of rebar finished the year down 17 % to RMB 2,848, while the benchmark price for hot-rolled sheet declined 13 % to RMB 3,025. The downward trend in steel prices is forecast to continue during 2015 as spare capacity and low consumption growth remain key features of China's steel market. After a decade of growth driven primarily by fixed asset investment the Chinese Government is planning to rebalance the economy through market reforms to increase domestic consumption. The government initiated reforms include freeing credit markets, increasing competition and allowing market forces to have a greater role in allocating resources. Over the medium term, it is expected that final consumption expenditure will account for an increasing share of GDP. The successful implementation of these reforms will alter the allocation of resources throughout the economy, boosting the more productive sectors like manufacturing and force cuts in sectors that are overproducing, such as steel. Another anticipated outcome of the rebalance is a fall in the share of fixed asset investment in GDP.

In 2014, India's steel consumption is forecast to increase 2.5 %, compared to 2013, to total 83 million tons. Consumption is forecast to increase as a result of government spending on infrastructure and higher consumption of consumer durables. Over the period from 2015 to 2019, consumption growth is projected to increase at an average rate of 5 % a year to total 107 million tons in 2019. Increases in India's steel consumption are expected to be supported by government efforts to improve the quality and coverage of the country's infrastructure networks. This is expected to include road networks and bridges, rail systems, electricity generation and other infrastructure. Rising income levels are expected to support a gradual increase in consumption of consumer durables, which will also contribute to higher levels of steel consumption.



Steel consumption in OECD economies was mixed in 2014. Steel consumption in the US and South Korea is estimated to have increased by 0.5 % and 1.5 %, respectively, while consumption in the European Union and Japan is estimated to have decreased by 0.5 % and 2 %, respectively. During the outlook period (from 2015 to 2020) steel consumption across OECD economies is projected to grow, albeit moderately, as economic growth returns to long-run average levels. However, the steel intensity of their GDP is likely to decline, as their economies continue to become more dependent on services as a source of growth in accordance with the BREE Resources and Energy Quarterly Report, March 2015. World steel production over the outlook period is projected to average 1.5 % annual growth and total 1.8 billion tons in 2020.

World steel production

In 2014, world steel production was estimated to have grown 1.1 % to 1.66 billion tons, supported primarily by a 1 % expansion in China's output. Over the past decade China's steel production capacity increased 193 % as large scale integrated steel mills were built across China. This growth turned the corner in 2014 as market reforms began to impact marginal producers. However, China's steel production is still estimated to have reached a new record high of 823 million tons in 2014, 0.9 % higher than 2013. This below trend growth in 2014 followed a very high growth rate of 15 % in 2013. China's steel production is centered in the central and coastal regions of China, particularly Hebei, Jiangsu and Shandong. Together these three provinces account for around 60 % of China's steel production. It is in these regions that market reforms and increased environmental regulation are having the greatest impact. In an effort to cut overcapacity in China's steel market, currently estimated at around 200 million tons, the government announced that 80 million tons of steel capacity will be removed from the market by 2017 and specified that no new capacity will be approved until that time. In addition, the Environmental Protection Law that came into effect in January 2015 increased the penalty for non-compliance to encourage older, higher polluting steel mills to exit the market.

Unlike China, India's steel industry is primed for a period of expansion. The Indian Ministry of Steel is planning to increase steel production to 300 million tons by 2025, about 300 % higher than current production levels. Investment in new capacity is underway, but at slow rates that puts achieving such targets at risk. In an attempt to reach this target the government plans to reduce regulatory hurdles and speed up the approval process (particularly with land access); improve access to raw materials, including iron ore and coking coal; and improve access to foreign direct investment. Initial results indicate that these initiatives are having an impact with several large integrated steel mills receiving state and federal development approval with a further \$ 97 billion in investment earmarked. If these projects proceed, they could add up to 130 million tons in annual steel production capacity by 2025. In addition, India's Purchasing Managers Index (PMI) increased to 52.9 in January 2015, which was the ninth straight month of expansion and signifies that market sentiment is optimistic and demand for steel is likely to continue expanding in the medium term. However, there is a significant risk that Indian steel production will not reach this target by the deadline. Currently there are only two large integrated steel mills under construction (a third is a mini-mill) with one in the feasibility stage and another seeking regulatory approval.

The following table sets forth the world steel consumption and production (in million tons):

Year Ended December 31,	2014
World steel consumption	
European Union	153
United States	107
Brazil	30
Russia	49
China	779
Japan	69
South Korea	55
India	83
World steel consumption	<u>1,652</u>
Crude steel production	
European Union	167
United States	88
Russia	71
China	823
Japan	111
South Korea	71
India	83
World steel production	<u>1,658</u>

Sources: BREE; World Steel Association.



Pricing

Iron ore pricing is established by the price agreements made in the spring/early summer between large iron ore producers (Vale, Rio Tinto, BHP Billiton) and major steel manufacturers. Traditionally, the first deal reached between these two groups sets a benchmark to be followed by the rest of the industry.

The following table sets forth the movement in annual average of iron ore prices from 2010 to 2014:

	Year Ended December 31,				
	2010	2011	2012	2013	2014
Iron Ore	(\$ per dry metric ton, except percentages)				
China Imported Iron Ore Fines (62% iron, cost and freight Tianjin Port)	146.7	167.6	128.3	135.3	94.9
% Change	—	14.2	(23.4)	5.4	(29.8)

Source: Bloomberg

Record iron ore production in 2014, combined with weak demand fundamentals in China, put pressure on prices which dropped by 50% during the year. Price for the year is averaged at \$ 94.9 CFR China which is 29.8% lower than the average for the previous year. This reflected the market shift into oversupply with high stocks building in Chinese ports in addition to resilient domestic production. For 2015, lackluster Chinese steel consumption growth is likely to dampen prices and the major miners are turning their focus to cutting production costs and increasing productivity. Prices are expected to rebound over time as higher cost producers exit the market and growth in steel markets rebounds in emerging economies as they continue to invest in infrastructure, housing and manufacturing, albeit at a slower rate.

Indian Iron Ore Market

Background

India is self-sufficient in iron ore. India has been a traditional exporter of iron ore, with most of the exports going to China, Japan, South Korea and other East Asian countries. Overseas iron ore mining companies are looking to acquire rights to explore, mine and export iron ore from India. Key players include National Mineral Development Corporation, Vedanta Limited, Kudremukh Iron Ore Co., Rungta Mines Ltd, Mineral Sales Private Limited and Essel Mining & Industries Ltd. Apart from these, some of the integrated steel companies like Steel Authority of India and Tata Iron and Steel Companies have their own captive mines. Global steel companies such as South Korea-based Pohang Iron and Steel Company are in the process of constructing greenfield steel production plants integrated into iron ore mines.

Pricing and tariff

Despite being self-sufficient in iron ore, domestic prices tend to follow international prices. Contract prices are determined by the government-owned agency, National Mineral Development Corporation, which usually reacts to firm rise in international prices, though with a lag time, by increasing the domestic prices to align with the international prices.

The GoI set an export duty on iron ore fines with less than 62% iron content of Rs. 50 per ton while the export duty on iron ore fines with an iron content of 62% or more and all grades of lumps was Rs. 300 per ton. On June 13, 2008, the GoI changed the export duty on iron ore to 15% ad valorem on the F.O.B value of exports. On February 28, 2011, India raised the duty to 20% from 5% on fines and to 20% from 15% on lumps with effect from March 1, 2011. With effect from December 30, 2011, the GoI raised the rate of export duty on iron ore fines as well as lumps to 30%. The GoI has reduced the rate of export duty on iron ore fines of less than 58 grade from 30% to 10%, which is effective from June 1, 2015.

Copper

Global Copper Market

Background

Copper consumption can be divided into three main product groups: copper wire rod, copper products and copper alloy products. According to International Copper Study Group (“ICSG”) Factbook, the predominant use of copper has been the production of copper wire rod, which accounted for an estimated 53% of total global consumption (i.e. including scrap) or over 28 million tons in 2014. The other uses of copper are tubes, alloys, powder ingots, foils etc. Wire rod is consumed in five main wire and cable markets which include general and industrial cable, utility power cable, telecommunication cable, other insulated wire and winding wire.



For the year 2013, the equipment segment accounted for 31% of total copper consumption, followed by the building construction segment (30%), the infrastructure segment (15%), the transport segment (12%) and the industrial segment (12%) of the global copper consumption market, as reported by ICSG Factbook.

The copper industry has three broad categories of producers:

- Miners, which mine the copper ore and predominantly recover copper by conventional flotation to produce copper concentrate; or by leaching followed by solvent extraction and electrowinning (SxEw) to produce finished metal;
- Custom smelters, which smelt and refine copper concentrate to produce copper metal; and
- Integrated producers, which mine copper ore from captive mines and produce copper metal either through smelting and refining or through leaching followed by solvent extraction and electrowinning (SxEw) to produce finished metal.

Global Copper Reserves

Global copper reserves were estimated to be, as of December 31, 2014, 700 million tons, according to preliminary estimates by USGS, Mineral Commodity Summaries, January 2015. Chile, Australia, Peru, United States and Mexico have the majority of copper reserves and collectively account for 63% of world reserves.

	Year Ended December 31, 2014
	Reserves
	(in thousand tons)
Chile	209,000
Australia	93,000
Peru	68,000
United States	35,000
Mexico	38,000
China	30,000
Russia	30,000
Indonesia	25,000
Poland	28,000
Congo	20,000
Zambia	20,000
Canada	11,000
Kazakhstan	6,000
Other countries	90,000
World Total (rounded)	700,000

Source: U.S. Geological Survey – Mineral Commodity Summaries 2015

Refined Copper Consumption & Production

Global refined copper consumption grew by 5.2% to 21.6 million tons in 2014 as compared to 20.6 million tons in 2013.

China was the largest consumer of refined copper in 2014 with a global market share of 45.5%, raising Asia’s combined market share to 62%, followed by Europe (16%), North America (11%), Russia and the Caspian (4%) and Latin America, Caribbean and Middle East (3%) each.



The following table sets forth the regional consumption pattern of refined copper for 2014:

	Year Ended December 31, 2014	
	Volume	%
	(thousands of tons, except percentages)	
Africa	240	1.2%
China	9,832	45.5%
India	433	2.0%
Japan	1,036	4.8%
Rest of Asia	2,184	10.10%
Europe	3,521	16.3%
Latin America	636	2.9%
North America	2,291	10.6%
<i>United States</i>	1,811	8.4%
Others	1,435	6.6%
Global Total (rounded)	21,608	100.00%

Source: Wood Mackenzie— Global Copper Short Term Outlook, April 2015

Global mined copper production increased from 18.1 million tons in 2013 to 18.7 million tons in 2014.

The following table sets forth the regional production pattern of mined copper for 2014:

	Year Ended December 31, 2014	
	Volume	%
	(thousands of tons, except percentages)	
Africa	2,137	11.5%
China	1,697	9.1%
India	32	0.2%
Indonesia	382	2.0%
Rest of Asia	591	3.2%
Europe	1,001	5.4%
<i>Poland</i>	428	2.3%
Latin America	7,663	41.0%
Middle East	250	1.3%
North America	2,614	14.0%
Oceania	1,051	5.6%
Other	1,257	6.7%
Total	18,676	100%

Source: Wood Mackenzie— Global Copper Short Term Outlook, April 2015

Latin America was the largest producer of mined copper in 2014 with a global market share of 41.0%, followed by North America and Africa.

Pricing

Copper is traded on the LME. Although prices are determined by LME price movements, producers normally charge a regional premium that is market driven. Copper price movements in 2014 defied market fundamentals with world copper stocks (expressed in days of consumption) estimated to have decreased slightly as copper consumption growth again outpaced the rise in production. China remained the main driver of world copper consumption in 2014 accounting for 45.50% of the world's refined copper consumption. In 2012, copper prices declined to \$ 7,949 per ton followed by a decrease to \$ 7,322 per ton in 2013. The average LME spot price further decreased to \$ 6,862 per ton in 2014.



The following table sets forth the movement in copper prices from 2005 to 2014:

	Annual Average									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	(\$ per ton, except percentages)									
LME Cash Price	3,683	6,729	7,125	6,951	5,163	7,539	8,810	7,949	7,322	6,862
% Change	28.4	82.7	5.9	(2.4)	(25.7)	46.0	16.9	(9.8)	(7.9)	(6.3)

Source: Wood Mackenzie Metals Market Service—Long Term Outlook, March 2015

The closing LME copper cash settlement price on March 31, 2015 was \$ 6,051 per ton.

According to the TcRc average rates published by Wood Mackenzie, in 2012, spot quotes averaged \$ 0.099 per pound, representing a 37.3% decline on 2011 level. However spot quotes rose to \$ 0.196 per pound and increased by 98% in 2013 according to Wood Mackenzie data. The TcRc rate for 2014 over 2013 rose by 24.5% from \$ 0.196 to \$ 0.244 per pound.

The following table sets forth the movement in copper spot (mine to trader) annual average TcRc from 2005 to 2014 in nominal dollars:

	Annual Average									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	(US cents per pound, except percentage)									
TcRc (30% Concentrate)	37.7	16.3	7.2	7.3	7.4	7.1	15.8	9.9	19.6	24.4
% Change	158.2	(56.8)	(55.8)	1.4	1.4	(4.1)	122.5	(37.3)	98.0	24.5

Source: Wood Mackenzie Global copper concentrate Long-Term Outlook, April 2015

Indian Copper Market

Background

The Indian copper industry consists primarily of custom smelters as there are limited copper deposits in the country. The available deposits are owned by Hindustan Copper Limited, a government-owned company. Hindustan Copper Limited was the only producer in India until 1995 and has greatly changed with our entry and the entry of Birla Copper, now owned by Hindalco Industries Limited. The Indian industry can be classified into two broad categories: manufacturers of refined copper (copper cathodes) and manufacturers of copper products. Of the three manufacturers of refined copper, Hindustan Copper Limited is the only primary producer that mines and refines copper. Both Hindalco Industries Limited and us, primarily process imported copper concentrate to produce end products such as copper bars, rods and wires.

We are one of the two custom copper smelters in India with a primary market share of approximately 34.2% in fiscal year 2015, according to the International Copper Association India

Consumption Pattern

According to the World Copper Factbook 2014 by the International Copper Study Group, India's per capita consumption of copper in 2013 (0.4 Kg per person) is significantly less than that of China (7.0 Kg per person) and other developed nations including Germany (14.0 Kg per person), Spain (7.3 Kg per person) and the United States (5.8 Kg per person). India's consumption of copper is dominated by electrical, telecom, engineering, construction and transport activities. There is an imbalance between India's smelting/refining capacity and its limited production capacity in copper mining. From 2011 to 2014, based on Wood Mackenzie data, both Indian refined copper consumption and copper refining output in India decreased slightly. Wood Mackenzie expects refined copper consumption in India to increase from 433 kt in 2014 to 503 kt in 2017 at a CAGR of 5%.



20018GsPnWwNdFcx6Y

Pricing and Tariff

Indian copper prices track global prices as the metal is priced on the basis of landed costs of imported metal. The following table sets out the customs duties that were applicable to copper for the period indicated:

	February 28, 2011 to present
Copper	5.0%
Copper concentrate	2.5%

In addition, Cess and Surcharge are levied as per the Customs Circular released by Govt. of India from time to time.

Aluminium

Global Aluminium Market

Background

Aluminium is lightweight in relation to its strength, durability and resistance to corrosion. It can be extruded, rolled, formed and painted for a wide variety of uses.

The raw material from which aluminium is produced is bauxite, a very common mineral found primarily in tropical regions. It normally occurs close to the surface and can be mined by open-pit methods. The bauxite is refined into alumina. Typically, the alumina content in bauxite ranges from 35% to 60%. There are several different types of bauxite, and alumina refineries are usually designed to treat a specific type. The majority of alumina refineries are therefore integrated with mines.

The importance of different sectors in aluminium demand varies significantly between developed and developing nations. In mature economies, transport plays a more important role in aluminium demand than construction. As estimated by CRU, in 2014, the four largest sectors of end-uses for aluminium in mature economies like Germany, Japan, North America and South Korea were transport (40%), packaging (14%), construction (14%), and machinery and equipment (8%). In comparison, in 2014, the four largest sectors of end-uses for aluminium in China were construction (34%), followed by transportation (19%), electrical (14%), and machinery and equipment (10%).

Aluminium consumption

Based on CRU data, global primary aluminium consumption increased from 44.7 million tons in 2011 to 54.1 million tons in 2014, at a CAGR of 6.5%. The growth was primarily due to increased demand from China, which accounted for 50.4% of total global consumption in 2014. Between 2011 and 2014, China's demand for primary aluminium increased at a CAGR of 12.6%, compared to an increase of 1.6% for world demand excluding China. In comparison, the CAGR in demand in each of Europe (excluding Russia) and North America between 2011 and 2014 was (0.5%) and 3.9%, respectively, reflecting the impact of a relatively slower economic growth in these regions.

The following table sets forth the regional consumption of primary aluminium in 2014:

Region	Fiscal Year Ended December 31, 2014	
	Volume	%
	(thousands of tons, except percentages)	
China	27,272	50.4%
Europe including Russia	8,293	15.4%
Rest of Asia ⁽¹⁾	8,149	15.1%
North America	6,236	11.5%
Central & South America	1,424	2.6%
India	1,740	3.2%
Africa	632	1.2%
Australasia	333	0.6%
Total	54,079	100.00%

(1) The Rest of Asia is defined as Asia excluding China and India, but including the Middle East.

Source: CRU, *Aluminium Market Outlook, January 2015*



Aluminium supply

Aluminium production has become increasingly more concentrated in recent years, with the leading ten producers accounting for 50.4% of world primary aluminium production in 2014 as reported by CRU. The five largest primary aluminium producing companies are Hongqiao Group (7.0%), UC Rusal (6.6%), Rio Tinto Alcan (6.1%), Alcoa Inc. (5.9%) and Aluminium Corporation of China Ltd (“CHALCO”) (5.6%), which together accounted for approximately 31.2% of the total primary aluminium produced worldwide in 2014.

Global production of primary aluminium increased from 45.7 million tons in 2011 to 54.1 million tons in 2014, at a CAGR of 5.8%. In 2014, North America, Europe and China together accounted for approximately 74.9%, with China alone accounting for 52.3%, of global primary aluminium production.

The following table sets forth the regional production of primary aluminium in 2014:

<u>Region</u>	<u>Fiscal Year Ended December 31, 2014</u>	
	<u>Volume</u>	<u>%</u>
	<u>(thousands of tons, except percentages)</u>	
China	28,290	52.3%
Europe including Russia	7,645	14.1%
North America	4,592	8.5%
Rest of Asia ⁽¹⁾	6,348	11.7%
Australasia	2,036	3.8%
Central & South America	1,526	2.9%
India	1,914	3.5%
Africa	1,747	3.2%
Total	54,098	100.00

(1) The Rest of Asia is defined as Asia excluding China and India, but including the Middle East.

Source: CRU, *Aluminium Market Outlook, January 2015*

Notwithstanding the rise in aluminium production and capacities in the region, aluminium supplies in Asia lag demand, resulting in a supply deficit of 0.6 million tons during 2014. During this period, China had a surplus of 1.0 million tons while the rest of Asia had a deficit of 1.6 million tons. Despite increased production capacities in Asia, the demand-supply gap is likely to remain at similar levels given the strong demand growth expected in these markets.

Alumina

Alumina is a key raw material for aluminium production. Generally it takes two tons of alumina to produce one ton of primary aluminium. According to data compiled by CRU, in 2014, the five largest alumina producing companies are Alcoa (14.7%), CHALCO (8.5%), Rio Tinto Alcan (7.7%), UC Rusal (6.4%) and Hydro (4.8%), which together accounted for approximately 42.2% of the total alumina produced worldwide in 2014



The following table sets forth the regional production of alumina in 2014:

Region	Fiscal Year Ended December 31, 2014	
	Volume (thousands of tons, except percentages)	%
China	53,224	47.1%
Oceania	20,745	18.4%
Latin America	13,895	12.3%
Europe	10,583	9.4%
India	4,900	4.3%
North America	6,495	5.8%
Rest of Asia ⁽¹⁾	3,093	2.7%
Africa	—	0.0%
Total	112,935	100.00%

(1) The Rest of Asia is defined as Asia excluding China and India but including Middle East.

Source: CRU Bauxite and Alumina Market Outlook, May 2015

The following table sets forth the global demand-supply balance for alumina from 2011 to 2014:

Global Alumina Surplus/(Deficit)	Fiscal Year Ended December 31 (quantity in million tons)			
	2011	2012	2013	2014
	1.3	2.1	1.8	0.1

Source: CRU Bauxite and Alumina Market Outlook, May 2015

Bauxite

Bauxite, the principal raw material used in the production of alumina, is typically open-pit mined in very large-scale operations. Between 2.0 to 3.6 dry tons of bauxite are usually required to make one ton of alumina (depending on ore type, alumina content and variables such as proportion of reactive silica and organic matter). Based on data from the USGS as reported in January 2015, Guinea has the largest bauxite reserves in the world (26.3%), followed by Australia (23.1%), Brazil (9.3%), Vietnam (7.5%), Jamaica (7.1%) and Indonesia (3.6%).

The table below sets forth the world reserves as of December 31, 2014:

	Reserves	
	(million tons):	%
Guinea	7,400	26.3%
Australia	6,500	23.1%
Brazil	2,600	9.3%
Vietnam	2,100	7.5%
Jamaica	2,000	7.1%
Indonesia	1,000	3.6%
Guyana	850	3.0%
China	830	3.0%
Greece	600	2.1%
Suriname	580	2.1%
India	540	1.9%
Venezuela	320	1.1%
Russia	200	0.7%
Kazakhstan	160	0.6%
United States	20	0.1%
Other countries	2,400	8.5%
World total (rounded)	28,000	100%

Source: USGS, Mineral Commodity Summaries, January 2015



According to the USGS, World Resources, bauxite resources are estimated to be 55 to 75 billion tons, in Africa (32%), Oceania (23%), South America and the Caribbean (21%), Asia (18%), and elsewhere (6%).

Pricing

Aluminium is an LME-traded metal. It is either sold directly to consumers or on a terminal market. The price is based on the LME price but producers are also able to charge a regional price premium, which generally reflects the cost of obtaining the metal from an alternative source.

Alumina prices are negotiated on an individual basis between buyers and sellers but are usually determined by reference to the LME price for aluminium. The negotiated agreements generally take the form of long-term contracts, but fixed prices can be negotiated for shorter periods and a relatively small spot market also exists.

The following table sets forth the movement in aluminium and alumina prices from 2004 to 2014:

	Fiscal Year Ended December 31, 2014									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Aluminium										
LME Cash Price	\$ 1,897	\$ 2,566	\$ 2,639	\$ 2,571	\$ 1,667	\$ 2,173	\$ 2,395	\$ 2,019	\$ 1,846	\$ 1,867
% Change	10.5	35.3	2.8	(2.6)	(35.2)	30.4	10.2	(15.7)	(8.6)	1.2
Alumina										
Alumina Price Index	457.08	416.58	364.38	361.21	247.50	338.54	375.94	319.00	326.37	329.50
Year-on-year change (%)	12.40	(8.86)	(12.53)	(0.87)	(31.48)	36.78	11.05	(15.14)	2.31	0.96
Alumina/LME Cash %	24.09	16.23	13.81	14.05	14.85	15.58	15.70	15.81	17.69	17.65

Source: CRU, Aluminium Market Outlook, January 2015

While aluminium prices have risen by 8.8% from 2004 to 2014, alumina prices have decreased by 19.0% during the same period. Between 2013 and 2014, aluminium prices have increased by around 1.2 % as a result of flattish growth in the global macro economy while alumina prices increased by around 1.0%.

Indian Aluminium Market

Background

India has been producing primary aluminium since 1938, and over the years the model that prevailed was of fully integrated operations with access to bauxite, alumina and power. As this model consolidated, the corporate structure of the aluminium industry also changed, with smaller regional producers being absorbed or merged to form larger integrated players with international presence.

India possesses considerable bauxite resources, estimated at 3.48 billion tons according to the Indian Minerals Year Book 2013. Odisha and Andhra Pradesh account for more than 90% of country's metallurgical grade resource's. In Odisha, according to Indian industry sources, bauxite reserves are estimated to be 1.8 billion tons and in Andhra Pradesh, there are 0.61 billion tons. There are abundant bauxite reserves in the country. As per FICCI Mines and Metals Division report, October 2013, of nearly 3 billion tons of metallurgical grade resources, less than 600 million tons are under the operating mining lease.

Supply and demand

There are currently five refineries and seven smelters operating in India, owned by four producing companies: National Aluminium Company Limited, Hindalco Industries Limited, Vedanta Limited and BALCO.

The aluminium industry in India has traditionally been largely self-sufficient. Until 2012, primary aluminium production has kept pace with demand, with the country being a small net exporter. Growth in aluminium demand in India has resulted in a supply deficit in primary aluminium since 2012, according to estimates by CRU. The majority of aluminium produced in India is consumed in the building and construction, transport, electrical appliance and equipment and packaging industries, with limited exports to countries including Singapore, Taiwan and the United Arab Emirates. According to CRU, aluminium consumption in India grew at a CAGR of 1.4% between 2011 and 2014, backed by strong growth in the electricity, transportation, industrial and infrastructure sectors. CRU forecasts aluminium consumption in India to grow from 1.7 million tons in 2014 to 2.8 million tons in 2020, at a CAGR of 7.9%.



Pricing and tariff

Domestic aluminium prices track global price trends as producers usually price the metal at a marginal discount to the landed cost of imported metal. Though value-added product prices also track metal price movement, they usually have relatively less volatility and command a premium reflecting the degree of value addition and quality, as indicated by the brand.

The following table sets out the customs duties that were applicable for the periods indicated:

	<u>January 3, 2009 to present</u>
Aluminium	5%

In addition, the Finance Act (2 of 2004) of India, which has been in effect since July 8, 2004, levied an additional surcharge at the rate of 2% of the total customs duty payable, which has been further increased to 3% of the total customs duty payable effective March 1, 2007.

Pursuant to a notification dated March 1, 2013, a customs duty of 2.5% was introduced by the GoI on bauxite (natural), in calcined and non-calcined form.

Market Outlook

Global aluminium outlook

According to CRU, global primary aluminium production is forecasted to increase by 6.6 % in 2015 to 57.6 million tons, with China contributing 80 % of the increase. Primary aluminium consumption is projected to increase by an average of 5.2% per year in the period from 2014 to 2018.

CRU expects the aluminium market to remain in surplus until 2016 whereby at the end of 2020, the world would fall into a deficit. During 2017-2020 consumption is projected to exceed production by a million tons, thereby putting pressure on the LME aluminium price and market premiums which CRU forecasts to stay at around \$ 2,315 per ton until 2019.

Indian aluminium outlook

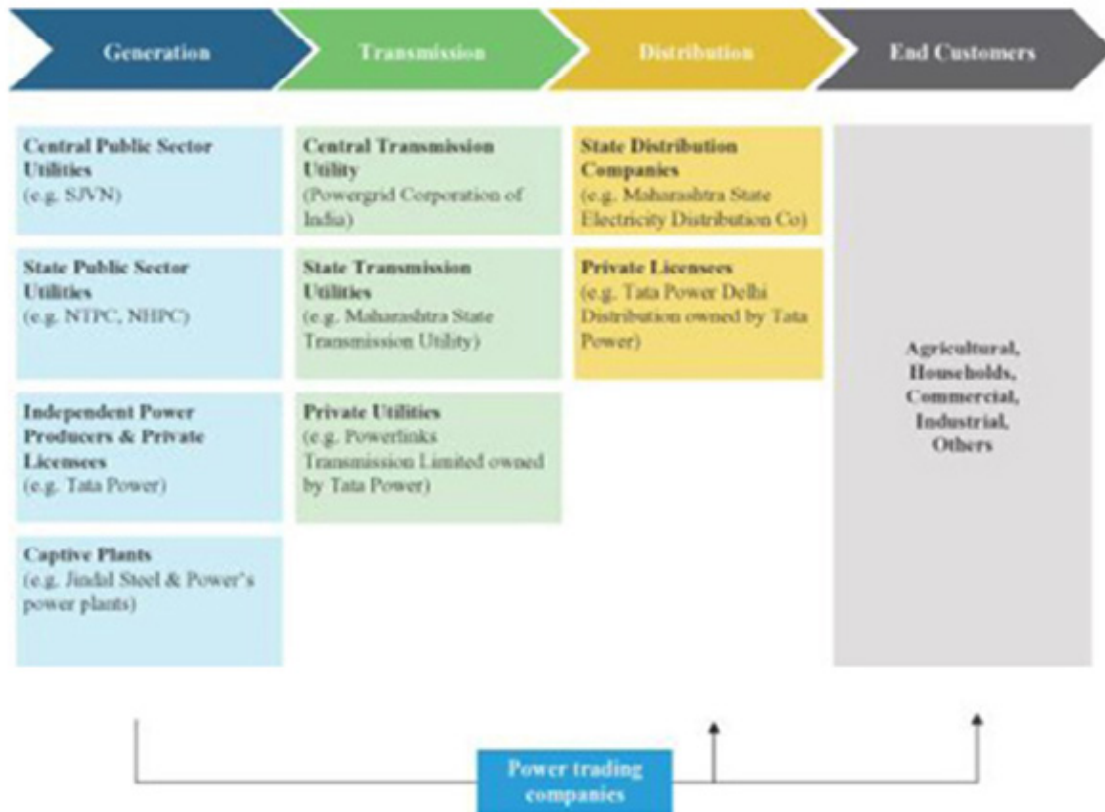
Excluding China, India is the fastest growing aluminium market in Asia. According to CRU, primary aluminium consumption in India is expected to grow at a CAGR of 7.9% on average from 2014 to 2020 to reach 2.8 million tons, fuelled by India’s demand for housing, retail and office space. In terms of cash costs, India is reasonably well placed globally in primary smelting, lying at the lower end of the second quartile, compared to China, which occupies most of the fourth quartile. Indian smelters form part of integrated chains, stretching back to bauxite, alumina and forward into semi-fabricating operations. Indian smelters are also endowed with their own captive power plants and favorable labor costs.

Over the medium term, there will be fewer incentive policies such as those encouraging purchases of new vehicles, but a number of multi-annual government expenditure plans will underpin demand in the coming years. The power sector, for instance, will continue to support aluminium demand as village electrification plans carry on. Infrastructure investment will fuel housing investment over the coming three years.



Commercial Power Generation Business

Organization of the Power Industry



Overview of the Indian Power Sector

A key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The GoI has identified the power sector as a key focus area to promote sustained industrial growth.

The current revised power generation capacity target for the Twelfth Five-Year Plan (i.e. from April 2012 to March 2017) is 88,537 MW. As of March 31, 2015, capacity addition achieved over the 12th Plan has been 68.9% of the target addition or 61,014 MW. The total installed power generation capacity in India was 267,637 MW as of March 31, 2015. According to the CEA Monthly Review published in March 2015, the total provisional energy deficit and peak power deficit for March 2015 was approximately 2.1% and 3.2%, respectively.

Industry Demand-Supply Overview

The Indian power sector has historically been characterized by energy shortages which have been increasing over the years. The following table sets forth the peak and energy shortages of power in India from April 2007 to March 2015:

Period	Peak				Energy			
	Demand (MW)	Supply (MW)	Shortage (MW)	Shortage (%)	Demand (MU)	Supply (MU)	Shortage (MU)	Shortage (%)
2007-08	108,866	90,793	18,073	16.6	739,345	666,007	73,338	9.9
2008-09	109,809	96,785	13,024	11.9	777,039	691,038	86,001	11.1
2009-10	119,166	104,009	15,157	12.7	830,594	746,644	83,950	10.1
2010-11	122,287	110,256	12,031	9.8	861,591	788,355	73,236	8.5
2011-12	130,006	116,191	13,815	10.6	937,199	857,886	79,313	8.5
2012-13	135,453	123,294	12,159	9.0	995,500	908,574	86,926	8.7
2013-14	135,918	129,815	6,103	4.5	1,002,045	959,614	42,431	4.2
2014-15	148,166	141,160	7,006	4.7	1,067,085	1,028,955	38,130	3.6

Source: CEA Monthly Review, March 2015



Regional Demand-Supply Overview

The following table displays the provisional peak and normative power shortages in India for the period April 2014 to March 2015 across different regions in India:

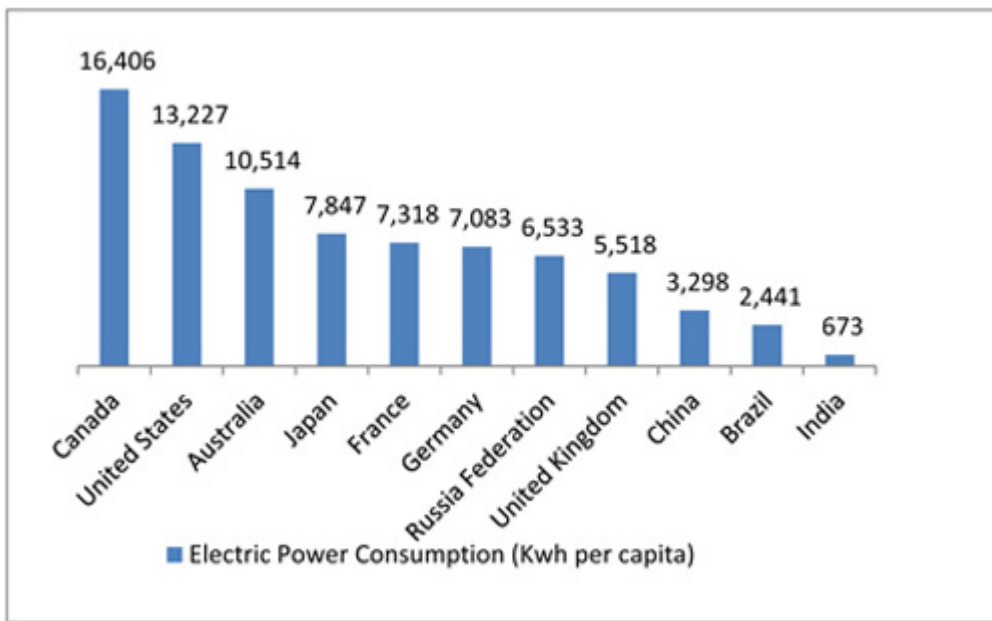
<u>Region</u>	<u>Energy Requirement</u> (MU)	<u>Deficit</u> (%)	<u>Peak Demand</u> (MW)	<u>Deficit</u> (%)
Northern	332,346	(6.3)	51,977	(8.3)
Western	317,717	(0.8)	44,166	(2.3)
Southern	285,503	(4.1)	39,094	(5.2)
Eastern	117,294	(1.6)	16,909	(1.8)
North Eastern	14,225	(8.7)	2,528	(12.9)
All India	1,067,085	(3.6)	148,166	(4.7)

Source: CEA Monthly Review, March 2015

Energy deficit varies widely across India, with the Northern region having the highest peak energy shortages followed by the Southern region.

Large Energy Deficit Results in Low Per Capita Consumption of Electricity

Due to inadequate supply and distribution infrastructure, the per capita consumption of energy in India is extremely low in comparison to most other parts of the world. The following chart shows per capita consumption of energy in 2011 in various developed and developing countries.



Source: IEA Key World Energy Statistics, 2013

**Installed Capacities**

As of March 31, 2015, India's power system had an installed generation capacity of approximately 267,637 MW, with the Central Power Sector Utilities of India accounting for approximately 27.1% of total power generation capacity, while various state entities and private sector companies accounted for approximately 36.2% and 36.7%, respectively.

<u>MW</u>	<u>Central</u>	<u>State</u>	<u>Private</u>	<u>Total</u>	<u>Share of Total</u>
Thermal	55,649	65,677	67,570	188,897	70.6%
Hydro	11,091	27,482	2,694	41,267	15.4%
Nuclear	5,780	—	—	5,780	2.2%
Renewable Energy Source	—	3,803	27,888	31,692	11.8%
Total	72,521	96,963	98,152	267,637	100.0%

Source: CEA Monthly Review, March 2015

According to the CEA Monthly Review in March 2015, approximately 70.6% of India's total power generation capacity consists of thermal sources as of March 31, 2015. The predominance of thermal electricity sources in India can be attributed to the fact that India has large thermal coal resources. According to the Indian Minerals Yearbook 2012, India held approximately 293 billion tons and 19 billion tons in coal and lignite resources respectively, as on April 1, 2012. India was the third largest thermal coal producing country after China and the United States at the end of 2011.

Future Capacity Additions

According to the Integrated Energy Policy ("IEP") report dated August 2006 issued by the GoI Planning Commission, India would require total installed capacity of 306 GW and 425 GW and might have a peak demand of 226 GW and 323 GW by fiscal year 2017 and fiscal year 2022 respectively at 8.0% annual GDP growth. The requirements may be much greater if India is able to achieve a GDP growth rate of higher than 8.0% (Source: IEP, Expert Committee on Power). The following table sets forth the additional capacity required by 2017 and 2022 under different GDP growth rate scenarios:

	<u>Assumed GDP Growth (%)</u>	<u>Electricity Generation Required (BU)</u>	<u>Peak Demand (GW)</u>	<u>Installed Capacity (GW)</u>
By fiscal year 2017	8.0	1,524	226	306
	9.0	1,687	250	337
By fiscal year 2022	8.0	2,118	323	425
	9.0	2,438	372	488

Source: IEP Report, Expert Committee on Power, August 2006

Transmission and Distribution

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. The five regional grids, structured on a geographical contiguity basis, facilitate transfer of power from a power surplus state to a power deficit state. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. The regional grids shall be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to another region facing power deficits, thereby facilitating a more optimal utilization of the national generating capacity. Most inter-regional and interstate transmission links are owned and operated by the Power Grid Corporation of India Limited ("PGCIL") though some are jointly owned by the SEBs. PGCIL is the central transmission utility of India and possesses one of the largest transmission networks in the world. Approximately 50% of the total generating capacity in India is transmitted through PGCIL's system, according to the company's disclosures.

PGCIL is working towards establishment of an integrated national power grid, in a phased manner, in order to strengthen the regional grids and to support the generation capacity addition program. The existing inter-regional power transfer capacity of 46,450 MW (as of March 2015) is expected to be enhanced to 65,550 MW by 2017. Based on the expected generation capacity addition in the Twelfth Five-Year Plan, an investment of approximately Rs. 1,000 billion, Rs. 550 billion and Rs. 250 billion is envisaged in central, state and private sectors respectively (Source: Report of the Working Group on Power for Twelfth Five-Year Plan (2012-17), January 2012).



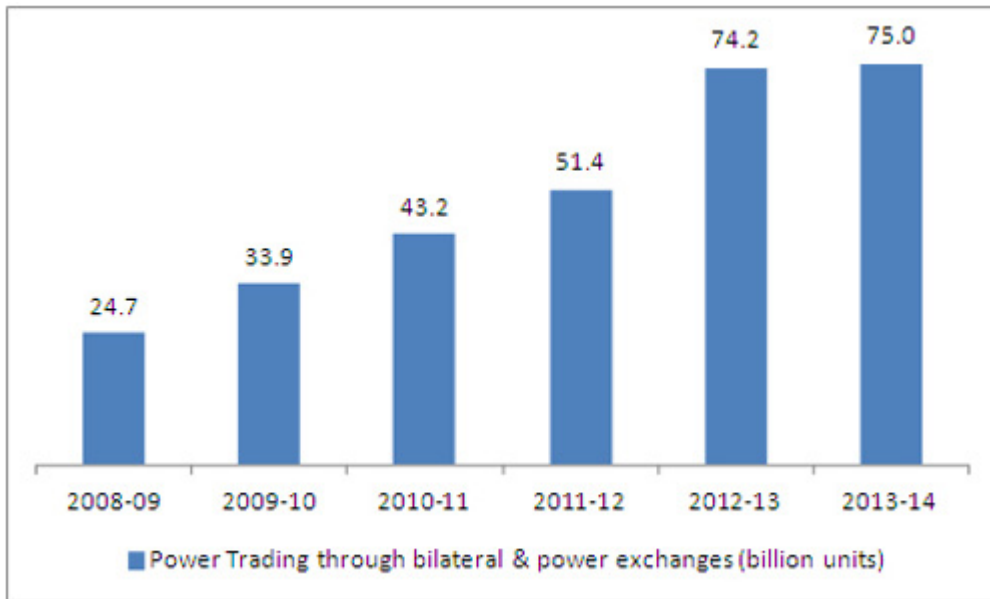
State grids and distribution networks are primarily owned and operated by the respective SEBs or state governments (through state electricity departments). State distribution networks are managed at the state level and continue to be affected by high aggregate technical and commercial losses, or (“AT&C”) losses. According to CEA Monthly Review, March 2015, these were estimated to be approximately 25.4% in 2012-13, which implies that 25% of power entering the system is lost during distribution. A direct consequence of the high AT&C losses is the poor financial condition of SEBs, thereby preventing the SEBs from making any meaningful investments in generation and in upgrading the transmission and distribution, or “T&D” network. All T&D losses in India for the same period stood at 23.0% (Source: CEA Monthly Review, March 2015).

With the enactment of the Indian Electricity Act, 2003 and the recently notified guidelines for competitive bidding in transmission projects, private investment was permitted in power transmission which became recognized as an independent activity. Power distribution in the States of Delhi and Odisha has been privatized and distribution networks are now operated by private utilities companies such as Tata Power, CESC Limited, Reliance Energy Limited, Torrent Power AEC & SEC and Noida Power Company Limited, and a number of other distribution companies.

According to CEA Monthly Review, March 2015, in India, the transmission sector has grown from a capacity of 52,034 circuit kms during the 6th fifth-year plan (as of March 31, 1985) to 313,437 circuit kms currently (as of March 31, 2015).

Power Trading

Historically, the main suppliers and consumers of bulk power in India have been the various government-controlled generation and distribution companies who typically contracted power on a long-term basis by way of power purchase agreements with regulated tariffs. However, in order to encourage the entry of merchant power plants and private sector investment in the power sector, the Electricity Act recognized power trading as a distinct activity from generation and T&D activities, and has facilitated the development of a trading market for electricity in India by providing for open access to transmission networks at normative charges. Power trading involves the exchange of power from suppliers with surpluses to suppliers with deficits. Seasonal diversity in generation and demand, as well as the concentration of power generation facilities in the resource-rich Eastern region of India, has created ample opportunities for the trading of power. Regulatory developments include the announcement of rules and provisions for open access and licensing related to interstate trading in electricity. Several entities have started trading operations or have applied for trading licenses. With the aid of the reforms, the volume of power traded as well as its traded price has grown rapidly over the last few years. The following graph and table shows the increasing volume of power traded in India for the periods indicated:



Source: Central Electricity Regulatory Commission, Monthly Reports on Short-term Power Market in India, March 2014

Indian Energy Exchange

Indian Energy Exchange is India’s first nation-wide automated and online electricity trading platform. The Indian Energy Exchange seeks to catalyze the modernization of electricity trade in India by allowing trading through a technology-enabled platform. On June 9, 2008, the Indian Energy Exchange received CERC approval to begin operations. The Indian Energy Exchange is a demutualized exchange set up to enable efficient price discovery and price-risk management in the power trading market, offering a



20018GsPnWwM!9gSgo

broader choice to generators and distribution licensees for sale and purchase of power facilitating trade in smaller quantities, and enabling participants to adjust their portfolio as a function of consumption or generation. According to the CERC Monthly Report on Short-term Transactions of Electricity in India, February 2015, the total volume of electricity traded on the Indian Energy Exchange amounted to 2,024.7 million units in February 2015 which is about 27.3% of the total short-term transactions done through bilateral contracts and power exchanges.

*Power Exchange India Limited*

Power Exchange India Limited is a fully electronic nation-wide exchange for the trading of electricity. It has been promoted by two of India's leading exchanges, NSE and National Commodities & Derivatives Exchange Limited. Power Exchange India Limited received regulatory approval to begin operations from the Central Electricity Authority on September 30, 2008, and began its operations on October 22, 2008. According to CERC Monthly Report, February 2015, the total volume of electricity traded on Power Exchange India Limited amounted to 33.7 million units in February 2015 which is about 0.5% of the total short-term transactions.

OUR BUSINESS*Overview*

We are one of India's largest diversified natural resources companies. Our business is principally located in India. We have operations in Australia, United Arab Emirates, South Africa, Namibia and Ireland and have over 19,000 employees worldwide. We are primarily engaged in zinc, oil and gas, iron ore, copper, aluminium and commercial power generation businesses and are also developing and operating port operation businesses and infrastructure assets. We have experienced significant growth in recent years through our various expansion projects for our copper, zinc and aluminium businesses and through acquisition of the zinc international and oil and gas businesses. We believe our experience in operating and expanding our businesses in India will allow us to capitalize on attractive growth opportunities arising from India's large mineral reserves, relatively low cost of operations and large and inexpensive labor and talent pools. We believe we are also well-positioned to take advantage of the significant growth in industrial production and investments in infrastructure in India, China, Southeast Asia and the Middle East, which we expect will continue to generate strong demand for metals, oil and gas and power.

We are the leading and only integrated zinc producer with a 78.0% market share by sales volume of the Indian zinc market in fiscal year 2015, according to the ILZDA, and one of the four primary producers of aluminium with a 41.0% primary market share by production volume in India in fiscal year 2015, according to the Aluminium Association of India. Together with our joint operation partners, we account for approximately 27% of India's domestic crude oil production according to the Ministry of Petroleum and Natural Gas statistics of March 2015. We are one of the two custom copper smelters in India with a 34% primary market share by sales volume in fiscal year 2015, according to the International Copper Promotion Council, India.

Zinc Business

Our fully-integrated zinc business is owned and operated by HZL. In 2014, HZL was one of the top five lead mining companies based on production volumes and in the lowest cost decile in terms of all zinc mining operations worldwide, according to Wood Mackenzie. In addition, HZL's Rampura Agucha mine was the largest zinc mine in the world on a production basis and its Chanderiya hydrometallurgical zinc smelter was the fourth largest smelter in the world on a production basis worldwide in 2014, according to Wood Mackenzie. We have a 64.9% ownership interest in HZL, with the remainder owned by the GoI (29.5%) and institutional and public shareholders (5.6%). We have exercised the second call option to acquire the GoI's remaining ownership interest in HZL although the exercise is currently subject to dispute. HZL's operations include five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one pyrometallurgical lead-zinc smelter, seven sulphuric acid plants, nine captive power plants in northwest India, processing and refining facilities for zinc at Haridwar and processing and refining facilities for zinc and lead, as well as a silver refinery at Pantnagar, both in state of Uttarkhand in northern India. HZL's mines supply almost all of its concentrate requirements and HZL also exports surplus zinc and lead concentrates.

Our Zinc International business comprises of:

- (1) a 100.0% stake in Skorpion which owns the Skorpion mine and refinery in Namibia;
- (2) a 74.0% stake in BMM, which includes the Black Mountain mine and the Gamsberg Project, in South Africa; and
- (3) a 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

***Oil and Gas Business***

Our oil and gas business is primarily owned and operated by Cairn India and its subsidiaries. We are a significant contributor to India's domestic crude oil production, contributing approximately 27% of the country's production according to the Ministry of Petroleum and Natural Gas statistics as of March 2015. We have a diversified asset base with nine production and exploration blocks.

Iron Ore Business

We are India's largest exporter of iron ore in the private sector by volume since 2003 until the temporary suspension of iron ore mining activities in the states of Goa and Karnataka, according to the Federation of Indian Mineral Industries. We are engaged in the exploration, mining and processing of iron ore. In India, we owned or had the rights to reserves consisting of 151.6 million tons of iron ore at an average grade of 56.0%, as of March 31, 2015. In addition, we manufacture pig iron and metallurgical coke, and also operate two waste heat recovery plants of 30 MW each in Goa.

Our mining operations are carried out in the states of Goa and Karnataka, both of which became subject to suspension of mining activities due to alleged environmental and other violations by miners, which has adversely impacted our production of iron ore since August 2011. The suspension was imposed by the state government of Goa and this suspension was upheld by the Supreme Court of India on the mining activities in the state of Goa from September 2012 to April 2014 and a suspension imposed by the state government of Karnataka until April 2013. Although we resumed operations in Karnataka after receiving the stage I forest clearance from the state government of Karnataka and a temporary working permission from the MoEF, the temporary working permission expired on July 31, 2014. Karnataka operations were halted for the period from August 1, 2014 to February 27, 2015. We resumed operations in Karnataka after all statutory clearances were in place from February 28, 2015. Following the Supreme Court of India's order in April 2014, High Court of Bombay at Goa in August 2014 has pronounced the order to renew mining leases in Goa. The MoEF and the state government have also revoked their suspension orders subject to limits imposed by the Supreme Court.

We have also acquired the WCL iron ore project in Liberia, which is currently in the exploration stage, comprising Bomi hills, Bea Mountain and Mano river deposits. Of these, Bomi hills has an estimated reserve of 171.5 million tons of iron ore, at an average grade of 35.1%. Hence along with our reserves in India our total reserves capacity to 323.1 million tons, at an average grade of 44.9%.

Copper Business

Our copper business is principally one of custom smelting. Our assets include a smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and three captive power plants at Tuticorin in Southern India, a refinery and two copper rod plants in Western India, a precious metal refinery that produces gold and silver, a doré anode plant and a copper rod plant at Fujairah in the UAE. According to Wood Mackenzie, our Tuticorin smelter was one of the world's largest, in terms of production volumes in 2013. We own the Mt. Lyell copper mine in Tasmania, Australia, which provides a small percentage of our copper concentrate requirements. The operation of Mt Lyell mine was suspended in January 2014, following a mud slide incident. Subsequently, the operations at Mt. Lyell copper mine has been placed under care and maintenance since July 9, 2014 following a rock falling on the ventilation shaft in June 2014.

Aluminium Business

Our aluminium business is based out of Chhattisgarh and Odisha. We operate the business in Chhattisgarh through BALCO, in which we have a 51.0% ownership interest, with the remainder owned by the GoI. BALCO, one of the four primary producers of aluminium in India, had a 21% primary market share by production volume in India in fiscal year 2015 according to Aluminium Association of India. We have exercised our option to acquire the GoI's remaining 49.0% ownership interest, although the exercise is currently subject to dispute. BALCO's operations include two bauxite mines, two captive power plants and refining, smelting and fabrication facilities in Central India. BALCO's operations benefit from relatively cost effective access to power, the most significant cost component in aluminium smelting due to the power-intensive nature of the process. This is to a considerable extent due to BALCO being an energy-integrated aluminium producer. BALCO is also setting up a 325,000 tpa aluminium smelter, 84 pots of which started commercial production in September 2014. We received the consent to operate the 1200 MW power plant in January 2015, which is due for capitalization in a phased manner in fiscal year 2016. The remaining 252 pots will start commercial production following the startup of 1200 MW power plant.



Pursuant to re-auctioning of coal mines as per Coal Mines (Special Provisions), 2014, BALCO won 2 mines in February 2015: the (i) Chotia coal block and (ii) Gare Palma IV/1 in Chhattisgarh.

Our aluminium operations in Odisha were earlier operated through Vedanta Aluminium, which is now merged with Vedanta Limited pursuant to the Re-organization Transactions. The operations include 1.0 million tpa alumina refinery at Lanjigarh with associated 75 MW coal based captive power plant, 0.5 million tpa aluminium smelter together with an associated 1,215 MW (nine units with a capacity of 135 MW each) coal based captive power plant at Jharsuguda. The alumina refinery at Lanjigarh was commissioned in March 2010. The green field smelter project of 0.5 million tpa at Jharsuguda was implemented in two phases of 250,000 tpa each. Phase 1 was completed on November 30, 2009 and Phase 2 was completed on March 1, 2010. We are currently in the process of ramping up of our 1.25 million tpa smelter facilities in Jharsuguda. 82 pots from the first line of this smelter have been be commissioned during fiscal year 2015.

On March 11, 2010, Vedanta Aluminium acquired 100.0% ownership of Allied Port Services Private Limited, or APSPL. APSPL was merged into Vedanta Aluminium with effect from April 1, 2011 pursuant to the merger approved by the High Court of Madras.

Power Business

We operate multiple power plants across locations in India. Our power business comprises of a 2,400 MW thermal power plant in Odisha, 270 MW thermal power plant in Chhattisgarh, 274 MW wind power plants across India, 106.5 MW thermal power plant in Tamil Nadu and an upcoming 1,980 MW thermal power plant in Punjab.

We operated the 2,400 MW (four units of 600 MW each) thermal coal-based commercial power facility at Jharsuguda through Sterlite Energy, which is now merged with Vedanta Limited pursuant to the Re-organization Transactions. In September 2006, Sterlite Energy entered into a power purchase agreement with Grid Corporation of Orissa Limited, a nominee of the state government of Orissa (“GRIDCO”).

In July 2008, Sterlite Energy succeeded in an international bidding process and was awarded the project for the construction of a 1,980 MW (comprising three units of 660 MW each) coal-based commercial thermal power plant at Talwandi Sabo in the State of Punjab in India. The power plant is being set up through Sterlite Energy’s wholly owned subsidiary TSPL. The first 660 MW unit of the Talwandi Sabo power plant was capitalized on December 1, 2014 after the successful completion of trial runs. The second unit will be synchronized in the second quarter of the fiscal year 2016 and the third unit in third quarter of the fiscal year 2016. Our power business also includes 274 MW of wind power plants operated by HZL, 270 MW power plant at BALCO’s Korba facility, which was previously for captive use before the shutdown of the 100,000 tpa aluminium smelter at Korba on June 5, 2009, and 106.5 MW power plant at MALCO situated at Mettur Dam in southern India.

Strategy

Our strategic goal is to become one of the top diversified natural resources company in the world, and our strategy is based on the following four key pillars:

Delivering profitable production growth across the portfolio

We view strict cost management and increases in productivity as fundamental aspects of our day to day operations and continuously seek to improve efficiency. We were in the lowest cost decile in terms of cost of production in our zinc mining operations worldwide in fiscal year 2015, according to Wood Mackenzie, and we intend to continue to improve our production processes and methods and increase operational efficiencies to further reduce our costs of production in all our businesses. Our current initiatives include:

- seeking improvements in operations to maximize throughput, mining and plant availability to achieve production increases at our existing facilities with minimum capital expenditures to optimize our asset utilization;
- reducing logistics costs through various initiatives;
- reducing energy costs and consumption, including through continued investment in advanced technologies to reduce power consumption in the refining and smelting processes and in captive power plants to provide the required power;



- a strong development and exploration effort seeking to increase reserves, particularly in our zinc and oil and gas business;
- building and managing our captive power plants to supply a majority of the power requirements of our operations;
- gaining access to relatively large and inexpensive labor and talent pools in India;
- increasing automation to reduce the manpower required for a given level of production volume;
- continuing to improve recovery ratios such that more finished product is obtained from a given amount of raw material;
- reducing purchase costs, including by entering into long-term contracts for raw materials, making investments in mining operations and optimizing the mix of raw material sourcing between long-term contracts, mining operations and the commodities spot markets to address fluctuations in demand and supply;
- securing additional sources of coal through coal block allocations and coal linkages, which are long-term supply contracts for delivery of coal, for use in power plants, such as the coal block allocation of 15.5 million tons we received from the Ministry of Coal for use in BALCO's captive power plants in February 2015;
- seeking access to bauxite mines for our aluminium business in Odisha;
- seeking better utilization of by-products, including through adding additional processing capabilities to produce end-products from the by-products that can be sold at higher prices and help lower the cost of production of our core metals. For example, silver and sulphuric acid are by-products of zinc and lead. We are one of the leading silver producers of the world, according to Wood Mackenzie;
- increasing recovery from the Rajasthan block, at Mangala, Bhagyam and Aishwarya fields, through enhanced oil recovery, Barmer Hill tight reservoir and gas development and;
- optimizing capex and prioritizing capital to high return, low risks project maximizing cash flows for providing the flexibility to invest further.

Consolidation and simplification of the group structure

We are continuously seeking to increase our direct ownership of our underlying businesses to simplify and derive additional synergies and better align cash flows and debt as an integrated group by consolidating our corporate structure and integrating our operations. For example, we announced a merger of Cairn India Limited into us through a Scheme of Arrangement pursuant to Indian law.

See “— Item 8 Financial Information B. Significant Changes”.

We own majority ownership interests in BALCO and HZL and have offered to acquire the remaining shares of both BALCO and HZL from the GoI. As on date, these offers have not been accepted by the GoI and therefore there is no certainty that these acquisitions will proceed. See “— Options to Increase Interests in HZL and BALCO.”

Continuing to add reserves and resources for long-term value

Our acquisitions of HZL, BALCO, Sesa Resources Limited, Skorpion, Lisheen, Black Mountain Mining, Sterlite Energy, WCL and Cairn India have contributed substantially to our growth. We continually seek new growth and acquisition opportunities in the metals and mining and related businesses in India and elsewhere, including through government privatization programs, where we can leverage our skills and experience. We continue to closely monitor the resource markets in our existing lines of business as well as seek out opportunities in complementary businesses such as coal mining. We also intend to continue to seek out new exploration opportunities for future growth. By selecting opportunities for growth and acquisition carefully and leveraging our skills and experience, we seek to continue to expand our business while maintaining a strong balance sheet and investment grade credit profile.

***Accelerating cash flows and deleveraging***

We aim to increase our cash flows from operations and decrease capital expenditures, and the indebtedness required to fund capital expenditures. As of March 31, 2015, our projects had an estimated total capital expenditure cost of \$ 14.2 billion, of which \$ 8.99 billion had been incurred as of such date. Net cash from operating activities was Rs. 125,710 million (\$ 2,017.7 million) in fiscal year 2015, a 123.7% increase from Rs. 56,199 million in fiscal year 2014. We paid interest of Rs. 84,816 million (\$ 1,361.2 million) on our indebtedness in fiscal year 2015, a 70.9% increase from Rs. 49,625 million in fiscal year 2014.

Basis of Presentation of ore reserves

The reported metal reserves are defined as being either “ore reserves” if reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and ore reserves, 2004 Edition, prepared by the Joint ore reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (the “JORC Code”) or “mineral reserves” if reported in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves which sets out minimum standards, recommendations and guidelines for public reporting of exploration results, Mineral Resources and Mineral Reserves in South Africa (the “SAMREC Code”). The meanings and definitions are the same. For convenience, we have standardized the term “ore reserves”. The results are reported in compliance with Industry Guide 7 of the US Securities and Exchange Commission, or the SEC.

The reported ore reserves of each mine are derived following a systematic evaluation of geological data and a series of technical and economic studies by our geologists and engineers.

- The ore reserves of HZL’s Rampura Agucha, Rajpura Dariba, Sindesar Khurd, Zawar and Kayad mines were audited by SRK Consulting (UK) Limited as of March 31, 2015.
- The ore reserves of Skorpion’s Skorpion mine are reviewed by Axe Valley Mining Consultants Ltd as of March 31, 2015.
- The ore reserves of Black Mountain Mining’s Black Mountain mine are derived from management estimates and Gamsberg mine were reviewed by A&B Global Mining as of March 31, 2015.
- The ore reserves of Lisheen mine are reviewed by AMC Consultants (UK) Limited as of March 31, 2015.
- The proved oil, condensate, and sales-gas reserves of Cairn India operated blocks were reviewed by DeGolyer and MacNaughton (“D&M”) as of March 31, 2015.
- The ore reserves of our iron ore mines in India were audited by Roscoe Postle Associates Inc.’s report as of March 31, 2015.
- The ore reserves of our iron ore mine in Liberia were audited by Roscoe Postle Associates Inc. as of April 6, 2014.
- The ore reserves of BALCO’s Mainpat and Bodai-Daldali bauxite mines were audited by Geo Solutions Private Limited as of March 31, 2015.

An “ore reserve” is the economically mineable part. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate that at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proven ore reserves.

In addition to the ore reserves we have identified further mineral deposits as either extensions of or additions to our existing operations that are subject to ongoing exploration and evaluation.



Our Zinc India Business

Overview

Our Zinc India business is owned and operated by HZL. HZL's fully-integrated zinc operations include five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one pyrometallurgical lead-zinc smelter, seven sulphuric acid plants and nine captive power plants at our Chanderiya, Dariba, Debari and Zawar facilities in the state of Rajasthan, processing and refining facilities for zinc at Haridwar and processing and refining facilities for zinc and lead, as well as a silver refinery at Pantnagar, both located in the State of Uttarakhand in northern India. HZL sources almost all of its concentrate requirements from its mines.

We first acquired an interest in HZL in April 2002 and have since then significantly improved its operating performance through expansion and by improving operational efficiencies and reducing unit costs. HZL improved its operating performance further by:

- benefiting from low-cost production available from its two hydrometallurgical zinc smelters with capacity of 210,000 tpa each at Chanderiya commissioned in May 2005 and December 2007, and expanded in April 2008 together with associated captive power plants at Chanderiya;
- benefiting from low-cost production available from one of its hydrometallurgical zinc smelters with capacity of 210,000 tpa at Rajpura Dariba smelting complex, which was commissioned in March 2010, and also from its 100,000 tpa lead smelter at the Rajpura Dariba mine complex, which was commissioned in July 2011;
- increasing the total zinc smelting production capacity;
- commissioning a new silver refinery at Pantnagar of 350 tpa, and subsequent increase in the capacity to 518 tpa in February 2012;
- its ability to maintain a high share of concentrate from its Rampura Agucha mine by consistently adding to the capacity of the mine and the concentrator and by also adopting the technique of underground mining, as its open cast capacity has started to decline;
- commissioning a concentrator at Sindesar Khurd mine of 1.5 mmtpa in 2011 and increased capacity to 2.0 mmtpa in fiscal year 2012; also increasing capacity of Sindesar Khurd mine to 2.0 mmtpa in fiscal year 2015;
- commencing ore mining Kayad mine since fiscal year 2013;
- commissioning a new roaster in April 2013 in the Dariba facility, with an associated sulphuric acid plant capacity of 306,000 tpa;
- continuing its initiatives to improve operational efficiencies at its existing operations;
- reducing power costs by building on-site captive power plants rather than relying on state power grids;
- reducing the size of its workforce including through voluntary retirement plans; and
- increasing productivity and upgrading existing technology

HZL pays royalties to the state government of Rajasthan based on its extraction of lead-zinc ore. With effect from September 2014, the royalty rate increased from 8.4% to 10.0% of the LME zinc metal price payable on the zinc metal contained in the concentrate produced and from 12.7% to 14.5% of the LME lead metal price payable on the lead metal contained in the concentrate produced. For silver, HZL pays royalty at a rate of 7% of the silver London Bullion Market Association price chargeable on silver-metal produced. The royalties we pay are subject to change. Further, the MMDRA Amendment Act, notified towards the end of fiscal year 2015, notifies an amount not exceeding royalty, to be contributed to the DMF for the benefit of people affected by mining and an additional 2% of royalties to the NMET. The exact percentage of the DMF contribution has not been notified and the government is expected to announce it shortly. See "Item. 3—Key Information—D. Risk Factors—Risks Relating to Our Industry—Changes in tariffs, royalties, cess, customs duties, export duties and government assistance may reduce our Indian market domestic premium, which would adversely affect our profitability and results of operations". We have a 64.9% ownership interest in HZL, with the remainder owned by the GoI (29.5%) and institutional and public shareholders (5.6%).

We have exercised the second call option by a letter dated July 21, 2009 to acquire the GoI's remaining ownership interest in HZL although the exercise is currently subject to dispute. See "—Options to Increase Interests in HZL and BALCO—Call Options over shares in HZL".

**Principal Products***Zinc*

We produce and sell zinc ingots in all three international standard grades: Special High Grade (SHG—99.995%), High Grade (HG—99.95%) and Prime Western (PW—98.0%). We sell most of our zinc ingots to Indian steel producers for galvanizing steel to improve its durability. Some of our zinc is also sold to alloy, dry cell battery, die casting and chemical manufacturers.

Lead

We produce and sell lead ingots of 99.99% purity primarily to battery manufacturers and to a small extent to chemical manufacturers.

By-products*Sulphuric Acid*

Sulphuric acid is a by-product of our zinc and lead smelting operations. We sell sulphuric acid to fertilizer and cement manufacturers and other industries.

Silver

Silver occurs naturally in our zinc and lead ore and is a by-product of our lead smelting operations. We produce and sell silver ingots primarily to industrial users and traders of silver.

Lead-Zinc Mines

HZL normally sources all of the lead-zinc ore required for its business from its Rampura Agucha open-pit and underground mines at Rampura Agucha, Zawar, Rajpura Dariba, Sindesar Khurd and Kayad in the state of Rajasthan in northwest India. In fiscal year 2015, 1.8% and 16.2% of the zinc and lead production respectively were through external mine concentrates. Lead-zinc ore extracted from the mines is conveyed to on-site concentrators and beneficiation plants that process the ore into zinc and lead concentrates. With its good ore mineralogy providing a high metal recovery ratio, the Rampura Agucha mine including its satellite Kayad mine accounted for 80.6% of HZL's total mined metal in zinc and lead concentrate produced in fiscal year 2015, with the Zawar, Rajpura Dariba and Sindesar Khurd mines accounting for the remaining 4.9%, 3.5% and 11.0%, respectively. The zinc and lead concentrates are then transported by road to the nearby Chanderiya, Dariba and Debari smelters.

Our current Indian Bureau of Mines, or IBM, approvals for the Rampura Agucha mine, the Zawar mine, Sindesar Khurd mine, the Rajpura Dariba and Kayad mine limit our extraction of lead-zinc ore from the mines to approximately 6.0 million tpa, 1.5 million tpa, 2.0 million tpa, 0.9 million tpa and 0.8 million tpa, respectively, in fiscal year 2015.

Zinc Smelters

HZL has two types of zinc smelters, hydrometallurgical and pyrometallurgical. Four of HZL's smelters are hydrometallurgical and one of pyrometallurgical. The hydrometallurgical smelter located in Vizag has discontinued its operations in fiscal year 2014.

The hydrometallurgical smelting process is a roast, leach and electrowin ("RLE") process. Zinc concentrate is first oxidized in the roaster and the gases generated are cleaned and sent to the sulphuric acid plant. The primary output from the roaster, called calcine, is sent to the leaching plant to produce a zinc sulphate solution that is then passed through a cold or hot purification process to produce purified zinc sulphate solution. The purified zinc solution then goes through an electrolysis process to produce zinc cathodes. Finally, the zinc cathodes are further processed and cast into zinc ingots at the processing and refining facilities in the state of Uttarakhand in northern India.



20018GsPnWmvz3h6e

The pyrometallurgical smelter uses the imperial smelting process or ISPTM, which process starts with sintering, where a mixture consisting of lead and zinc concentrates and fluxes is passed through the sinter machine to remove the sulphur. The gases generated from the sintering process are sent to the sulphuric acid plant. The de-sulphurized output of the sinter machine is broken for size reduction before being fed into an imperial smelting furnace ("ISF"), where it is smelted with preheated metallurgical coke and air. During the smelting process, molten lead trickles down to the bottom of the ISF and zinc rises up as vapor. The vapor is passed into a condenser where it is then absorbed back into the molten lead. The molten lead is cooled to separate out the zinc, which is then passed through a process of double distillation and condensation through which any remaining lead is removed to produce pure zinc metal which is cast into ingots. The lead removed through this process is sent to the pyrometallurgical lead smelter. In this process, silver is also produced as a by-product which is sent to our facilities in Uttarakhand for refining and casting into silver ingots.

Lead Smelters

HZL has two lead smelters, one in Chanderiya and the other in Dariba. The smelter in Chanderiya uses AusmeltTM technology and the other smelter in Dariba uses Shuikoushan Smelting Technology or SKS oxygen bottom blowing technology. There is also a lead-zinc smelter at Chanderiya which uses the pyrometallurgical ISFTM process.

HZL's lead smelter located in Dariba is based on SKS oxygen bottom blowing technology, where lead concentrate is smelted directly in the SKS furnace along with fluxes. SKS furnace produces lead bullion and slag. SKS furnace slag is then reduced in blast furnace to produce bullion. Lead bullion produced in these processes is then treated in the lead refinery plant to produce high purity electrolytic grade lead cathodes through electrolysis. The lead cathode are further processed and cast into ingots at its processing and refining facilities in the state of Uttarakhand. Slag from blast furnace is fumed to produce zinc oxide dust. Off-gas containing sulphur dioxide gas is cleaned and treated in the sulphuric acid plant.

HZL's lead smelter located in Chanderiya is based on Top Submerged Lance, or TSL technology where lead concentrate is smelted directly in a vertical furnace along with flux. Lead bullion produced in this process is then treated in the lead refinery plant to produce high purity lead ingots. Off-gas containing sulphur dioxide gas is then cleaned and treated in the sulphuric acid plant.

Finishing and Delivery to Customers

The zinc and lead cathodes are transported from its hydrometallurgical plants in Rajasthan to its facilities in Uttarakhand in northern India where they are further processed into zinc and lead ingots. One of the residues from smelting is anode slime and another is high grade lead material, both of which are also transported to the Uttarakhand facilities and from which silver is processed and cast into silver ingots. The facilities in Uttarakhand process and refine zinc, lead and silver and cast them into ingots and distribute the finished products nationwide, making it a centralized finished goods center for our customers. Zinc and lead ingots are also shipped from the facilities in Uttarakhand for exports. The sulphuric acid by-product is sold ex-works from its facilities in Rajasthan to customers in India.



Principal Facilities

Overview

The following map shows the locations of HZL’s facilities in the State of Rajasthan:



Mines

Rampura Agucha

The Rampura Agucha lead-zinc mine is located near Gulabpura in the north-west State of Rajasthan.

The good ore mineralogy of the mine provides a high metal recovery ratio and a low overall cost of production for zinc concentrate extracted from the mine. The mining and processing facilities are modern and in good condition.

The ore body is mined by open-pit and underground methods. The capacity of the mine and concentrator was expanded between 2003 and 2010 from 2.4 million tpa to 6.2 million tpa for mine and 6.5 million tpa for mill through the purchase of additional mining equipment, upgrades to the truck fleet, improvements to the operational efficiency of the plant and the installation of a new semi-autogenous, or SAG, mill and ball mill circuit.

Open pit mining at Rampura Agucha is a simple drill and blast, load and haul sequence using 221 metric tons trucks and 34 cubic meter excavators. Ore is fed to the primary crusher and waste is dumped at the waste dump. The mining equipment is largely owner-operated. The processing facility is a conventional crushing, milling and differential lead-zinc floatation plant. Ore from the open-pit is crushed in a series of crushing circuits and then milled in four streams, one rod mill-ball and three other sag mill-balls in closed circuit. The milled ore is then sent to the lead floatation circuit which includes roughing, scavenging and three stages of cleaning. The lead concentrates are thickened and filtered ahead of storage and transport to the Chanderiya and Dariba lead smelter. The lead floatation tails proceed to zinc floatation which comprises roughing, scavenging and four stages of cleaning. Zinc concentrates are thickened and filtered ahead of storage and transported to different HZL zinc smelters. Zinc floatation tails are thickened ahead of disposal to the tailings dam.



Since 2004, exploration at Rampura Agucha has resulted in significant increases in the reserves at the mine. Following an extensive drilling program to convert mineralized material to reserves, better definition of the ore body boundaries, addition of mineralized material and the conduct of open-pit re-optimization, as well as the commencement of underground mine project work, the reserves were 49.50 million tons as of March 31, 2015 with an average grade of 14.0% zinc, 1.9% lead and 59 ppm silver after depletion. The drill spacing for the definition of proven reserves were approximately 50 meters by 50 meters while for probable reserves was 100 meters by 100 meters. HZL commenced production at the mine in 1991. Since inception, approximately 70.25 million tons of ore, with an ore grade of 12.7% zinc and 1.9% lead, respectively, have been extracted from the open-pit mine. HZL is continuing to evaluate the potential of this deeper mineralization. As of March 31, 2015, HZL estimates the remaining mine life at Rampura Agucha to be 12 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan.

In fiscal year 2015, 5.5 million tons of ore at 12.95% zinc and 1.7% lead were mined from Rampura Agucha, which produced approximately 1.3 million tons of zinc concentrate at 51.3% zinc and 96,471 tons of lead concentrate at 59.5% lead. Approximately 58.7 million tons of waste was removed giving a strip ratio of 11.8 tons of waste per ton of ore mined. The expansion of the mine from 5 mmtpa to 6.2 mmtpa was completed in 2010 and has resulted in a significant increase in the strip ratio as there was dimensional change in the pit with the ultimate depth of the mine increasing to 421 meters. During fiscal year 2015, approximately 91.7% of the zinc was recovered to the zinc concentrate, while 61.5% of the lead and 63.5% of the silver was recovered from the metal contained in the ore mined. The strip ratio is expected to increase to about 18.8 tons in fiscal year 2016, considering the anticipated overburden removal of about 69.8 million tons and ore production of 3.7 million tons from the open-pit. As production from Rampura Agucha open pit mine has already stated to taper as per its mine plan, the underground development activities are ramping up at a faster pace and 1.2 million tons of production out of development and stopping has been planned from the underground mine in fiscal year 2016.

The gross book value of the Rampura Agucha mine's fixed assets and mining equipment (including assets related to the Rampura Agucha's underground mining operations and the Kayad mine) was Rs. 42,301 million (\$ 678.9.0 million) as of March 31, 2015. The mining lease of Rampura Agucha mine is upto March 2030.

Power is mainly supplied from the HZL's captive thermal power plants with two backup 5 MW generators on-site.

Rajpura Dariba

Rajpura Dariba is a medium sized underground lead-zinc mine and processing facility located northeast of Udaipur in the Rajsamand district in the state of Rajasthan, northwest India.

Mining at Rajpura Dariba commenced in 1983 and is carried out using the vertical crater retreat method and blasting hole mining method with mined out stopes backfilled with cemented classified mill tailings. In certain areas the ground conditions adversely affect slope stability and dilution. These ground conditions are the result of the weak graphitic nature of the shear zone combined with the dissolution of fractured and sheared dolomites by percolating acidic groundwater derived for overlying adjacent oxidized zones. HZL's Rajpura Dariba's mine lease is valid until May 2030. The mine is serviced by two vertical shafts approximately 600 meters deep. The main shaft is 6 meters in diameter and the auxiliary shaft is 4.5 meters in diameter. The main shaft has the capacity to hoist 1.0 million tpa of ore and is equipped with a modern multi-rope koepe winder. All personnel and materials are hoisted in a large counterbalanced cage which is operated by the koepe winder. The surface infrastructure includes ventilation fans, compressors and ore loading facilities. A 2.2 km surface decline was commissioned in September 2013 to increase the ore production.

The ore is crushed underground before being hoisted to the surface. It is then crushed again and milled before undergoing a lead flotation process incorporating roughing, scavenging and includes three stages of cleaning. A facility exists at the mine to direct lead rougher concentrate to multi-gravity separators in order to reduce the graphite levels in the final concentrate as required. Lead flotation tails are sent to the zinc flotation process. The facility is able to direct zinc rougher concentrate to column flotation cells to reduce silica levels in the final concentrate if required. Zinc flotation tails proceed to a backfill plant where they are cycloned with the underflow proceeding to intermediate storage where cement is added in preparation for use as underground fill. The cyclone overflow is thickened to recover water ahead of disposal in the tailings dam. The final lead and zinc concentrates are thickened, filtered and stored before they are sent to HZL's smelters.

Power for the mine is supplied largely from HZL's 160 MW captive power plants at Dariba and through a contract with a state-owned entity.



The gross book value of the Rajpura Dariba mine's fixed assets and mining equipment is approximately Rs. 4,919 million (\$ 78.9 million) as of March 31, 2015.

As of March 31, 2015, HZL estimates the remaining mine life at Rajpura Dariba to be around 9 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan. An exploration program is also underway to identify new resources with the potential to be upgraded to reserves, and has been and continues to be focused on maintaining the reserve position after annual mining depletion. The drill spacing for proved reserves was approximately 30 meters while for probable reserves was less than 60 meters.

The average grade for each individual stope was defined using standard parameters for internal waste and dilution and a geological cut-off grade of 3.0% combined lead and zinc, though the mineralization generally has a sharp natural contact. The in-situ quantities and qualities were adjusted by applying a mining loss factor of 10.0%, a dilution factor of between 12.0% and 20.0% depending on ground conditions. These parameters are based on a reconciliation of historical production. Stopes with average grades below this economic cut-off grade were excluded from the reserve estimate. The final reserve estimate is the sum of the stopes with an average grade above the economic cut-off limit. As the stopes are all accessed using the existing infrastructure and as there is sufficient capacity on the tailings dam, the capital expenditure was limited to the replacement of mining equipment and was therefore considered not to have a material impact on the cut-off grade.

In fiscal year 2015, 573,284 tons of ore at a grade of 5.32% zinc and 1.32% lead ore was mined at Rajpura Dariba mine which produced 43,359 tons of zinc concentrate at 50.04% zinc, 10,647 tons of lead concentrate at 41.26% lead and 1,683 grams per ton of silver, with 83.1% of the zinc being recovered in the zinc concentrate and 67.8% of the lead and 71.88% of the silver. The bulk concentrate produced during fiscal year 2015 was 9,832 tons at 37.3% zinc and 10.1% lead with 85.57% of the zinc being recovered and 82.62% of the lead and 81.63% of the silver.

Sindesar Khurd

The latest addition to the Rajpura Dariba mining operation is the Sindesar Khurd large scale underground mine deposit that was explored during 1992 to 1995. Mine production began at the Sindesar Khurd mine in April 2006 and HZL's mining permit is valid until March 2049.

The Sindesar Khurd mine lies on the same geological belt as the Rajpura Dariba mine. The mine is approachable from Rajpura Dariba mines by road.

The mineralization has been traced over almost 2.5 kilometers along strike and 1.3 kilometer vertical extension. In the mine area, dip is steep westerly, while the dip turns into easterly direction in the lower-southern part of the deposit. The current "mine block" extends over 900 meters along strike and up to 420 meters depth extension.

The deposit has been drilled to a depth of approximately 1300 meters below surface and the ore body is traced over approximately 2 kilometers along the strike with an 1100 meters vertical extension. While the deposit is still open in depth in the southern extension of the present mine block, the area below the mine block and towards the north extension only has narrow and low to moderate grade mineralization intersected.

Exploration at the south part of Sindesar Khurd has been continuing since March 2005 with a drilling program aimed at increasing the size of the ore body. A continuous exploration program from underground is also underway with the aim to upgrade the reserve status so that the stopes planned to be mined out shall be extracted with maximum recovery and thereby reducing mining losses. The drill spacing for proven reserves was 12.5-25 meters while for probable reserves was less than 25-50 meters.

According to JORC reserves and resources statement, the proven and probable reserves for the Sindesar Khurd mine as of March 31, 2015 is 32.2 million tons with 4.5% zinc and 3.1% lead and 182 particles per million silver after depletion. The in-situ quantities are adjusted by applying a mining loss factor of 5.0% and dilution factor of 20.0%.

Access to the mine is through an incline shaft and declines (North and South) from the surface while ore is hauled through the declines by low profile dump truck or LPDTs. The ore body is accessed via horizontal drives on number of levels. The mine currently utilizes blast holes toping with back filling mining method with stope panels varying from 25 to 50 meters in strike.



Ore produced from the mine is treated at 2.0 mmtpa beneficiation plant at Sindesar Khurd. Lead and zinc concentrates are sent to their respective high rate thickeners installed separately for lead concentrate and zinc concentrate generated from the concentrator. Tailing dewatering and disposal section comprises of hydro cyclone, tailing thickener, neutralization tank, pumping of tailing to tailing pond and reclaimed water pumping. Lead and zinc concentrates are thickened, filtered and stored before they are sent to HZL's smelters.

The gross book value at this mine is approximately Rs. 17,613 million (\$ 282.7 million) as of March 31, 2015.

As of March 31, 2015, HZL estimates the remaining mine life at Sindesar Khurd to be around 10 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan.

Power for the mill and the mine is supplied from HZL's captive power plant located at Dariba itself.

In fiscal year 2015, 1,910,055 tons of ore at a grade of 3.61% zinc and 1.93% lead ore was mined at the Sindesar Khurd mine, which produced 126,952 tons of zinc concentrate at 51.3% zinc, 61,630 tons of lead concentrate at 52.6% lead and 2,534 grams per ton of silver with 89.8% of the zinc being recovered in the zinc concentrate and 86.8% of the lead and 85.4% of the silver.

Zawar

Zawar consists of four mines namely, Mochia, Balaria, Zawar Mala and Baroi. The deposit is located near Udaipur city, in Rajasthan in northwest India. The deposits lie within a 36.2 square kilometers mining lease granted by the state government of Rajasthan which is valid until March 29, 2030.

Ore processing is carried out in a conventional comminution and flotation plant having facility for "differential" as well as "bulk flotation" of zinc and lead metals. The ore is crushed primarily underground and then hoisted to the surface. Thereafter, the ore is crushed to 15mm in size before being milled to 74 microns. In the differential flotation process, milled ore is conveyed separately to two lead flotation circuits and undergoes a process incorporating roughing, scavenging and cleaning. Lead flotation tails proceed to two zinc flotation circuits comprising roughing, scavenging and cleaning. Zinc flotation tails are disposed in slurry form in designated tailings disposal area. Lead and zinc concentrates are thickened, filtered and then stored before they are sent to HZL's smelters. In the bulk flotation process, milled ore is conveyed to the flotation circuit and undergoes a process incorporating roughing, scavenging and cleaning. Final bulk concentrate is thickened, filtered and then stored before it is sent to the lead zinc smelter at Chanderiya. Bulk flotation tails are disposed in slurry form in designated tailings disposal areas.

In fiscal year 2015, approximately 1,056,000 tons of ore at 2.82% zinc and 1.68% lead was mined which produced 74,186 tons of bulk concentrate at 36.97% zinc and 21.94% lead. The recovery of zinc and lead during fiscal year 2015 was 90.3% and 89.8%, respectively.

The gross book value of the Zawar fixed assets and mining equipment was approximately Rs. 4,079.0 million (\$ 65.5 million) as of March 31, 2015 and of the 80 MW coal-based thermal captive power plant at Zawar was Rs. 3,215.0 million (\$ 51.5 million).

Power is supplied through a combination of an 80 MW thermal coal-based captive power plant commissioned in December 2008 and a 6 MW captive power plant.

As of March 31, 2015, HZL estimates the remaining mine life of the Zawar mine to be 5 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan. The focus of mine exploration at Zawar is to replenish the ore reserves that are being depleted through exploration activities and to look for new mineralized areas to enhance production capacity. A surface drilling program is underway to locate deeper resources below -100 meter reduce level up to 500 meter reduce level. Underground exploratory drilling is carried out on a grid of between 25 meters and 30 meters which is then infilled to 12 meters and 15 meters after completing the development for final delineation of ore bodies. Past exploration has outlined additional in-mine mineral resources which require further delineation to add to reserves and further extend the mine life.



Kayad Mine

The Kayad lead-zinc mine is located in Ajmer, in the state of Rajasthan.

The Kayad lead-zinc deposit was initially prospected by Airborne Mineral Survey and Exploration wing of Geological Survey of India and drilling commenced in August 1988 and was completed in December 1991. Mineral Exploration Corporation Limited worked on the project on promotional basis, started the exploration and a total of 9,585 meters of drilling was achieved in 42 completed bore holes during 1994-1997. The detailed exploration of Kayad deposit was commenced by HZL in the month of June 1999 and continues as of today. According to the reserve report, the proven and probable reserves for Kayad mine as on March 31, 2015 was 7.3 million tons at 9.6 % zinc and 1.4% lead. As of March 31, 2015, HZL estimates the remaining mine life of the Kayad mine to be over 8 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan.

The ground breaking of the mine commenced on June 11, 2011. The access is through a decline which then divides into two declines at 420 meter reduce level. Development ore production was achieved in the second quarter of fiscal year 2013, and the mine started operations in fiscal year 2014. The mining method practiced in Kayad is long hole open stoping with cemented rock filling / rock filling in the steeper portions of the deposit; while transverse stoping method at flat portion along with rock filling/cemented rock filling. About 28 kilometers of development is planned by 2016. The mining is highly mechanized with twin boom jumbo drills used for face drilling, rock bolting machines used for support and 10 T and 17 T diesel load haul dump vehicles coupled with 30 T/50 T low profile dump trucks for loading and hauling. For production drilling Simba Drills are being used. The run of mine is stacked in the surface ore stock pile and transported by trucks to the Rampura Agucha mine for beneficiation.

A mine lease of 480.45 hectares was granted to Kayad mine by the state of Rajasthan and is valid until February 2048, subject to further renewal. We have obtained surface land rights over 38 hectares. We have also obtained mine plan approval from the Indian Bureau of Mines and received environmental clearance from the MoEF for an increase in lead zinc ore production capacity from 0.35 million tons per annum to 1.0 million tons per annum. We have also obtained consents under various environmental laws to operate the mine, including from the State Pollution Control Board.

A 33 KV power line was commissioned on February 2, 2012 to meet the constructional power requirements of the mine. Currently, most of the power is being taken from captive power plant, Zawar and some power is taken from Ajmer Vidyut Vitran Limited. A one megavolt amperes diesel generator is kept as a backup power supply for emergency operations in the event of power failure.

Summary of Mine Reserves

The following table sets out HZL's proven and probable zinc and lead reserves as of March 31, 2015:

Mine	Proven Reserves				Probable Reserves				Total Proven and Probable Reserves				SSL	Reserve
	Quantity (million tons)	Zinc Grade	Lead Grade	Silver Grade	Quantity (million tons)	Zinc Grade	Lead Grade	Silver Grade	Quantity (million tons)	Zinc Grade	Lead Grade	Silver Grade	Ownership %	Life Years
		(%)	(%)	(g/t)		(%)	(%)	(%)		(g/t)	(%)	(%)		
Rampura Agucha	12.7	13.1	1.9	54	36.8	14.4	1.8	61	49.5	14.0	1.9	59		12
Rajpura Dariba	7.0	6.1	1.6	62	2.7	6.9	1.5	65	9.6	6.4	1.6	63		9
Sindesar Khurd	5.5	4.2	2.7	152	26.7	4.5	3.1	188	32.2	4.5	3.1	182		10
Zawar	2.9	3.7	1.8	33	6.7	3.3	1.8	34	9.6	3.4	1.8	33		5
Kayad	0.6	14.8	1.9	39	6.6	9.1	1.3	29	7.3	9.6	1.4	30		8
Total	28.7	8.8	2.0	72	79.5	9.4	2.2	99	108.2	9.3	2.2	92	64.9	

References to "g/t" are grams per ton



Additional information:

- (1) The reserve estimates for each of the mines have been prepared by the mining engineer of the respective operation and the same have been audited by SRK Consulting (UK) Limited. The reserves presented for the HZL mines have been adjusted to incorporate losses for mine dilution and mining recovery according to the JORC code.
- (2) The cut off grade used for zinc and lead in (i) Rampura Agucha mine is 2.0%, (ii) Rajpura Dariba mine is 3.0%, (iii) Sindesar Khurd mine is 3.0%, (iv) Zawar mine is 3.0% and (v) Kayad mine is 3.0%
- (3) The metallurgical recovery factor for the following HZL mines is as follows:

<u>Mine</u>	<u>Metallurgical Recovery Factor</u>
Rampura Agucha	
Zinc	91.7%
Lead	61.5%
Rajpura Dariba	
Zinc	83.4%
Lead	70.1%
Sindesar Khurd	
Zinc	89.8%
Lead	86.8%
Zawar	
Zinc	90.3%
Lead	89.8%

- (4) The historic three year average commodity price for zinc, lead and silver considered for evaluation of reserves is \$ 2,011 per ton, \$ 2,075 per ton and \$ 23.4 per oz, respectively. The historic currency conversion factor used to estimate the reserves was US dollar per Indian Rupee 58.7.
- (5) The reserve quantities disclosed are for the entire mine and our share in the reserve quantities is 64.9%.

Smelters

Overview

The following table sets forth the total capacities as of March 31, 2015 at HZL's Chanderiya, Debari, Zawar and Dariba facilities:

<u>Facility⁽¹⁾</u>	<u>Capacity</u>				
	<u>Zinc (tpa)</u>	<u>Lead (tpa)</u>	<u>Silver (tpa)</u>	<u>Sulphuric Acid (tpa)</u>	<u>Captive Power (MW)</u>
Chanderiya ⁽²⁾	525,000	85,000	—	828,500	247.7
Debari	88,000	—	—	419,000	7.4
Zawar	—	—	—	—	80.0
Dariba	210,000	100,000	—	710,500	174.3
Pantnagar	—	—	518	—	—
Total	823,000	185,000	518	1,958,000	509.4

- (1) The Vizag facility which was operating with a smelting capacity of 56,000 tpa and a capacity of 419,000 tpa at its sulphuric acid plant has been discontinued since fiscal year 2014.
- (2) The plant at Haridwar is a finishing facility for zinc ingots from zinc cathodes produced at the Chanderiya and Dariba smelters. The processing plant at Pantnagar is a finishing facility for zinc and lead ingots from zinc and lead cathodes produced at the Chanderiya and Dariba smelters. Therefore their production capacities do not increase the total production capacity of HZL's facilities.

**Chanderiya**

The Chanderiya facility is located approximately 120 kilometers east of Udaipur in the state of Rajasthan. The facility contains 4 smelters, 3 associated captive power plants and 2 sulphuric acid plants:

- an ISPTTM pyrometallurgical lead-zinc smelter with a capacity of 105,000 tpa of zinc and 35,000 tpa of lead that was commissioned in 1991;
- two RLE hydrometallurgical zinc smelters with a capacity of 170,000 tpa each that were commissioned in May 2005 and December 2007. Pursuant to the improvement in operational efficiencies which was completed in April 2008, the zinc smelting capacity increased by 40,000 tpa to 210,000 tpa each;
- an AusmeltTM lead smelter with a capacity of 50,000 tpa that was commissioned in February 2006;
- associated 154 MW (2 captive plants of 77 MW each) and 80 MW coal-based captive power plants commissioned in May 2005 and April 2008, respectively;
- a 14.8 MW fuel based captive power plant transferred from Debari in March 2009 and which was originally commissioned at Debari in March 2003; and
- 3 sulphuric acid plants with a total capacity of 828,500 tpa of sulphuric acid.

Concentrate requirements for the facility are supplied by HZL's mines. The 154 MW, 80 MW and 14.8 MW captive power plants at Chanderiya provide all of the power for the facility. The captive power plants require approximately 100,000 metric tons of coal at 6,000 gross calorific value per month, which is currently met through imports, mostly from Indonesia. The impure silver obtained as a by-product from zinc-lead smelting at this smelter is refined at the Pantnagar plant.

HZL, in January 2006, as part of a consortium with five other partners, secured the award of a coal block from the Ministry of Coal of the GoI for its Chanderiya plant. HZL's share of the coal block is approximately 31.5 million tons which, according to the Ministry of Coal of the GoI, are proven reserves with ash content ranging from 28.7% to 47.0% and with gross calorific value ranging from 3,865 Kcal/kg to 5,597 Kcal/kg. On June 16, 2008, the Ministry of Coal of the GoI approved the consortium's plan for mining the coal block. The coal block is located in the Hasdev Arand coal field in the state of Chhattisgarh, which falls under moderate to dense forest. The environmental clearance and approval for the forest diversion was initially rejected by the MoEF and accordingly, a letter of rejection was issued by the state government on January 23, 2010. In February 2012, the HZL consortium resubmitted its application, which required approval from the state government and the MoEF. However, on February 17, 2014, the Ministry of Coal issued a letter cancelling the coal block allocation stating that the consortium could not obtain forest clearance and adhere to the timeline for the development of the coal block and also the fact that the same was rejected earlier. The Ministry of Coal's actions were challenged by the consortium in the High Court of Chattisgarh and a stay order was granted on March 11, 2014. In September 2014, the Supreme Court of India revoked all the allocations of coal blocks post 1992 until 2012, which were awarded by Ministry of Coal through its screening committee. Now, an auction route has evolved for the new allocation of coal blocks.

After being denied access to the Hasdev Arand field, HZL continues to import coal from third-party suppliers. HZL had been awarded 1.2 million tons of coal linkage by the Ministry of Coal of the GoI for its Chanderiya plant, but the same was linked to the development of allocated coal block. The access to coal has been stopped since September 2012 and there is no linkage coal available for Chanderiya plant and its entire requirement are being met from imported coal.

Dariba

The Dariba hydrometallurgical zinc smelter is located in the Rajsamand district of Rajasthan which was commissioned in March 2010 and has a capacity of 210,000 tpa. The Dariba facility also includes a 306,000 tpa sulphuric acid plant. In July 2011, we commissioned a new 100,000 tpa lead smelter, and it also includes a 98,500 tpa sulphuric acid plant. A majority of the power requirements of the facility is sourced from the 160 MW coal-based captive power plant at Dariba. A new roaster was commissioned in April 2013 in the Dariba facility with an associated sulphuric acid plant capacity of 306,000 tpa. Zinc cathodes are sent to its refining facilities at Pantnagar in Uttarakhand state for finishing and casting. The anode slime obtained as a residue from lead smelting at this smelter is refined and casted into silver ignots at the Pantnagar plant.



Debari

The Debari hydrometallurgical zinc smelter is located in the state of Rajasthan. The hydrometallurgical zinc smelter was commissioned in 1968, uses RLE technology and has a capacity of 80,000 tpa which was increased to 88,000 tpa in April 2008, pursuant to improvements made to its operational efficiencies. The Debari facility also includes a 419,000 tpa sulphuric acid plant. A majority of the power requirements of the facility is sourced from the coal-based captive power plant at Chanderiya and the balance is sourced from two on-site liquid fuel-based captive power plants with a combined capacity of 14.8 MW, commissioned in March 2003.

Haridwar

The zinc ingot refining and casting plant in Haridwar in the state of Uttarakhand was commissioned in July 2008. This plant processes and casts zinc ingots from zinc cathodes produced in the Chanderiya smelter and therefore its production capacity does not increase the total production capacity of HZL's facilities.

Pantnagar

The Pantnagar plant, which is located in the state of Uttarakhand in northwest India, includes a 518 tpa silver refinery that was commissioned in December, 2011, a zinc ingot and a lead ingot refining and casting plant that was commissioned in February 2012. The Pantnagar plant refine and cast zinc and lead ingots from zinc and lead cathodes that are produced by our Chanderiya and Dariba smelters and also refines the impure silver obtained as a by-product from lead smelting conducted at our Chanderiya and Dariba smelters. Therefore the Pantnagar plant does not increase the total zinc and lead production capacity of HZL's facilities. Haridwar and Pantnagar facilities are also used for nationwide distribution of finished goods as well as for exports.

Vizag

The Vizag hydrometallurgical zinc smelter is located in the State of Andhra Pradesh in Southeast India. The hydrometallurgical zinc smelter was commissioned in 1977, uses older RLE technology and has a capacity of 56,000 tpa. The Vizag facility also includes a 91,000 tpa sulphuric acid plant. With effect from February 2012, the operations at Vizag were suspended due to its high cost structure and subsequently have been discontinued in fiscal year 2014.

Production Volumes

The following table sets out HZL's total production from its Chanderiya, Debari, Dariba and the pantnagar facilities for fiscal years ended March 31 2013, 2014 and 2015:

Facility	Product	For the Year Ended March 31,			
		2013	2014	2015	
(tons, except for silver which is in kgs)					
Chanderiya					
—ISP™ pyrometallurgical lead-zinc smelter	Zinc	80,063	78,032	91,001	
	Lead	16,699	15,901	26,898	
	First hydrometallurgical zinc smelter	Zinc	179,232	194,023	182,696
	Second hydrometallurgical zinc smelter	Zinc	183,780	204,896	191,028
Ausmelt™ lead smelter	Lead	36,953	30,586	6,111	
Sulphuric acid plants	Sulphuric acid	620,268	586,919	547,165	
Dariba					
Hydrometallurgical zinc smelter	Zinc	165,403	197,715	199,694	
Lead Smelter	Lead	64,664	76,109	94,135	
Sulphuric acid plant	Sulphuric acid	257,205	459,026	480,542	
Debari					
Hydrometallurgical zinc smelter	Zinc	68,445	74,501	69,385	
Sulphuric acid plant	Sulphuric acid	316,006	282,565	251,408	
Pantnagar					
Silver Refinery	Silver	373,900	349,620	327,508	
Total	Zinc	676,923	749,167	733,803	
	Lead⁽¹⁾	118,316	122,596	127,143	
	Silver	373,900	349,620	327,508	
	Sulphuric acid	1,193,479	1,328,510	1,279,115	



Notes:

- (1) Excludes lead containing a high content of silver (high silver lead) produced from the pyrometallurgical lead-zinc smelter for captive use, which was 6,500 tons, 7,262 tons and 7,755 tons in fiscal years 2013, 2014 and 2015, respectively.

The following table sets out HZL's total ore, zinc concentrate, lead concentrate and bulk concentrate production for fiscal years ended March 31, 2013, 2014 and 2015:

Mine (Type of Mine)	Product	Year Ended March 31,		
		2013	2014	2015
		(tons, except percentages)		
Rampura Agucha (Open-pit)	Ore mined	6,098,760	5,481,006	4,999,476
	Ore grade – Zinc	12.3%	12.4%	12.9%
	Lead	1.9%	1.7%	1.7%
	Recovery – Zinc	89.4%	90.7%	91.7%
	Lead	57.6%	59.0%	61.4%
	Zinc concentrate	1,317,845	1,196,399	1,143,090
	Lead concentrate	109,593	89,106	88,024
Rampura Agucha (Underground)	Ore mined	50,664	322,846	451,844
	Ore grade – Zinc	14.3%	12.6%	13.1%
	Lead	1.6%	1.7%	1.8%
	Recovery – Zinc	89.4%	90.7%	91.7%
	Lead	57.6%	59.0%	61.4%
	Zinc concentrate	12,727	71,916	106,022
	Lead concentrate	518	5,328	8,447
Kayad (Underground)	Ore mined	28,255	149,286	372,000
	Ore grade – Zinc	7.7%	7.9%	9.1%
	Lead	1.2%	1.1%	1.1%
	Recovery – Zinc	89.4%	90.7%	91.7%
	Lead	57.6%	59.0%	61.4%
	Zinc concentrate	3,840	22,061	30,309
	Lead concentrate	330	1,703	2,223
Rajpura Dariba (Underground)	Ore mined	554,354	610,242	573,284
	Ore grade – Zinc	5.4%	5.3%	5.3%
	Lead	1.3%	1.3%	1.3%
	Recovery – Zinc	83.5%	82.8%	83.4%
	Lead	70.1%	67.7%	70.1%
	Zinc concentrate	39,860	52,212	43,359
	Lead concentrate	9,164	12,241	10,647
	Bulk concentrate ⁽¹⁾	13,623	—	9,832
Sindesar Khurd (Underground)	Ore mined	1,585,150	1,723,253	1,910,055
	Ore grade – Zinc	3.8%	3.5%	3.6%
	Lead	2.4%	2.1%	1.9%
	Recovery – Zinc	86.3%	87.8%	89.8%
	Lead	85.4%	85.5%	86.8%
	Zinc concentrate	101,480	105,562	126,952
	Lead concentrate	60,164	60,128	61,630
Zawar (Underground)	Ore mined	304,680	1,003,600	1,056,000
	Ore grade – Zinc	3.8%	2.8%	2.8%
	Lead	1.1%	1.7%	1.7%
	Recovery – Zinc	91.8%	90.8%	90.3%
	Lead	89.0%	90.2%	89.8%
	Zinc concentrate	—	—	—
	Lead concentrate	—	—	—
	Bulk concentrate ⁽¹⁾	21,745	68,432	74,186
Total	Ore mined	8,621,863	9,290,233	9,362,659
	Zinc concentrate	1,475,752	1,448,151	1,449,731
	Lead concentrate	179,769	168,505	170,970
	Bulk concentrate⁽¹⁾	35,368	68,432	84,018



Note:

- (1) Bulk concentrate is concentrate that contains both zinc and lead.

Principal Raw Materials

The principal inputs of HZL's zinc smelting business are zinc and lead concentrates and power. HZL has in the past been able to secure an adequate supply of the principal inputs for its business.

Zinc and Lead Concentrates

Zinc and lead concentrates are the principal raw material of HZL's smelters. HZL's lead-zinc mines have provided nearly all of its requirements for zinc and lead concentrates in the past. However, a marginal portion of the metal is being produced through sourced concentrates. In fiscal year 2015, 1.8% and 16.2% of the zinc and lead production respectively was through sourced concentrates, as the mined metal production was relatively lower in the first half of the year in line with the mine plan. We expect HZL's mines to continue to provide nearly all of its zinc and lead concentrate requirements for the foreseeable future.

Power

Most of HZL's operations are powered by the coal-based captive power plants at Chanderiya, Dariba and Zawar. HZL imports the required thermal coal from a number of third party suppliers and part of the requirement is sourced by way of linkage with South Eastern Coalfields Ltd (which is a subsidiary of Coal India Limited). HZL was awarded 2.43 million tons of coal linkage by Ministry of Coal. However, due to limited coal availability, Coal India Limited has been supplying only 50.0% of the 2.4 million tons linkage quantity. As of April 2013, the coal supplies to Chanderiya have stopped due to pending decision at Ministry of Coal on the linkages for plants which have been allocated coal blocks. In February 2014 the coal block allocated to the Chanderiya lead zinc smelter captive power plant was deallocated by the Ministry of Coal. Linkage coal supplies to HZL's power plants at Dariba and Zawar are continuing and the linkage quantity for these plants has been restricted to 50% of 1.2 million tons.

HZL's remaining operations source their required power from liquid fuel-based captive power plants or from local power companies. The liquid fuel is sourced from third party suppliers on yearly contracts.

Metallurgical Coke

In addition, HZL's pyrometallurgical smelter at Chanderiya requires metallurgical coke that is used in the smelting process. HZL currently sources its metallurgical coke requirements from third parties under long-term contracts and the open market.

***Distribution, Logistics and Transport***

Zinc and lead concentrates from HZL's lead-zinc mines are transported to the Chanderiya and Debari smelters by road. Zinc and lead ingots, silver and sulphuric acid by-products are transported primarily by road to customers in India directly or via HZL's depots. Zinc and lead cathodes are mostly transported by rail to its processing and refining facilities in Uttarakhand state in northern India. Zinc and lead ingots are transported for exports to ports in India primarily by rail, from where they are loaded on ships. The facilities in Uttarakhand also serve as finished goods center for nationwide distribution of its finished products.

Sales and Marketing

HZL's 10 largest customers accounted for approximately 40.3%, 41.2% and 40.5% of its revenue in fiscal years 2013, 2014 and 2015 respectively. No customer accounted for greater than 10.0% of HZL's zinc business revenue in fiscal years 2013, 2014 and 2015.

HZL's marketing office is located in Mumbai, and it has field sales and marketing offices in most major metropolitan centers in India. In fiscal year 2015, HZL sold approximately 68.4% of the zinc and lead metal it produces in the Indian market and exported approximately 31.6% of our zinc India segment revenue.

Approximately 97.8% of the zinc metal that HZL produced in fiscal year 2015 was sold under annual contracts specifying quantity, grade and price, with the remainder sold on the spot market. The contract sales price is linked to prevailing LME price with an additional physical market premium. Thus, the price that HZL receives for its zinc is dependent upon, and subject to fluctuations in the LME price.

Projects and Developments

HZL has been actively conducting exploration, which has resulted in net ore reserves of 108.2 million tons across all mines in fiscal year 2015. Based on long-term evaluation of assets and in consultation with mining experts, we have finalized the next phase of growth, which will involve sinking of underground shafts and developing underground mines. The plan comprises developing a 3.75 mmtpa underground mine at Rampura Agucha mine and expanding the Sindesar Khurd mine from 2.0 mmtpa to 3.75 mmtpa, Zawar mines from 1.5 mmtpa to 5.0 mmtpa, Rajpura Dariba mine from 0.6 mmtpa to 1.2 mmtpa and Kayad mine from 0.35 mmtpa to 1.0 mmtpa. The plan also involves the opening up of a small new mine at Bamnia Kalan in the Rajpura Dariba belt. However, the Bamnia Kalan Lease is under dispute and has been partially cancelled by the state Government on December 23, 2014 on the grounds of inactivity. In response, HZL has filed a petition with the Ministry of Mines on February 16, 2015, stating that the cancellation should be revoked. The growth plan will increase mined metal (MIC) production capacity to 1.2 mmtpa. The estimated cost for these projects amounts to Rs. 79,400 million (\$ 1,274.3 million). As of March 31, 2015 we had spent Rs. 11,680 million (\$ 187.4 million) on these projects. These projects are financed from internal sources.

Market Share and Competition

HZL is the only integrated zinc producer in India and had a market share by sales volume of the Indian zinc market of 78.0% in fiscal year 2015, according to ILZDA. The only other zinc producer in India, but not integrated and depends on imports of zinc concentrate, is Binani Zinc Limited, which had a market share of one percent of the Indian market in terms of sales volume in fiscal year 2015, according to ILZDA. Imports and secondary sources accounted for the remaining 21% market share, according to ILZDA. Zinc is a commodity product and HZL competes primarily on the basis of price, time of delivery and location. Zinc metal also faces competition as a result of substitution of materials, including aluminium, stainless steel and other alloys, plastics and other materials being substituted for galvanized steel and epoxies, paints and other chemicals being used to treat steel in place of galvanization in the construction market.

HZL is the only primary lead producer in India, with competition coming from imports which provide a substantial majority of the lead consumed in India. Lead is a commodity product and HZL competes primarily on the basis of price, time of delivery and location.



20018GsPnWNP1jTG=

Our Zinc International Business**Overview**

On May 10, 2010, SIIL agreed to acquire the zinc business of Anglo American Plc for a total consideration of Rs. 69,083 million (\$ 1108.7 million) which comprises:

- (1) 100.0% stake in Skorpion which owns the Skorpion mine and refinery in Namibia;
- (2) 74.0% stake in BMM, which includes the Black Mountain mine and the Gamsberg Project, in South Africa; and
- (3) 100.0% stake in Lisheen, which owns the Lisheen mine in Ireland.

On December 3, 2010, we announced the completion of the acquisition of 100.0% stake in Skorpion by Sterlite Infra Limited, a wholly-owned subsidiary of Sterlite for a consideration of Rs. 32,098 million (\$ 515.1 million). On February 4, 2011, we announced the completion of the acquisition of the 74.0% stake in BMM for a consideration of Rs. 11,529 million (\$ 185.0 million), net of refund of \$ 9.3 million. On February 15, 2011, we announced the completion of the acquisition of 100.0% stake in Lisheen for a consideration of Rs. 25,020 million (\$ 546.2 million). The purchase price for the zinc business was paid in US dollars and has been converted into Indian Rupees based on the exchange rate as on the date of each such acquisition. The zinc business of Anglo American Plc acquired by us has been categorized as a separate reportable segment "Zinc- International".

Skorpion**Overview**

THL Zinc Namibia Holdings (Proprietary) Limited ("Skorpion") was incorporated on June 16, 1998 and is headquartered at the Skorpion Zinc mine site, which is situated 25 kilometers north of Rosh Pinah Namibia. Skorpion's wholly owned subsidiaries are: Skorpion Zinc (Proprietary) Limited, Namzinc (Proprietary) Limited, Amica Guesthouse (Proprietary) Limited and Skorpion Mining Company (Proprietary) Limited. Skorpion Zinc (Proprietary) Limited is an investment holding company, owning the entire share capital in Namzinc (Proprietary) Limited and Skorpion Mining Company (Proprietary) Limited. Namzinc (Proprietary) Limited operates a zinc refinery, which procures oxide zinc ore from Skorpion Mining Company (Proprietary) Limited, which in turn extracts the ore from an open pit zinc deposit. Skorpion Mining Company (Proprietary) Limited is a member of the Chamber of Mines in Namibia.

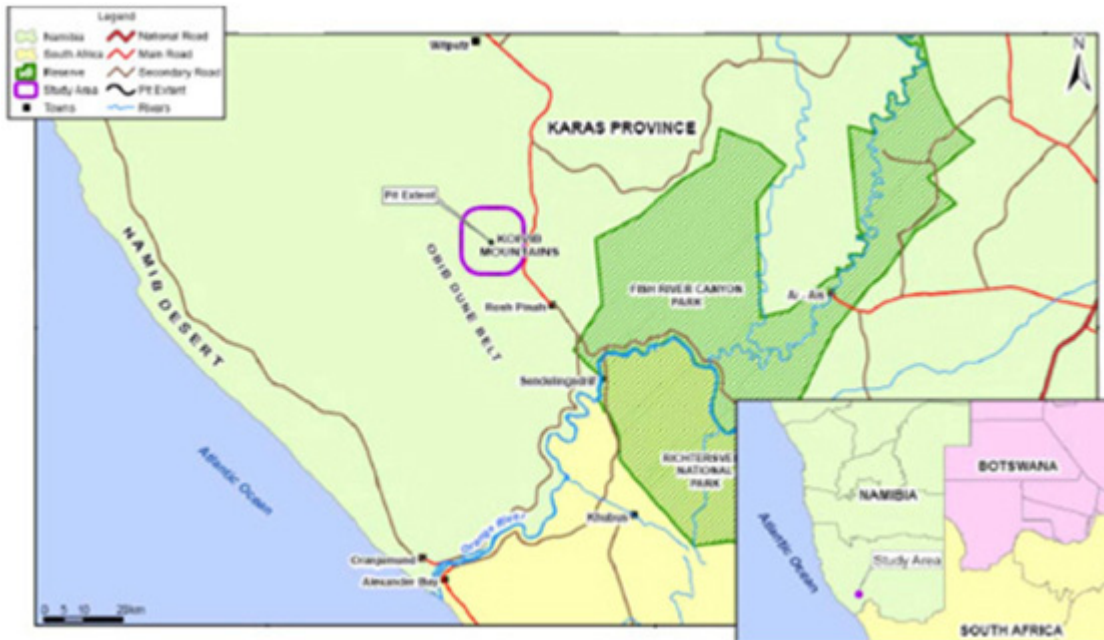
Principal Products

Skorpion produces SHG zinc ingots of LME grade. Skorpion offers the product to customers primarily through one-year contracts, covering the sale of all zinc ingots produced at the integrated mine and refinery of Skorpion.



Principal Facilities

The following map shows the location of Skorpion mines in Namibia:



Mines

Skorpion Mines

The Skorpion Zinc Deposit is located in the southern Namib desert of Namibia, approximately 20 kilometers north-west of the small mining town of Rosh Pinah, 75 kilometers from the Atlantic coastline, and about 40 kilometers from the perennial Orange river, which forms the border with South Africa. The deposit lies just inside the “Sperrgebiet” or forbidden area, now known as Diamond Area 1. The extracted ore is sent to the refinery for further processing.

As of March 31, 2015, the remaining mine life of the Skorpion mine is approximately 3.25 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan. The Skorpion mine has an attached electrolytic refinery producing approximately 150,000 tons of SHG zinc ingots annually. Further opportunities to extend the life of the mine are currently being evaluated based on the sulphide ore bodies in the nearby areas. Skorpion is also working for conversion of the refinery from stand-alone oxide ore treatment to sulphide ore treatment also.

Summary of Mine Reserves

The following table sets out the proved and probable zinc reserves as of March 31, 2015:

	Proved Reserve		Probable Reserve		Total Proved and Probable Reserves		SSL Interest	Reserve life
	Quantity	Zinc Grade	Quantity	Zinc Grade	Quantity	Zinc Grade		
	(million tons)	(%)	(million tons)	(%)	(million tons)	(%)		
Skorpion	2.03	7.81	2.94	9.54	4.97	9.02	%	(Years)
Total	2.03	7.81	2.94	9.54	4.97	9.02	100	3.25

Additional information:

- (1) The estimate of ore reserves were reviewed by Axe Valley Mining Consultants Ltd. In accordance with the principles and guidelines of the Australian Code for reporting of mineral resources and ore reserves (JORC code, 2012 edition).



- (2) The cut-off grade used with our reserve estimate is 3.0%.
- (3) The metallurgical recovery factor for Skorpion mine is 89.30%.
- (4) The historic three year average commodity price was \$ 2,011 per ton and currency conversion factor that were used to estimate our reserves was Namibian dollar per US dollar 9.89.
- (5) The reserve quantities disclosed are for the entire mine.

Skorpion Facility

The following table sets out the total capacity of the facility at Skorpion as of March 31, 2015:

<u>Facility</u>	<u>Capacity Zinc (tpa)</u>
Skorpion	150,000
Total	150,000

Production Volumes

The following table sets out the total production from Skorpion zinc refinery for fiscal years ended March 31, 2013, 2014 and 2015:

<u>Facility</u>	<u>Product</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u> (tons)	<u>Fiscal Year 2015</u>
Zinc refinery	Zinc	145,342	124,924	102,188

The following table sets out the total ore and zinc concentrate production at the Skorpion mine, for fiscal years ended March 31, 2013, 2014 and 2015:

<u>Mine (Type of Mine)</u>	<u>Product</u>	<u>(tons except percentage)</u>		
		<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>
Skorpion (Open-pit)	Ore mined	1,664,282	1,252,092	1,344,272
	Ore grade - Zinc	10.3%	10.2%	9.0%
	Recovery - Zinc	90.4%	90.1%	88.2%

Principal Raw Materials

The Skorpion mine used 82,479 tons of sulphur in fiscal year 2015, of which 94.0% was imported in bulk and shipped to Namibia through the port of Luderitz while the remaining sulphur was brought from South Africa in molten form by road.

Power

The maximum power demand of the Skorpion mine is 85 MW and power is supplied from South Africa and is governed by a tri-partite US dollar-denominated contract between Namibia Power Corporation (Proprietary) Limited, Eskom Holdings Limited and Skorpion, that currently links the annual increases in power costs to a US inflationary index.



Distribution, Transport & Logistics

Zinc at the Skorpion mine is cast into ingots and transported from the refinery to the port of Luderitz, approximately 300 kilometers away by trucks each having a maximum capacity of 35 tons. On the return trip from Luderitz, these trucks carry sulphur transported to site, which is imported by ship. All other re-agents and consumables are trucked in by one transport contractor.

Sales and Marketing

Skorpion's 10 largest customers accounted for approximately 100%, 100% and 99.9% of its revenue in fiscal years 2013, 2014 and 2015 respectively. Three of Skorpion's customers accounted for approximately 85% of Skorpion's revenue in fiscal years 2013, 2014 and 2015. Skorpion's marketing office is located in Rosh Pinah.

Most of the zinc metal that Skorpion produced in fiscal year 2015 was sold under bi-annual/ annual contracts. About 30% of the metal produced is sold in the Southern African Customs Union market and balance is sold to other regions. The contract sales price is linked to prevailing LME price with an additional market premium. Thus, the price that Skorpion receives for its zinc is dependent upon and is subject to fluctuations in the LME price.

Market Share and Competition

According to Wood Mackenzie, the Skorpion mine has consistently been one of the largest zinc producing mines in the world and in 2014, it ranked fifteenth in the world in terms of production volume with a cost base in the lower half of the zinc industry cost curve. The Skorpion mine produces only high-grade, high purity SHG zinc ingots that are registered on the LME.

Black Mountain Mining

Overview

BMM consists of the Black Mountain mine and the Gamsberg Project. Exxaro Resources Limited (through its wholly owned subsidiary, Exxaro Base Metals & Industrial Mineral Holdings (Pty) Ltd) holds the remaining 26.0% interest in BMM.

The predominant mining method is ramp in stope cut and fill. The planned production rate is 1.8 mtpa plant feed and the shaft hoisting capacity is approximately 1.44 mtpa from Deeps mine and 0.36 mtpa from Swartberg. All production stopes in the Deeps mine are backfilled and waste filled, integrated into the mining sequence.

During fiscal year 2015, 1,437,562 tons of ore at 2.55% zinc and 2.65% lead were mined from the Black Mountain mine, which produced approximately 54,445 tons of zinc concentrate and 45,129 tons of lead concentrate, containing 27,022 tons of zinc and 32,142 tons of lead respectively. In addition, the Black Mountain mine also produced 5,678 tons of copper in concentrate and 35 tons of silver in concentrate.

Principal Products

BMM produces zinc, copper and lead in concentrate and all the zinc and copper concentrate are shipped overseas. A small portion of the lead concentrate is sold locally, with the bulk shipped overseas.

By-products

Silver

Silver is a by-product of our copper and lead concentrate.



Principal Facilities

The following maps shows the specific location of the Black Mountain mine in Northern Cape in South Africa:



Mines

The zinc mine at Black Mountain is an underground operation, mining a polymetallic ore body, with an attached concentrator producing approximately 27,022 tons of zinc in concentrate and 32,142 tons of lead in concentrate respectively. In addition, the Black Mountain mine also produced 5,678 tons of copper in concentrate and 35 tons of silver in concentrate, annually.

The Black Mountain mine is operated pursuant to mining right 58/2008 MR granted pursuant to the Mineral and Petroleum Resources Development Act, 28 of 2002 of South Africa which entitles us to mine for lead, copper, zinc and associated minerals in, on and under an area in the district of Namaqualand measuring 24,195 hectares for a period of 30 years from 2008 to 2038.

Four major stratiform exhalative sediment hosted base metal deposits are located in a 10 by 30 km area, centered on Aggeneys. The deposits are situated in the supracrustal rocks of the mid-Proterozoic age Bushmanland group of the Namaqualand metamorphic complex. The deeps ore body, which is currently being mined, is considered to start at 166 meters above mean sea level, with a down plunge extent of 1.1 km with the deepest position of the ore body being 1,680 meters below the surface. Mineralisation in the deeps is hosted by iron formations, massive sulphide and sulphide quartzite. The massive sulphide rock is either banded, massive or occurs as fine grained mylonite. Banding is expressed as 1-5 m thick sulphide bands alternating with quartz rich bands of similar thickness.



Underground drilling of the deeps ore body was started in December 2000 and were completed in 2012. As of March 31, 2015, BMM estimates the remaining mine life of the Black Mountain mine to be 6 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan.

The predominant mining method is ramp in stope cut and fill and longhole mining. The production rate is 1.8 mtpa plant feed and the shaft hoisting capacity is approximately 150,000 tons per month. All production stopes are backfilled and waste filled, integrated into the mining sequence.

Power at the zinc mine at Black Mountain is supplied from two 40 MVA transformers at the Eskom Aggeneys substation. Water is supplied by the Pelladriift Water Board, which supplies potable water to the mine from the Orange river for both human consumption and industrial water requirements.

Zinc, lead and copper concentrate from the mine are road hauled to a dedicated railway siding along a 170 km gravel road, which is owned by the provincial authorities but maintained by Black Mountain. The concentrate is then transported by train to Saldanha on the Sishen-Saldanha railway with delivery terms to export customers on a cost, insurance and freight basis.

Swartberg was mined on a small scale (25,800t/month) from 1995 but production was stopped in 2006 in an effort to procure the Deeps mine in full production. Mining at Swartberg was re-introduced in the year 2012 by a diamond drilling campaign to explore the ore bodies on strike. Down-plunge in depth at this mine was started in the same year. Following positive results from this drilling a pre-feasibility study is in progress to investigate the potential of a fully operating mine at Swartberg, which will replace ore from the Deeps mine once it is mined out in the year 2021.

Summary of Mine Reserves

The following table sets out the proved and probable zinc and lead reserves as of March 31, 2015:

	Proved Reserve			Probable Reserve				Total Proved and Probable Reserves				SSL ownership	Reserve life	
	Quantity	Zinc	Lead	Silver	Quantity	Zinc	Lead	Silver	Quantity	Zinc	Lead			Silver
	(million tons)	Grade (%)	Grade (%)	(g/t)	(million tons)	Grade (%)	Grade (%)	(g/t)	(million tons)	Grade (%)	Grade (%)			(g/t)
Black Mountain-Deeps	3.03	2.93	3.71	39.2	6.86	2.47	2.43	30	9.89	2.61	2.82	33		
Total	3.03	2.93	3.71	39.2	6.86	2.47	2.43	30	9.89	2.61	2.82	33	74	6

	Proved Reserve			Probable Reserve				Total Proved and Probable Reserves				SSL ownership	Reserve life	
	Quantity	Zinc	Lead	Silver	Quantity	Zinc	Lead	Silver	Quantity	Zinc	Lead			Silver
	(million tons)	Grade (%)	Grade (%)	(g/t)	(million tons)	Grade (%)	Grade (%)	(g/t)	(million tons)	Grade (%)	Grade (%)			(g/t)
Black Mountain-Swartberg	—	—	—	—	2.04	0.5	2.42	21	2.04	0.5	2.42	21		
Total	—	—	—	—	2.04	0.5	2.42	21	2.04	0.5	2.42	21	74	6

	Proved Reserve			Probable Reserve				Total Proved and Probable Reserves				SSL ownership	Reserve life	
	Quantity	Zinc	Lead	Silver	Quantity	Zinc	Lead	Silver	Quantity	Zinc	Lead			Silver
	(million tons)	Grade (%)	Grade (%)	(g/t)	(million tons)	Grade (%)	Grade (%)	(g/t)	(million tons)	Grade (%)	Grade (%)			(g/t)
Black Mountain-Gamsberg	42.40	6.9	0.5	21.6	7.67	5.9	0.5	17.5	50.1	6.76	0.5	20.9		
Total	42.40	6.9	0.5	21.6	7.67	5.9	0.5	17.5	50.1	6.76	0.5	20.9	74	12



References to "g/t" are grams per ton

Additional information:

Deeps and Swartberg

- (1) The reserve estimates presented incorporate losses for mine dilution and mining recovery according to the JORC code.
- (2) The cut-off grade used with our reserve estimate is 624 ZAR per ton.
- (3) The metallurgical recovery factor for zinc, lead and copper is 73.01%, 86.84% and 69.04%, respectively.
- (4) The commodity prices for zinc, lead and copper considered for evaluation of reserves were \$ 2,011 per ton, \$ 2,075 per ton and \$ 7,171 per ton, respectively. The average currency conversion factor that was used to estimate our reserves was South African Rand per US \$ 9.90.
- (5) The reserve quantities disclosed are for the entire mine and our share in the reserve quantities is 74.0%.

Gamsberg

- (1) The reserve estimates, were reviewed by A&B Global Mining, presented incorporate losses for mine dilution and mining recovery according to the JORC code, with a 0.5m dilution skin considered along the ore/waste contact and 97% mining recovery.
- (2) The zinc cut-off grade used with our reserve estimate is 3%.
- (3) The commodity price for zinc considered for evaluation of reserves was \$ 2,011 per ton. The average currency conversion factor that was used to estimate our reserves was South African Rand per US \$ 9.90.
- (4) The reserve quantities disclosed are for the entire mine and our share in the reserve quantities is 74.0%.

Production Volumes

The following table sets out the total ore, zinc and lead concentrate production at the Black Mountain mine for each of fiscal years ended March 31, 2013, 2014 and 2015:

<u>Mine (Type of Mine)</u>	<u>Product</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>
		(tons, except percentages)		
Black Mountain (Underground)	Ore mined	1,518,540	1,395,534	1,437,562
	Ore grade –Zinc	3.4%	2.7%	2.5%
	-Lead	3.7%	3.2%	2.6%
	Recovery - Zinc	77.8%	78.0%	74.2%
	-Lead	89.0%	87.4%	84.8%
	Zinc concentrate	78,457	59,942	54,445
	Lead concentrate	68,986	53,221	45,129

Principal Raw Materials

There are no major raw materials used in Black Mountain Mine, except for chemical reagents which are used in the floatation process to produce zinc and lead concentrates.



Distribution, Logistics and Transport

Zinc concentrate, lead concentrate and copper concentrate from the mine is hauled by road to a dedicated railway siding along a 170 kilometers gravel road, which is owned by the provincial authorities but maintained by BMM. The concentrate is then transported by train to Saldanha on the Sishen-Saldanha railway with delivery terms to export customers on a cost, insurance and freight basis.

Sales and Marketing

BMM produces zinc, lead and copper concentrates that are sold in local and international markets on spot basis and through long term contracts. The commercial terms negotiated on an annual basis include taking into account the percentage of payable metals, treatment and refining charges and applicable prices. Some of the customers of Black Mountain mine are Trafigura Beheer B.V., MRI Trading and Ocean Partners UK Limited.

Approximately 79.0% of the zinc and lead metal that BMM produced in fiscal year 2015 was sold under annual contracts specifying quantity, grade and price, with the remainder sold on the spot market. The contract sales price is linked to the prevailing LME price with an additional market premium. Thus, the price that BMM receives for its zinc and lead is dependent upon and is subject to fluctuations in the LME price.

Projects and Developments

Gamsberg Project

The Gamsberg ore body is a large undeveloped zinc deposit situated approximately 22kms from Black Mountain. A pre-feasible study was conducted on the ore body for 300,000 metal in concentrate in fiscal year 2000, and in fiscal year 2009 a pre-feasibility study for 400,000 metal in concentrate was conducted to determine the financial viability of developing the Gamsberg ore body to a full scale mine.

The gaps in the initial pre-feasibility studies were assessed and a technical and financial pre-feasibility study was completed in September 2013. Small scale mining at Gamsberg commenced in 2003 and concluded in fiscal year 2013 with the onset of the above mentioned studies. The Gamsberg Project was officially approved by the Company's Board in November 2014 and the project team is in the process of optimizing the mining schedule.

In fiscal year 2016, the project activities will cover pre-start mining and pre-stripping of the pit and construction of related housing infrastructure. The initial ore production is planned for fiscal year 2018 with ramp up to full production expected in subsequent years.

Lisheen

Overview

The Lisheen mine is located in County Tipperary, Republic of Ireland and consists of an underground mine, concentrator and backfill plant, with a related capacity of approximately 131,000 tons of zinc in concentrate annually with an expected mine life until November 2015. The Lisheen mine also includes approximately 19,000 tons of lead in concentrate annually. Current reserves are 0.711 million tons.

During fiscal year 2015, 1,375,069 tons of ore at 10.5% zinc and 1.9% lead were processed at the Lisheen mine, which produced approximately 244,354 tons of zinc concentrate and 30,956 tons of lead concentrate, containing 130,897 tons and 19,265 tons of zinc and lead, respectively.

The Lisheen zinc deposit is located in the Rathdowney Trend, which comprises sedimentary rocks, mainly limestone, which was formed approximately 320 million years ago. The Lisheen deposit owes its existence to the presence of several faults in the district, which played a major role in the formation, morphology and location of the ore bodies. It is believed that these fractures in the strata acted as conduits for the hydrothermal mineralizing fluids which carried metals upwards from extreme depths.

The mine commenced production in 1999, following a successful development partnership between Minorco (merged with Anglo American in 1999) and Ivernia West. Anglo American subsequently acquired Ivernia's stake in 2003 to gain 100% ownership. Lisheen mine was subsequently acquired by SIIIL (through THL Zinc Holding B.V.) on February 15, 2011.

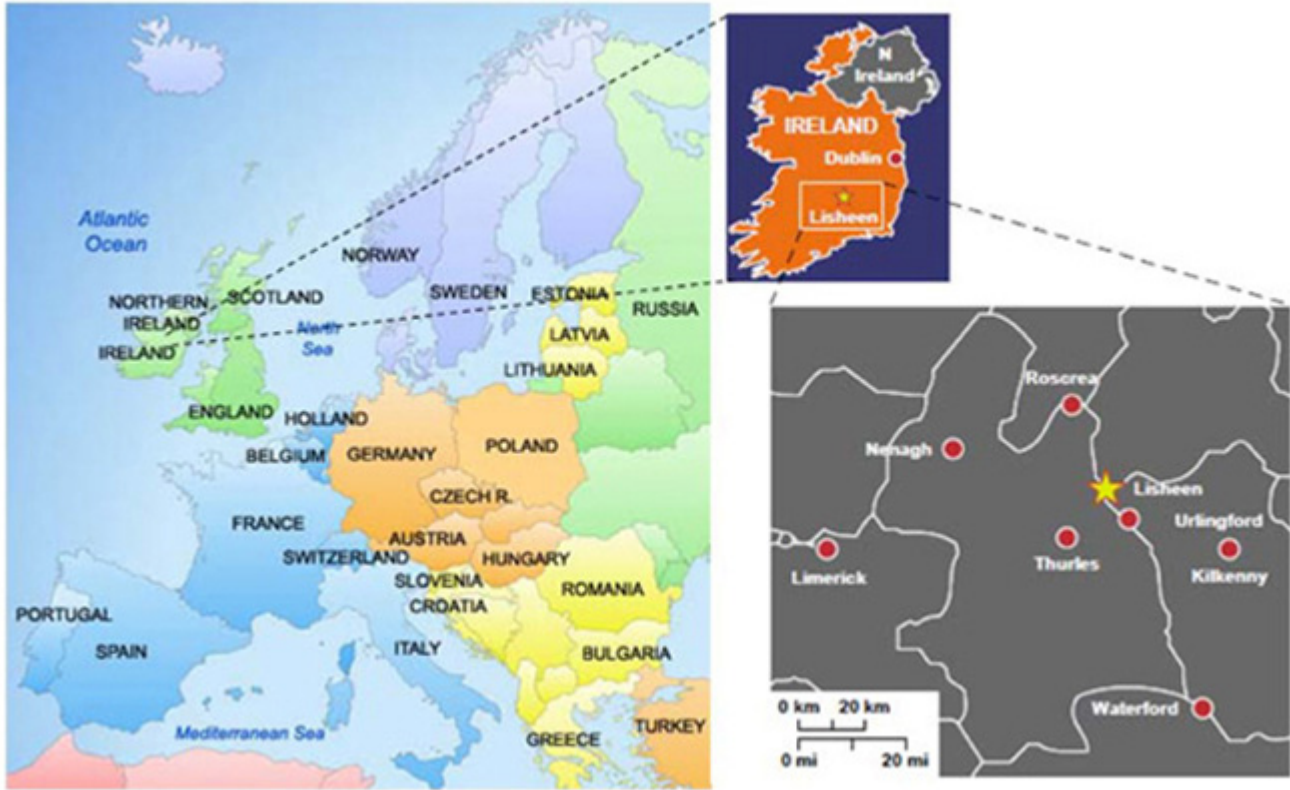


Principal Products

Lisheen produces zinc and lead in concentrate and both concentrates are shipped overseas.

Principal Facilities

The following map shows the locations of Lisheen within Europe and within the island of Ireland:



Mines

The Lisheen ore bodies occur at three principal zones, namely the Main Zone, Derryville Zone and Bog Zone and a series of small satellite bodies surrounding these. The ore is largely hosted within fault-associated hydrothermal breccias, known as the Black Matrix Breccia, or BMB, which is developed at or proximal to the base of a massive, fine grained dolomitized limestone unit, termed the Waulsortian Formation. This unit is underlain by the Argillaceous Bioclastic Limestone, or ABL, a dark shaly limestone which forms the lithological footwall to the mineralization.

The ore bodies are at an average depth of 170 meters and are predominantly stratiform or flat lying, ranging in thickness from one to 14 meters. Close to faults, mineralization may be substantially thicker. The deposit is high grade, with a zinc to lead ratio of 6:1.

The crushed ore from the Lisheen mine is stored in a surface stockpile from which it is conveyed to a two-stage wet grinding circuit as the first processing set in the concentrator. The slurried product from the grinding mills then passes directly to the two flotation circuits, where the lead concentrate and the zinc concentrates are floated off sequentially. The zinc concentrates are leached with sulphuric acid to remove dolomite to bring the product to smelter requirements. The concentrates are dewatered to shipment requirements by thickening and subsequent pressure filtration. The dewatered concentrates are then trucked to the port of Cork and are then shipped to international smelters.



Mineralogically, the ore bodies comprise massive sulphide lodes typically composed of dominant pyrite, marcasite and sphalerite with minor amounts of galena. The deposit is high grade, with a zinc to lead ratio of 6:1. Minor silver grades are encountered locally. Several deleterious elements occur, the principal ones being nickel, cobalt, copper, magnesium and arsenic. The aquifer is fracture-controlled and connected directly to the surface drainage system via a conjugate set of steeply dipping North-East and North-West trending joints and fissures, which have been extensively karst weathered. Water ingress to the workings occurs principally when one of these structures is intersected and significant flow rates can occur over short time spans. The peak daily water flow rate can reach up to 90 million liters per day and 75 million liters per day on an annual basis. Dedicated pumping and water treatment facilities are in place to ensure full compliance with the Integrated Pollution Control License.

The Lisheen zinc and lead deposit is located in the Rathdowney Trend, which stretches 40 kilometers, between the Towns of Abbeyleix to the North East and Thurles to the South West. The region is a broad plain drained by the Rossetown and Drish Rivers, which flows into the Irish Sea at Waterford.

The power requirements at the Lisheen mine are provided by a 110 KV line, rated for 120 MVA, to an on-site substation.

As of April 1, 2015 the reserve life of the mine is 0.7 years.

The Lisheen mine was wholly owned by Anglo American Plc between 2003 and 2011 following a series of mergers and acquisitions of stake holdings. The mine is now owned by us through our subsidiary THL Zinc Holding B.V.

Summary of Mine Reserves

The following table sets out the proved and probable zinc and lead reserves as of March 31, 2015:

	Proved Reserve			Probable Reserve			Total Proved and Probable Reserves			SSL interest	Reserve life Years
	Quantity (million tons)	Zinc Grade	Lead Grade (%)	Quantity (million tons)	Zinc Grade	Lead Grade (%)	Quantity (million tons)	Zinc Grade	Lead Grade (%)		
Lisheen	0.603	9.44	1.06	0.109	9.56	2.56	0.711	9.46	1.29		0.7
Total	0.603	9.44	1.06	0.109	9.56	2.56	0.711	9.46	1.29	100	0.7

Additional information:

- 1) The estimate of ore reserves were reviewed by AMC Consultants (UK) Limited in accordance with the principles and guidelines of the Australian Code for reporting of mineral resources and ore reserves (JORC code, 2012 edition).
- 2) The lead factor used within the formula is updated annually based on metal price and exchange rate assumptions.
- 3) The commodity price for zinc and lead considered for the evaluation of reserves were \$ 2,353 per ton and \$ 2,295 per ton, respectively.
- 4) The average currency conversion factor that was used to estimate our reserves was \$ 1.28 per Euro.
- 5) The metallurgical factor for zinc is 90.3% and lead is 72.5%.
- 6) The reserve quantities disclosed are for the entire mine.

Production Volumes

The following table sets out the total ore, zinc and lead concentrate production at the Lisheen mine for fiscal years ended March 31, 2013, 2014 and 2015:



Mine (Type of Mine)	Product	Fiscal Year	Fiscal Year	Fiscal Year
		2013	2014	2015
		(tons, except percentages)		
Lisheen (underground)	Milled Ore Ton (dmt)	1,644,537	1,401,741	1,375,069
	Ore grade Zinc	11.40%	11.8%	10.5%
	-Lead	2.15%	2.2%	1.9%
	Recovery			
	Zinc	90.39%	91.3%	90.3%
	- Lead	66.13%	68.5%	72.5%
	Zinc concentrate	317,413	282,159	244,354
Lead concentrate	39,129	34,409	30,956	

Principal Raw Materials

There are no major raw materials used in the Lisheen Mine, except for chemical reagents which is used in the flotation process to produce Zinc and Lead concentrates

Distribution, Logistics and Transport

With respect to outbound logistics Lisheen transports the zinc concentrates to the port at Cork (135 kilometers from mine site) via on site haulage contracted with a single supplier. A dedicated marketing office in Cork handles shipping and contracts, with a stockyard and ship loading facilities. Haulage accounts for about 8.9% of total operating costs.

With respect to inbound logistics, contracts are in place with most of the high value suppliers, including drill consumables, pumps, shotcrete, binder for backfill, concrete and explosives.

Lisheen is within close proximity to international airports (Dublin 157 kilometers; Cork 135 kilometers), the national highway network and nearby towns. The nearest motorway is 10 kilometers from the mine site and provides direct motorway access to the port facility in Cork.

Sales and Marketing

The Lisheen mine extracts lead and zinc ore from underground and processes this into zinc and lead concentrates and sells these concentrates to smelters and trading customers in Europe and Asia. Lisheen currently has a very small base of customers. Marketing of the concentrates produced by Lisheen is done centrally from the corporate office located in Aggeneys. There is also a site office to look after the logistics coordination, administrative support and contracting. Lisheen has a number of different concentrate sales contracts in place with international customers but increasingly deals on the spot market.

Approximately 70% of the zinc and lead metal that Lisheen produced in fiscal year 2015 was sold under annual contracts specifying quantity, grade and price, with the remainder sold in the spot market. The contract sales price is linked to prevailing LME price. Thus, the price that Lisheen receives for its zinc and lead is dependent upon, and subject to fluctuations in the LME price.

Projects and Developments

A detailed mine closure plan has been agreed and approved between the relevant statutory bodies and the company and the mine rehabilitation program is currently underway. Management is actively exploring further business opportunities and ways to utilize the existing resources and skills at Lisheen following the cessation of normal mining activities and a task force has been established to facilitate this.



Oil and gas

Overview

Cairn India and its subsidiaries is a significant contributor to India's domestic crude oil production, contributing approximately 27% along with our joint operation partners to the total production, as per Ministry of Petroleum and Natural Gas statistics of March 2015. We have a diversified asset base with nine blocks: one in Rajasthan, two on the west coast of India, four on the east coast of India, one in Sri Lanka and one in South Africa.

Rajasthan, RJ-ON-90/1 block, Barmer Basin (operator, 70% participating interest)

The Rajasthan RJ-ON-90/1 ("Rajasthan") block is an onshore block. It is our principal production asset where we own a 70% participating interest pursuant to the production sharing contract that runs until May 2020. Our joint operation partner, ONGC, has a 30% participating interest. The Rajasthan block is spread over 3,111 sq. kms in the Barmer district. The block consists of three contiguous development areas: (i) Development Area (DA) 1, primarily comprising the currently producing Mangala, Aishwariya, Raageshwari oil and gas fields and Saraswati (MARS) fields; (ii) DA 2 primarily consisting of the Bhagyam, NI and NE producing fields; and (iii) DA 3, comprising the Kaameshwari West fields.

The Mangala field was discovered in January 2004. This was followed by many other discoveries including the Aishwariya and Bhagyam fields. In the Rajasthan block, 37 discoveries have been established, since inception. Exploration activities and studies indicate that the block has further potential for resources and reserves for future growth opportunities.

We also own and operate significant infrastructure assets to facilitate the processing, transportation, and sale of crude oil produced in the Rajasthan block. For fiscal year 2015, our net daily average production was 81,769 boepd from the Rajasthan block.

Cambay, CB/OS-2 block, Cambay Basin (operator, 40% participating interest)

The Cambay CB/OS-2 ("Cambay") block is an offshore block which is located in the Cambay Basin of the state of Gujarat in western India. Our operations in the Cambay block are centered on the Lakshmi and Gauri oil and gas fields and the CB-X development area. Based on exploration and development activities undertaken by us, the Cambay block has yielded natural gas discoveries in its offshore Lakshmi and Gauri fields and onshore CB-X field and crude oil discoveries in the first two fields. We commenced gas production from the Lakshmi gas field in 2002 and from the Gauri field in 2004. Production of co-mingled crude oil, which consists of crude oil plus condensate, from the Gauri field commenced in 2005. The Lakshmi and Gauri offshore fields cover areas of 121.1 sq. kms and 50.7 sq. kms, respectively, in the Cambay Basin and lie off the coast of the state of Gujarat in water depths of approximately 20 meters. CB-X is an onshore gas field situated in the Cambay block and covers an area of 33.28 sq. kms. For fiscal year 2015, our net daily average production was 2,512 boepd from the block.

Ravva, PKGM-1 block, Krishna Godavari Basin, Eastern India (operator, 22.5% participating interest)

Our production operations in the Krishna-Godavari Basin are centered on the Ravva PKGM-1 ("Ravva") block, lying off the coast of Andhra Pradesh in Eastern India, in water depths of up to 40 meters. Developed in partnership with ONGC, Videocon and Ravva Oil Singapore, we became the operator in 1996. For fiscal year 2015, our net daily average production was 3,411 boepd from the block.

Our Oil and Gas Business

Overview

Our oil and gas business is owned and operated by Cairn India and its subsidiaries. Cairn India was listed on the Bombay Stock Exchange and the National Stock Exchange on January 9, 2007. Vedanta completed its acquisition of 58.5% of the fully diluted share capital of Cairn India from Cairn Energy Plc as of December 8, 2011. After the Re-organization Transactions, Vedanta's shareholding in Cairn India was transferred to us. As of March 31, 2015, our total ownership interest in Cairn India was 59.9%. Cairn India is primarily engaged in the business of exploration, development and production of crude oil, gas and related by-products. According to the Ministry of Petroleum and Natural Gas statistics of March 2015, together with our joint operation partners, we account for approximately 27% of India's domestic crude oil production.

The Company has a world-class resource base, with interests in seven blocks in India, namely Rajasthan, two on the west coast of India, four on the east coast of India, one each in Sri Lanka and South Africa. The blocks are located in the Barmer Basin, Krishna-Godavari Basin, the Palar-Pennar Basin, the Cambay Basin, the Mumbai Offshore Basin, the Mannar Basin and Orange Basin.



20018GsPnWmycWV6u

	<u>Asset</u>	<u>Basin</u>	<u>Cairn India's Interest (%)</u>	<u>Joint Operation partners</u>	<u>Area (in sq. km)</u>
India					
1	Rajasthan	Barmer	70%	ONGC	3,111
2	Cambay	Cambay	40%	ONGC, Tata Petrodyne	207
3	Ravva	KG Offshore	22.5%	ONGC, Ravva Oil, Videocon	331
4	KG-ONN-2003/1	KG Onshore	49%	ONGC	315
5	KG-OSN-2009/3	KG Offshore	100%	—	1,988
6	MB-DWN-2009/1	Mumbai Offshore	100%	—	2,961
7	PR-OSN-2004/1	Palar-Pennar	35%	ONGC, Tata Petrodyne	9,417
International					
8	SL 2007-01-001	Mannar, Sri Lanka	100%	—	2,912
9	Block 1	Orange, South Africa	60%	Petro SA	19,898
	Total				41,140



Principal Products

Oil

We produce crude oil of various grades with different degrees and contents across fields. The crude oil in the majority of fields in the Rajasthan block is light oil with an API gravity of approximately 30 degrees characterized by its high pour point of approximately 45 degrees Celsius and its propensity to solidify at certain temperatures. Conversely, the crude oil produced from Ravva block is of medium gravity and low sulphur in nature, the other distinctive characteristics is its high pour point. Further, the Cambay block crude is sweet in nature (no sulphur content) with an API gravity of approximately 45 degrees.

Gas

The Rajasthan, Ravva and Cambay blocks produce natural gas, as well as natural gas commingled with crude oil. While we have been historically selling gas from the offshore blocks of Ravva and Cambay, we commenced gas sales in the Rajasthan block in fiscal year 2014, following the regulatory approval in March 2013.

Production

The table below shows our production results for fiscal years 2013, 2014 and 2015.

Average Daily Production	Units	2013	2014	2015	% Change (2015 v. 2014)
Net operated	Boepd	90,372	90,102	87,692	(3%)
Oil	Bopd	89,065	88,320	86,086	(3%)
Gas	Mmscfd	8	11	10	(10%)

Estimate of Reserves

Set forth in the table below is certain data regarding our estimates of net reserves from fields within the Rajasthan block, the Ravva block and the Cambay block as of March 31, 2015. Volumes reported in this table are in millions of barrels of oil equivalent.

Asset	Basin	Exploration activity	Development activity	Net Proved Reserves
	Domestic Assets			
RJ-ON-90/1	Barmer	✓	✓	87.54
CB/OS-2	Cambay		✓	1.54
Ravva	KG Offshore	✓	✓	1.83
Total				90.91



Technology

Cairn India is working on application of key technologies including enhanced oil recovery mechanism (both polymer and alkali-surfactant polymer flood), 4D seismic technology and hydraulic fracturing which will enable us to enhance recovery and to support production rates.

Enhanced oil recovery methods are tertiary recovery methods of accessing oil, which is not recovered during the application of primary and/or secondary water-flood recovery methods. We plan to apply two forms of enhanced oil recovery: polymer flood and alkali-surfactant polymer flood. Implementation of polymer flood enhanced oil recovery program has commenced at the Mangala field and is planned to be extended to Bhagyam and Aishwariya fields in the future. The alkali-surfactant polymer pilot in the Mangala field was concluded in the fourth quarter of fiscal year 2015 with encouraging results.

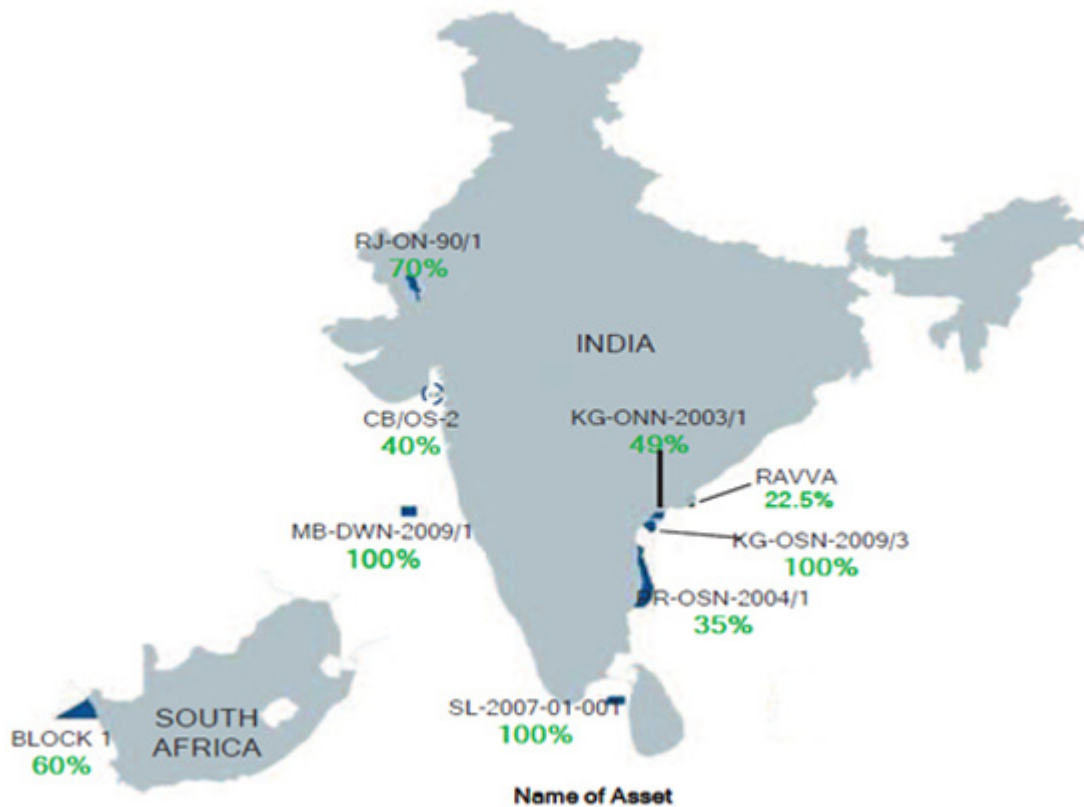
4D seismic is an advanced technique in which seismic surveys are repeatedly acquired over time and differenced to identify locations where hydrocarbons have not been drained by existing production wells. These areas become the targets for new infill wells to sustain oil production and to improve oil recovery. We embarked on the implementation of this technology at Ravva block early in fiscal year 2010 and the entire workflow was implemented in fiscal year 2014 in preparation for an infill drilling campaign that was executed in fiscal year 2015. The 4D seismic program added an incremental production of 5,000 barrels of oil per day during fiscal year 2015.

Hydraulic fracturing or fracing or hydro-frac is the process of providing a conductive path for hydrocarbons to flow from the reservoir to the wellbore, in low permeability reservoirs. The application of this technology is helping us in the development of tight oil formation of Barmer Hills. During fiscal year 2015, Cairn India fraced several wells in the Barmer Hill formation of Mangala and Aishwariya fields. Going forward Cairn India will scale up fracing operations as we continue Barmer Hill development in a phased manner across currently identified fields like Diatomite Prospect, NL and Vijaya and Vandana in the Rajasthan block.

Principal Facilities

Overview

The following map shows the locations of Cairn India’s blocks in India, Sri Lanka and South Africa.



* Map not on scale

**Rajasthan***Rajasthan Block Production Sharing Contract*

Cairn India is working in partnership with its joint operation partner ONGC, in the Rajasthan block. The Rajasthan block production sharing contract ("Rajasthan PSC") was signed in May 1995 between the GoI and a consortium consisting of ONGC and Shell India Production Development BV.

Cairn India acquired its interest in the Rajasthan PSC in three stages, eventually acquiring a 100.0% beneficial interest in the assets and liabilities as of May 2002 and acquiring legal title to this interest on June 20, 2003. Under the Rajasthan PSC, the GoI has an option to acquire a participating interest of 30.0% in any development area containing a commercial discovery. The GoI exercised their right in all three development areas, specifically, DA 1 in 2005, DA 2 in 2007 and DA 3 in 2009, acting through its nominee ONGC, and acquired a 30.0% participating interest.

Under the Rajasthan PSC, the GoI has the option but not an obligation to purchase the whole or part of crude oil produced from the Rajasthan block. However, the GoI has granted permission to Cairn India to sell the remaining quantities of crude oil, over and above those allocated to government nominees to other domestic private refineries and as of March 31, 2015, Cairn India sells the crude oil to both private refineries and the public sector undertakings refineries. As of March 31, 2015, commercial sales arrangements are in place for over 200,000 bopd with public sector undertakings and private refineries. Any additional sales to the public sector undertakings refineries, special economic zone refineries and overseas are subject to approval from the GoI.

The Rajasthan PSC established a management committee for the Rajasthan block which consists of four members, two of whom are nominated by and represent the GoI and the licensee, namely ONGC, taken together, and two of whom are nominated by and represent Cairn India. The management committee must unanimously approve annual work programs, budgets, proposals for the declaration of a discovery as commercial, field development plans, and the delineation of or additions to a development area, while all other matters only require a majority vote.

The Rajasthan PSC is currently valid until May 2020, but it may be extended subject to mutual agreement among the parties for up to an additional ten years in the case of commercial production of natural gas or up to five years otherwise. There is also a provision to further extend the production sharing contract by agreement of the parties if production of crude oil or of natural gas is expected to continue after the relevant period.

The Rajasthan block benefits from a tax holiday of seven years from fiscal year 2009 (the year of commencement of commercial production from the Rajasthan block) to March 31, 2016. However, during the seven year tax holiday, minimum alternate tax rules will apply resulting in a taxation of book profits computed in accordance with the generally accepted accounting principles as used in India. Any minimum alternate tax paid can be carried forward (at current rates) for a total period of ten years from the year of credit and used to reduce corporate tax to be paid in future years in excess of minimum alternate tax payable in those years.

Under the Rajasthan PSC, until such time as India attains self-sufficiency in its crude oil supply, Cairn India is required to sell to the GoI, or its nominee, all of Cairn India's entitlement to crude oil and condensate extracted from the Rajasthan block in order to assist in satisfying domestic Indian crude oil demand. The GoI is entitled to appoint a nominee to purchase all of the contractor's entitlement of the crude oil and condensate produced from the Rajasthan block. However, the GoI has allowed marketing freedom to Cairn India under the production sharing contract to sell remaining quantities, over and above those allocated to the GoI's nominees, to other domestic private refineries.

Under the Rajasthan PSC, all sales are to be valued at a weighted average F.O.B. selling price per barrel of a basket of international crude oils as agreed by all parties which is quoted in Platts, a provider of energy information. For any delivery period in which sales take place, the price will be set at an average price per barrel determined by calculating the average for such delivery period of the mean of the high and low F.O.B prices of the basket for each day adjusted for differences in quality, delivery time, quantity, payment terms and other contract terms to the extent known. In agreeing to an appropriate basket, the parties shall attempt, so far as is reasonably practicable, to choose a mixture and weighing of crude oils which would produce a quality similar to the quality of crude oil expected to be produced from that development area, and to agree what quality adjustment, if any, to the basket price is appropriate. In determining the quality of crude oil, account is to be taken of all relevant characteristics including gravity, sulphur and metal content, pour point and product yield.



The crude oil produced at the Rajasthan block is benchmarked to Bonny Light, an international low sulphur crude oil published in Platts Crude Oil Marketwire on a daily basis. The pricing formula also adjusts for differences in yield and quality.

In the event that there is a dispute between the parties to the Rajasthan PSC as to the basis of, or mechanism for, the calculation of the crude oil price, then any party may refer the matter to a sole expert who is to be an independent and impartial person of international standing with relevant qualifications and experience. Under the provisions of the Rajasthan PSC, the decision of the sole expert is final and binding on the parties and not subject to arbitration.

Operations

The Rajasthan block achieved net production of 29.84 mmboe in fiscal year 2015 and a cumulative total gross production of 281.2 mmboe until the end of fiscal year 2015. A total of 132 new wells were brought on production during fiscal year 2015. This has led to the block achieving net average production of 81,769 boepd for fiscal year 2015, down 3% year on year on account of planned maintenance activity at Mangala processing terminal and higher than expected water cut at Bhagyam field. The overall uptime of the facilities in the block stood at 98% for the year. As of March 31, 2015, Development Area 3 does not have any oil and gas producing fields.

Development Area 1, primarily comprising the Mangala, Aishwariya, Saraswati and Raageshwari oil and gas fields, produced a net average 68,131 boepd during fiscal year 2015, down 5% year on year with the Mangala field being the largest contributor and Aishwariya field adding to the volume growth. Aishwariya field crossed the gross production of 30,000 boepd mark for the first time and the Mangala field also performed better than expectation during the year. During fiscal year 2015, development Area 2, primarily comprising Bhagyam field, produced a net average of 13,638 boepd, up 7% year on year. The satellite fields of NI and NE were brought onto production for the first time in fiscal year 2015. As of March 31, 2015, Development Area 3 does not have any oil and gas producing fields.

The exit production rate from Barmer Hill and Satellite fields at the end of fiscal year 2015 was 5,000 boepd.

The Rajasthan block received approval from the GoI to begin selling natural gas in March, 2013. The eight inch gas pipeline which runs along the oil pipeline is being used to supply gas to domestic buyers. This is a diligent usage of resources in an environment friendly way. During fiscal year 2015, average Rajasthan gas production from Raageshwari Deep Gas field was 16 mmscfd and sales were 9 mmscfd. Compressors have been installed this year which will allow us to ramp up production further to 25 mmscfd in fiscal year 2016 with the existing infrastructure.

The following table sets out the net average oil and gas daily production from the Rajasthan block for the years ended March 31, 2013, 2014 and 2015:

<u>Average Daily Production</u>	<u>Units</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>% Change (2015 vs 2014)</u>
Net operated	Boepd	85,439	84,355	81,769	(3%)
Oil	Bopd	85,439	83,800	81,077	(3%)
Gas	Mmscfd	—	3	4	25%
Net Development Area 1	Boepd	73,831	71,570	68,131	(5%)
Net Development Area 2	Boepd	11,609	12,785	13,638	7%
Net Development Area 3	Boepd	—	—	—	—



Mangala

The Mangala field commenced production in September 2009 and continues to be the largest contributor to production from the Rajasthan asset. To increase the ultimate oil recovery and aid to production volumes, we have embarked on an enhanced oil recovery project. The infill drilling program has yielded good results in terms of enhanced barrels being brought online.

During fiscal year 2015, first polymer was injected at the Mangala field subsequent to field development plan approval from the Management committee for the Mangala field polymer flood enhanced oil recovery program. Polymer injection was ramped-up to 25,000 bldpd by the end of fiscal year 2015 and the focus will be to ramp it up to full field by the end of fiscal year 2016.

The alkaline surfactant polymer enhanced oil recovery pilot commenced during fiscal year 2015 and has shown positive results with better mobilization of un-swept oil. Preliminary analysis suggested that the alkali surfactant polymer pilot wells produced approximately 10-15% incremental oil of the pilot stock tank of oil in place over polymer flood. The net average oil and gas production from the field was 19.88 mmmboe for fiscal year 2015.

Aishwariya

Aishwariya, the third largest discovery in Rajasthan, commenced production in March 2013. It is the fifth oil producing field from the block. During fiscal year 2015, the field has ramped up production as per regulatory approvals and crossed the 30,000 boepd mark during the year. It is now producing at a stable rate.

Raageshwari and Saraswati

The Raageshwari oil field commenced production in March 2012, while the Saraswati field commenced production in May 2011. Availability of the integrated processing and evacuation facility has reduced operating costs and has therefore made these fields economically viable.

Bhagyam

Bhagyam, the second largest field in Rajasthan, forms a part of Development Area 2 and commenced production in January 2012. During the current fiscal year, we faced some challenges at the Bhagyam field and have begun to take steps to improve recovery. The planned concept of Bhagyam polymer enhanced oil recovery has been optimized to improve economics in light of lower oil prices and may allow us to undertake polymer flood recovery in the near term.

Facilities

Mangala Processing Terminal

The Mangala processing terminal is spread over an area of 1.6 sq. kms and is a core asset. The Mangala processing terminal processes crude oil produced from the Rajasthan block. Following processing, the crude oil is transported to refineries through a 24 inch diameter continuously heated and insulated pipeline. The Mangala processing terminal's integrated production facilities support the field development plan approved production, which is in line with Cairn India's unified Rajasthan block off-take capability. With increased scale and size of operations, we have embarked on fluid handling capacity and facilities enhancement project.

During fiscal year 2015, we successfully upgraded our fluid (oil, gas, water) handling capacity at the facility to 800,000 barrels per day to meet the anticipated additional requirements. This is associated with the increasing water cuts as the fields mature and more water is injected for pressure support and sweep efficiency. The facility upgrade allows us to improve upon reservoir management for the Rajasthan fields.

As part of the Mangala polymer flood enhanced oil recovery program implementation, we also intend to put in place additional facilities, which will assist in the management of the polymer flood, including storage, handling, preparation, transfer and injection into the well bore. Enhanced oil recovery infrastructure creation at the Mangala processing terminal and well pads continue to be created in a phased manner to support a phased ramp up of polymer injection. Two high performance rigs have been operating in the field, helping to bring new injectors online in support of the injection ramp-up plan.

***Raageshwari Gas Processing Facility***

We are currently in the process of setting up a gas processing terminal and pipeline in the southern part of the Rajasthan block, which will have the capacity to produce 100 mmscfd of gas from adjoining gas fields, primarily the Raageshwari Deep Gas field. The Management Committee approved the Raageshwari Deep Gas Field Development Plan for 100 mmscfd towards the end of fiscal year 2015 and contracting for the terminal is currently underway. An application has been submitted to Petroleum and Natural Gas Regulatory Board regarding the authorization of a pipeline under their policy for tie-in provisions.

Power facilities

At the Rajasthan block, captive power is generated at the Mangala processing terminal via steam turbine generators and Raageshwari gas terminal via gas turbines. The total power capacity across Mangala processing terminal and Raageshwari gas terminal aggregates to 63.3 MW. The gas used as fuel is the associated gas from our fields at Rajasthan. For power requirements exceeding the power generation capacity, which is based on associated gas availability, we tap into the Rajasthan state grid power.

Mangala Development Pipeline

The Mangala development pipeline is designed to evacuate the crude oil and transport gas from the Rajasthan block. Beginning at the Mangala processing terminal and Raageshwari terminal respectively, the 24 inch crude oil and 8 inch gas pipeline passes through eight districts across two states, Rajasthan and Gujarat. The pipeline ends at Bhogat near Jamnagar on the western coast of India. There are buffer crude storage terminals at Radhanpur and Viramgam for sales to Indian Oil Corporation and off-take lines at Salaya for sales to the Reliance India Limited and Essar Oil refineries in Jamnagar.

Since its commissioning, total cumulative crude oil sales of 271 million barrels have been achieved through the existing pipeline facilities up to March 31, 2015. With the use of drag reducing agents, the proven dispatch capacity of the Mangala development pipeline has been enhanced to around 250,000 bbls per day. Given its length, the Mangala development pipeline incorporates a pipeline intrusion detection system to provide surveillance along its entire length by using fibre optics. Our pipeline operations received the prestigious OISD award for 'Best Near-Miss reporting' and accreditation of both OHSAS: 18001 and ISO: 14001 systems.

In fiscal year 2014, gas sales commenced through the 8" gas line. Notable capacity enhancement initiatives were executed in fiscal year 2015. These included the installing of higher capacity gas compressors at Raageshwari and Viramgam terminals to nearly double gas sales capability; as well as modification of impellers of the mainline booster pumps at Viramgam.

The Salaya-Bhogat pipeline and terminal at Bhogat is ready to receive crude. Once fully commissioned, we will be able to utilize sea routes for evacuation of Rajasthan crude oil.

Bhogat Terminal Facilities

The Bhogat terminal in the Jamnagar district, Gujarat, is a 160 hectare site located eight kms from the Arabian Sea coast. The terminal will facilitate the storage and evacuation of crude oil by sea. Some key elements of the Bhogat terminal are two 24 inch sub-sea export pipelines from the Bhogat landfall point to the single point mooring system to enable crude transfer and a single point mooring system and sub-sea pipeline end manifold in deep sea to enable tanker berthing and loading. The terminal is ready to receive crude oil.

Exploration

During fiscal year 2015, the exploration program for Rajasthan has been realigned with a focus upon appraisal over exploration drilling in order to accelerate monetization. In addition, there has been a sharp focus upon prioritization aligned to volumes and commercial returns. As a result, we accelerated appraisal drilling in high volume and high value discoveries, specifically in NL, Vijaya and Vandana, Kaameshwari and Raageshwari Deep Gas.



In fiscal year 2015, we conducted a large exploration and appraisal program comprising drilling of 12 explorations and 22 appraisal wells, aggregating to a total of 34 exploration and appraisal wells. In fiscal year 2015, 6 additional discoveries were announced, taking the total number of discoveries since resumption of exploration in March 2013 to 12.

The 3D seismic data acquisition program for 1,900 sq. kms that is currently underway in Rajasthan will further help in identifying new exploration leads and augmenting the prospective resource base. As of March 31, 2015, we have acquired 886 sq. kms of 3D seismic data, 47% of the planned total.

Ravva

Ravva Block Production Sharing Contract

The production sharing contract for the exploration, development and production of the Ravva block (the “Ravva PSC”) was signed on October 28, 1994 between GoI and a consortium consisting of ONGC, Videocon Petroleum Limited, Ravva Oil and Cairn Energy India Pty Limited (formerly known as Command Petroleum (India) Pty Limited) (“Command Petroleum”) with Command Petroleum being designated as the operator. In 1996, Cairn Energy Plc acquired Command Petroleum, including its interest in the Ravva block, and Cairn India became the operator.

Cairn India holds a 22.5% working interest in the Ravva block with the remaining interests currently held by ONGC (40%), Videocon Petroleum Limited (25%) and Ravva Oil (12.5%) (together the “Ravva Joint Operating Partners”). The production sharing contract is currently valid until October 27, 2019, but may be extended by the GoI for up to an additional ten years in the case of commercial production of non-associated natural gas or up to five years otherwise.

Under the Ravva PSC, Cairn India is entitled to recover 100% of exploration, development and costs of production from crude oil and natural gas sales before any profit is allocated among the parties.

Under the Ravva PSC, until such time as India attains self-sufficiency in its crude oil supply, Cairn India is required to sell in the domestic Indian market all of its entitlement to crude oil extracted from the Ravva field to assist in satisfying domestic Indian crude oil demand. All sales to the GoI nominees are to be valued at a F.O.B. selling price per barrel in US dollars, ascertained on Platts, of one or more crude oils of similar characteristics and quality or through the spot market for such crude oil, whichever price is determined by the parties to reflect more truly the current value of the sale.

The Ravva PSC also provides that royalties and cess are payable on production. The royalty rate on crude oil and casing head condensate is set at Rs. 481 per metric ton (\$ 1.08 per barrel), regardless of the value of the crude oil. A levy on the production of crude oil under the provisions of the Oil Industry (Development) Act, 1974 of India (the “OIDA Cess”) is set by the Ravva PSC at Rs. 900 per ton of crude oil production (\$ 2.03 per barrel). A further Rs. 27 per metric ton (\$ 0.45 per barrel) (representing a 3% increase in the OIDA Cess) was levied against members of the Ravva joint operation as educational cess and senior and higher secondary educational cess until November 2013. From December 2013, the educational cess and senior and higher secondary educational cess levied was discontinued as per the circular from the Ministry of Finance.

The royalty payable on natural gas is 10% of the wellhead value of the natural gas (typically 9% of natural gas revenue). Cess levy under the Oil Industry (Development) Act, is not payable on natural gas production. Royalties and cess levy under the Oil Industry (Development) Act are capped by the Ravva PSC at these levels regardless of the generally prevailing royalty and cess rate. Payment of royalty and cess levy under the Oil Industry (Development) Act payments are recoverable under the Ravva PSC before any profit is allocated among the parties. As ONGC originally discovered the Ravva block, Cairn India and the other members of the Ravva Joint Operating Partner are obliged to make a series of production payments to ONGC based on cumulative crude oil production. The method of calculating the production payments is set out below.



	<u>Gross Payment Owed to ONGC</u>	<u>Net Payment by Cairn India</u>
	(\$ million)	
For every 25 million barrels produced up to 75 million barrels	9.0	3.4
For every 5 million barrels produced between 75-100 million barrels	1.8	0.7
For every 5 million barrels produced between 100-225 million barrels	1.7	0.6
For every 5 million barrels produced between 225-250 million barrels	1.4	0.5
For every 5 million barrels produced over 250 million barrels	1.0	0.23

From time to time, disputes have arisen between the Ravva Joint Operating Partners over the interpretation of the Ravva PSC which have required arbitration. For example, a dispute arose between the GoI and Ravva Joint Operating Partners on the issue of excess cost recovery made by Ravva joint operation partners against the base development cost as mentioned in the Ravva PSC which has limited the escalation of such costs for cost recovery purposes. The joint operation partners initiated arbitration proceedings and the arbitral tribunal announced its award on January 18, 2011 broadly allowing companies including Cairn India to recover base development cost spent amounting to \$ 278 million and disallowed an over-run of \$ 22.3 million spent in respect of base development cost and directed 50.0% legal cost on the GoI. The High Court of Kuala Lumpur, on August 30, 2012, dismissed the GoI's application for setting aside the award with costs.

The GoI further filed an appeal before the Court of Appeal, Kuala Lumpur, which was dismissed on June 27, 2014. The GoI thereafter filed an application for a leave to appeal against the Court of Appeal's order before the Federal Court, which is currently pending. The GoI has also issued a show cause notice on this matter which Cairn India Limited has replied to and has also filed an application for enforcement of the Award before the Delhi High Court as an additional measure of caution. The next hearing is due on November 23, 2015. An interim relief application has been made to the Federal Court against the Ministry of Petroleum and Natural Gas's ("MoPNG") show cause notice and alleged unilateral recoveries directly through Ravva crude oil and gas buyers. Cairn India Limited's interim application is also pending before the Federal Court.

Operations

Since inception in calendar year 1994, the Ravva block has produced crude oil and gas more than double the initial resource estimates at the time the PSC was awarded, achieving 49% recovery.

During fiscal year 2015, the block produced 3,411 boepd, with a plant uptime of 99.7% and was supported by volumes from 11 new wells, including one successful exploration well (RE-6) and one water injector. Oil production crossed 30,000 bopd from the block after three years. During the second quarter of fiscal year 2015, gas sales were affected due to unplanned maintenance activity within the customer's pipeline network, resulting in no gas offtake for three and a half months.

The following table sets out the net average oil and gas daily production from the Ravva block for the years ended March 31, 2013, 2014 and 2015:

<u>Average Daily Production</u>	<u>Units</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>% Change (2015 v. 2014)</u>
Net operated	Boepd	3,051	3,473	3,411	(2%)
Oil	Bopd	2,288	2,704	2,962	10%
Gas	Mmscfd	5	5	3	(42%)

Facilities

Currently, there are eight unmanned offshore platforms and a 225 acre onshore processing facility at Surasaniyanam, Andhra Pradesh, for processing the natural gas and crude oil produced from the offshore field. The Ravva onshore terminal operates in internationally recognized environmental standard (ISO 14001) and occupational health and safety standard (OHSAS18001). The onshore facility has the capacity to handle 70,000 bopd (95 mmscfd) of natural gas and 110,000 bbls of water injection per day. The terminal also has the capacity to store 1.0 mmbbls of crude oil and captive power generation capacity of 10 MW.

Exploration We made a new discovery RE-6 in fiscal year 2015 which was flowing at 1,300 bopd at the end of fiscal year 2015. Another exploration well, the RX-1, targeting potential gas sands within the LO110 formation at the Ravva block, was spudded on November 13, 2013 and reached the target depth on July 10, 2014. No reservoir sands were present in the LO110 interval, however gas sand within the shallower early miocene formation was found to contain gas, however sub-commercial.

**Cambay***Cambay Block Production Sharing Contract*

Exploration, development and production of the Cambay block is governed by a production sharing contract between the GoI and a consortium consisting of ONGC, Tata Petrodyne Limited (“Tata”) and Cairn India, (the “Cambay Joint Operating Partners”) which was signed on June 30, 1998 (the “Cambay PSC”) and runs until 2023 and can be extended for a period of 10 years in case of commercial production of non-associated natural gas or for a period not exceeding five years. Cairn India’s participating interest in the Cambay Basin joint operation consists of a 40% interest in the Lakshmi, Gauri and CB-X development areas. The remaining interests in these development areas are held by ONGC (50%) and Tata (10%).

Operations

The Cambay block started production in calendar year 2002. During fiscal year 2015, the block produced 2,512 boepd, up 10% from fiscal year 2014. The facilities had an uptime of over 99.96%. Production was higher on account of successful well interventions and well ramp up post surveys undertaken. A planned coil tubing campaign was carried out towards the end of fiscal year 2015 and intelligent pigging operation of the 24” subsea pipeline was underway as on March 31, 2015.

The following table sets out the net average oil and gas daily production from the Cambay block for the years ended March 31, 2013, 2014 and 2015:

<u>Average Daily Production</u>	<u>Units</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>% Change (2015 v. 2014)</u>
Net operated	Boepd	1,881	2,274	2,512	10%
Oil	Bopd	1,337	1,816	2,047	13%
Gas	Mmscfd	3	3	3	—

Facilities

An 82-acre onshore processing facility at Suvali, processes natural gas and crude oil from the Lakshmi and Gauri fields. This facility has a capacity to process 150 mmscfd of natural gas and 10,000 bopd of crude oil and includes a three stage separator oil processing train, three storage tanks of combined capacity of 28,300 bbls as well as two 2.4 MW captive power generation plants. The processing plant and offshore infrastructure are certified to ISO 14001 and OHSAS 18001 standards.

Power Generation facilities

Our current power generation facilities are set up to address the captive power requirements to run our routine business operations. The total installed capacity across upstream and midstream operations is 156 MW. The following table sets forth information relating to our existing power capacity as of March 31, 2015:

<u>Fiscal year commissioned</u>	<u>Capacity (MW)</u>	<u>Location</u>	<u>Fuel used</u>
2010 and 2014	60.0	Rajasthan Mangala processing terminal	Steam turbine
2010	3.3	Rajasthan Raageshwari gas terminal	Gas based
2010	14.4	Gujarat Viramgam terminal	Gas Based
2015	31.3	Gujarat Bhogat Terminal	Gas Based
2010	32.5	Pipeline Above Ground Installations (AGI’s)	Gas Based
2003	4.8	Cambay	Gas based
1999 and 2003	10.0	Ravva	Gas based

**Exploration**

In addition to the Rajasthan, Ravva and Cambay blocks, exploration activity was carried out in the year across six other blocks where we hold interest. The main basins include the Orange Basin, the Mannar Basin, Mumbai Offshore Basin, the Krishna Godavari Basin, and the Palar Pennar Basin.

KG Onshore

KG-ONN-2003/1, Krishna Godavari Basin (49% participating interest)

The onshore block KG-ONN-2003/1, located in the Krishna Godavari basin in the state of Andhra Pradesh, was awarded in NELP V round to a joint venture between Cairn India and ONGC. Cairn India and ONGC entered into a production sharing contract on September 23, 2005 (the "KG-ONN-2003/1 PSC"). Cairn India has 49% ownership interest in the block. Nagayalanka-1Z was the first discovery in the block. Following this discovery, the joint operation (with ONGC) for the block opted to enter phase-II of the exploration license. The second exploration well, Nagayalanka-SE-1, was drilled which resulted in a light oil discovery in the onshore part of the KG basin.

The Declaration of Commerciality for the two Nagayalanka discoveries (Nagayalanka-1z and Nagayalanka SE-1) was approved at the Management Committee meeting held in July 2014. Operatorship was then transferred to ONGC as per the KG-ONN-2003/1 PSC and a draft field development plan is under review. In November 2014, the Management Committee approved the extension of the appraisal period thus regularizing the extended well testing of Nagayalanka-1zST and drilling of Nagayalanka-NW-1z. Hydro fracturing of Nagayalanka NW-1z produced water with intermittent gas flow initially, which rapidly subsided following which the well flowed only water. Based on test results no moveable hydrocarbons were established and the well was classified as water wet.

KG Offshore

KG-OSN-2009/3, Krishna Godavari Basin (operator, 100% participating interest)

The offshore block KG-OSN-2009/3 covers an area of 1,988 sq. kms and is located in the Krishna Godavari Basin off the coast of the state of Andhra Pradesh. Cairn India is the operator and holds a 100% interest in the block. Block KG-OSN-2009/3 is a shallow water block with water depths within the block ranging between near shore to 400 meters. The production sharing contract was signed on June 30, 2010 and the Petroleum Exploration License was granted in August 2010.

100% of the planned 1,075 sq. km. of 3D seismic data acquisition was completed during fiscal year 2015 and interpretation is ongoing with a focus on building a high quality prospect inventory across multiple play types. Detailed planning for the exploration drilling campaign is underway and drilling is anticipated during the first half of fiscal year 2016.

Palar-Pennar

Palar-Pennar Basin (operator, 35% participating interest)

The block is located in the Palar Pennar basin, south of the Krishna Godavari basin and north of the Cauvery basin off the east coast of India. Water depths in the block range from a few meters (near shore) to 400 meters at the eastern boundary of the block. The block covers an area of approximately 9,417 sq. kms. We have a 35% ownership interest in the block and are the operator, while the consortium members ONGC and Tata, hold interests of 35% and 30%, respectively.



The block was under force majeure since fiscal year 2010 as the location was falling within the prohibited zone notified by government authorities and permission to carry out exploration and petroleum operations in this area was not considered appropriate by the Department of Space, GoI. However, the application for the shift of the restricted boundary has been accepted by government authorities paving the way for further exploration activity. Approval for a special dispensation period in the block for 30 months was granted on December 31, 2014 and is effective from January 1, 2015. The revised date of the expiry of Phase-1 is expected to be June 30, 2017. Plans for the three well drilling programs are ongoing.

Mumbai Offshore

Mumbai Offshore Basin (operator, 100% participating interest)

This block was awarded under the NELP VIII licensing round and is located in the Mumbai Offshore Basin. We are the operator and hold a 100% interest in the block. MB-DWN-2009/1 has water depths of between 1,000 meters to 2,200 meters.

The processing of the acquired 2,128 line km of 2D broadband seismic has been delivered in fiscal year 2015. Regional work is ongoing and options for the acquisition of additional 3D seismic data are pending the outcome of the 2D interpretation.

Sri Lanka

SL 2007-01-001 – Mannar Basin, Sri Lanka (operating through a subsidiary, 100% participating interest)

Cairn Lanka (Private) Limited, a wholly owned subsidiary of Cairn India Limited has established two gas discoveries in the Mannar basin, namely Dorado and Barracuda. Given the current level of gas prices and fiscal terms, the development of hydrocarbons in the said block is not commercially viable.

South Africa

Block 1 - Orange Basin, South Africa (operating through a subsidiary, 60% participating interest)

Cairn India signed a farm-in agreement with PetroSA, the national oil company of South Africa, for the 19,898 sq. kms off-shore block 1 ("Block 1"), located in the Orange Basin in South Africa. A wholly owned subsidiary, Cairn South Africa Pty. Limited, a wholly owned subsidiary of Cairn India Limited holds a 60% participating interest in Block 1 and is the operator.

Following farm-in and assignment of participating interest in the block in early calendar year 2013, we acquired 1,981 sq. km of 3D seismic data in fiscal year 2014. Additionally, acquisition of 3,000 line km of 2D seismic data was concluded in early March, 2014. Both the 3D seismic and 2D seismic surveys were completed without incident and on time.

A robust inventory of exploration prospects has been identified based on fiscal year 2014 3D seismic survey, which covers the outboard portion of Block 1. The outboard region is interpreted as oil-prone, constituting a play fairway that has not been tested by historical exploration drilling. Risks have been evaluated and top-tier prospects are now under final consideration. Discussions are ongoing with joint operation partner on the stability of contractual terms.

Sales and Marketing

Cairn India's 10 largest customers accounted for approximately 100% of its revenue in fiscal years 2013, 2014 and 2015 respectively. Three of Cairn India's customers accounted for greater than 90.0% of Cairn India's business revenue in fiscal years 2013, 2014 and 2015.

In fiscal year 2015, Cairn India sold 100% of the oil and gas it produces in the Indian market.



100% of the oil and gas that Cairn India produced in fiscal year 2015 was sold under annual/monthly contracts specifying quantity and price. For Rajasthan and Cambay blocks, crude oil price is benchmarked to Bonny Light, West African low sulphur crude that is frequently traded in the region, with appropriate adjustments for crude quality. Similarly, for Ravva block, crude oil price is benchmarked to Tapis and Minas, South Asian crude. The crude oil price benchmarks are based on crude oil sales agreement.

Projects and Developments

MBA fields - enhanced oil recovery project including drilling campaign and facilities upgrade

During fiscal year 2015, we have successfully upgraded our fluid (oil, gas, water) handling capacity at the Mangala processing terminal to 800,000 barrels per day to meet the anticipated additional requirements. This is associated with improving the reservoir management as fields mature.

As part of the Mangala polymer flood enhance oil recovery program implementation, polymer injection was ramped-up to approximately 25,000 barrels of liquid per day by the end of fiscal year 2015 and the focus will be to ramp it up to full field by the end of fiscal year 2016. Two high performance rigs are operating in the field which has enabled new injectors to be brought online in support of the injection ramp-up plan.

We have incurred approximately US\$ 5.1 billion on development in Rajasthan as of March 31, 2015 and we plan to additionally spend approximately \$ 225 million on further development until fiscal year 2016. These projects are financed from internal sources of capital.

Barmer Hill and Satellite field development

The Barmer Hill formation which is spread across the block has the potential to become a new major oil play in India and can be classified into 2 major development opportunities

- Barmer Hill North consisting of oil prone porcellanite rocks
- Barmer Hill South consisting of muddy porcellanites

Tight oil reservoir monetization efforts in fiscal year 2015 were focused on Mangala and Aishwariya Barmer Hill in the appraisal phase of the Barmer Hill development. Cairn India has successfully completed the appraisal phase as of March 31, 2015. A total of 8 horizontal, and 4 vertical wells have been drilled with 9 of these wells being currently online and the remaining three wells will be online by first quarter of fiscal year 2016. In this appraisal phase of the project, initial well productivity rates lie within a range of 800-1,000 bopd, which are very encouraging. The wells have been placed under testing to ascertain decline rates. Well construction costs are roughly \$ 5-7 million per well presently and savings are expected in the future as development is scaled up.

The key learning has been around productivity and fraccability of various zones of the Barmer Hill reservoir, horizontal versus vertical well development concept and fluid characterizations. Robust technology application was achieved during this phase which included application of Micro seismic hydrofracking monitoring technology and multistage fraccing of wells.

As part of the ramped up field development, the first phase will be focused on Mangala and Aishwariya fields, the second phase on Diatomite Prospect and NL fields and the third phase on Vijaya and Vandana fields. The focus in Barmer Hill and satellite fields going forward will be on optimizing costs, both capex and opex; and maximizing recovery, both production rates and enhances ultimate recovery per well.

Field development plans for the two fields, NI and NE, in development area 2 have received approval from regulators. NI field has started contributing to production volumes from second quarter of fiscal year 2015. The plan is to keep these fields as a growth option by leveraging the existing infrastructure for better returns. By leveraging the existing infrastructure in the block and using lean, reusable, modular production facilities substantial reduction was achieved in the development cost per barrel enabling development of additional fields economically. Satellite fields will be developed in a phased manner going forward. Development planning for the Guda and Tukaram fields is currently in advanced stages with the field development plans for these likely to be submitted in early fiscal year 2016.



We plan to spend additional approximately \$ 50 million on this project until fiscal year 2016. These projects are financed from internal sources of capital.

Gas development

During fiscal year 2015, a total of 4 compressors were installed and commissioned to ramp-up production from Raageshwari Deep Gas with the existing infrastructure.

We are upgrading the existing Raageshwari gas terminal to higher capacity with a first train of 100 mmscfd. We are also looking at options to construct a new gas pipeline to monetize the additional gas potential in the block for which the application has been submitted to Petroleum and Natural Gas Regulatory Board. Infrastructure is also being created to capture significant natural gas liquids potential in the block. The terminal engineering procurement construction is presently in the tendering process and the gas project is expected to be completed by the end of fiscal year 2017 subject to regulatory approvals.

We plan to additionally spend approximately \$ 150 million on this project until fiscal year 2016. This project is financed from internal sources.

Reserves and Other Oil and Gas Information

The definitions used for proved, proved developed and proved undeveloped oil and gas reserves are in accordance with the Securities and Exchange Commission Rule 4-10 of Regulation S-X. Proved oil and natural gas reserves are those estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be economically producible in future years from known reservoirs, under existing economic and operating conditions including a 12-month average price prior to the end of the reporting period, unless prices are defined by contract, and cost at the date of estimation.

DeGolyer and MacNaughton performed an independent evaluation of our 100% estimated reserves base as of March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012. See the reserves appraisal report by DeGolyer and MacNaughton, dated April 24, 2015, included as exhibit to this Annual Report.

All the proved reserves presented herein are based on production sharing contracts with the GoI. As such, all net reserves are based on an entitlement calculation which converts Cairn India's share of cost recovery and profit petroleum under each contract to a volume equivalent of net reserves in accordance with SEC guidance on calculating net reserves subject to these agreements. For further information on our proved reserves, see "Supplementary Information on Oil and Gas Exploration and Production" on page F-108.

Proved Reserves

Proved reserves estimates are based on the requirement of reasonable certainty with technical and commercial assessments based on conventional industry practices. Only technologies that have been tested in the field and have been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation are applied. To determine a reasonable certainty of commercial recovery, the process involves a general method of reserves assessment that relies on the integration of three types of data:

1. Well data used to assess the local characteristics and conditions of reservoirs and fluids.
2. Field-scale seismic data to allow the interpolation and extrapolation of these characteristics within and outside the immediate area of the local well control.
3. Data from relevant analogous fields. The data includes appraisal wells or sidetrack holes, full logging suites, core data, and fluid samples.

In the fields in which estimates of proved reserves have been prepared, reserves have only been estimated from those quantities of oil or gas in place that are above a penetrated hydrocarbon contact or above a lowest known hydrocarbon elevation. In the estimation of reserves associated with improved recovery operations, reserves are based on existing field performance parameters or from the performance of an analogous reservoir located in an adjacent field producing from the same geologic formation, in the same environment of deposition, with a similar geologic structure, containing the same drive mechanism, and containing in aggregate reservoir properties no more favorable than the reservoir of interest. In the estimation of reserves associated with enhanced oil recovery, estimates of reserves have been prepared on the basis of the performance of a pilot project that has exhibited a positive production response located within the field and reservoir in which the reserves have been attributed.



The table below sets forth our estimated net proved developed and undeveloped reserves of crude oil and natural gas by region as of March 31, 2015, based on average fiscal year 2015 prices:

Reserve category	Reserves		
	Oil (mmbbls)	Natural Gas (bcf)	Total oil and gas products (mmboe)
Proved developed			
India	73.94	3.55	74.53
Sri Lanka	—	—	—
South Africa	—	—	—
Proved undeveloped			
India	16.15	1.34	16.38
Sri Lanka	—	—	—
South Africa	—	—	—
Total proved reserves	90.09	4.89	90.91

Note: Gas is converted to oil equivalent using a factor of 6,000 cubic feet of gas per 1 barrel of oil equivalent.

The table below summarizes information about the changes in total proved reserves for 2015, 2014 and 2013

Total Proved Developed and Undeveloped Reserves

	Oil (mmbbls)	Natural gas (bcf)	Total oil and gas products (mmboe)
Reserves quantity information for the year ended			
March 31, 2013			
March 31, 2012	120.60	9.47	122.18
Revisions of previous estimates	8.59	0.06	8.60
Improved recovery	8.27	—	8.27
Purchases or (sales) of minerals	—	—	—
Extensions and discoveries	—	—	—
Production	(32.52)	(2.86)	(33.00)
March 31, 2013	104.94	6.67	106.05
Reserves quantity information for the year ended			
March 31, 2014			
March 31, 2013	104.94	6.67	106.05
Revisions of previous estimates	17.20	2.96	17.70
Improved recovery	21.63	—	21.63
Purchases or (sales) of minerals	—	—	—
Extensions and discoveries	—	1.21	0.20
Production	(32.24)	(3.89)	(32.89)
March 31, 2014	111.53	6.95	112.69
Reserves quantity information for the year ended			
March 31, 2015			
March 31, 2014	111.53	6.95	112.69
Revisions of previous estimates	7.70	1.29	7.92
Improved recovery	—	—	—
Purchases or (sales) of minerals	—	—	—
Extensions and discoveries	2.28	0.16	2.31
Production	(31.42)	(3.51)	(32.01)
March 31, 2015	90.09	4.89	90.91



Proved Undeveloped Reserves

Since March 31, 2012, Cairn India has progressed 53.2 mmboe from proved undeveloped to proved developed reserves. The major fields within the Rajasthan block represent a large proportion of Cairn India's total reserves, and the activities associated with the development of reserves in this production sharing contract dominate the progression of reserves movements for the company. Reserves associated with projects or development wells were not categorized as proved until management committee approval was granted. The Mangala, Bhagyam, and Aishwariya fields are the major producing fields in the Rajasthan block.

During the period between March 31, 2012 and March 31, 2015, Cairn India was developing the Bhagyam and Aishwariya field and continuing to develop the Mangala field. All three fields are under water flooding operations and polymer-augmented water flooding began in November 2014 in the Mangala field. First production in the Bhagyam field occurred in January 2012, while first production in the Aishwariya field started in March 2013. In addition, development wells were drilled and brought in production on the Barmer Hill Formation of the Aishwariya and Mangala fields, and in the NE and NI field discoveries. During fiscal year 2015, 53 wells have been drilled in the Mangala field, 31 wells have been drilled in the Bhagyam field, and 11 wells have been drilled in Aishwariya field. A total of 15 wells were drilled and completed in the Aishwariya and Mangala Barmer Hill Formation in fiscal year 2015. A total of 6 wells were completed in the NE and NI fields after March 31, 2014. A development program in the Ravva block of the PKGM-1 license was undertaken in fiscal year 2015 during which a total of 9 sidetrack or infill wells were drilled and completed.

During fiscal year 2013, Cairn India progressed 14.1 mmboe from proved undeveloped to proved developed reserves which represented 72 percent of the proved undeveloped reserves as of March 31, 2012. Development capital expenditures in support of the development of those reserves during fiscal year 2013 were \$ 194 million.

During fiscal year 2014, Cairn India progressed 20.6 mmboe from proved undeveloped to proved developed reserves. This represented 114 percent of the proved undeveloped reserves as of March 31, 2013. The development capital expenditures associated with development of the reserves in fiscal year 2014 totaled \$ 320 million. The primary reason that the reserves developed during fiscal year 2014 exceeded those booked as undeveloped reserves at March 31, 2013, was the approval of a 54 well development program in the Bhagyam field after March 31, 2013, and the subsequent drilling and completion of 23 of the 54 wells during fiscal year 2014. During fiscal year 2015, Cairn India progressed 18.5 mmboe from proved undeveloped to proved developed reserves which represented 51 percent of the proved undeveloped reserves as of March 31, 2014. The development capital expenditure associated with development of the reserves in fiscal year 2015 is \$ 717 million.

In the period evaluated herein, proved undeveloped reserves were added in consideration of approval from the Management Committee to drill an additional 14 wells in Mangala (fiscal year 2013) of which 14 have been drilled, drill an additional 18 wells in Bhagyam (fiscal year 2013) all of which have been drilled, drill 48 infill wells in preparation for enhanced oil recovery operations of the FM1 sands in the Mangala field (fiscal year 2014) of which all wells have been drilled, drill an additional 93 wells in preparation for enhanced oil recovery operations for the remaining sand members in the Mangala field (fiscal year 2014) of which 49 wells have been drilled, and drill an additional 54 infill wells in the Bhagyam field (fiscal year 2014) of which all wells have been drilled. Of the additional 227 wells that have been approved, 183 wells have been drilled as of March 31, 2015. The principal remaining undeveloped reserves for the Rajasthan block are associated with the drilling of 49 additional development wells and the completion of the installation of the facilities in the Mangala field associated with the full field polymer-augmented water flood.

The capital expenditures associated with the development of reserves are related to the drilling and completion of the wells in the Aishwariya, Bhagyam, and Mangala fields, artificial lift and in-field flow lines and processing equipment, and the construction and installation of the produced fluid handling facilities for all three fields including both production and injection equipment.

Additional development activities outside of the Rajasthan production sharing contract included the drilling of two development wells and a major work-over of a single well in the Lakshmi field located in the CB-OS/2 production sharing contract in fiscal year 2013. In fiscal year 2014 and 2015, no development well activity was carried out in the Ravva CB-OS/2 production sharing contract. The undeveloped reserves in fiscal year 2013 and the drilling of 9 development wells in the CB-OS/2 are associated with a penetrated reservoir which would require development with a coiled-tubing unit. In the Ravva production sharing contract, a single development well was drilled in fiscal year 2014 and nine development wells were drilled in fiscal year 2015. No development activity is in progress or planned, and no undeveloped reserves has been associated with the Ravva production sharing contract.



Internal controls over reserves estimation process

We maintain an internal staff of petroleum engineers, geoscientists and economists who work closely with our independent reserves engineers to ensure the integrity, accuracy and timeliness of data furnished to our independent reserves engineers in their estimation process and who have knowledge of the specific properties under evaluation. Our Chief Reservoir Engineer is primarily responsible for overseeing the preparation of our reserves estimates and for the internal control over our reserves estimation.

During each fiscal year, our technical team meets with DeGolyer and MacNaughton (D&M) who are provided with full access to complete and accurate information pertaining to the properties to be evaluated and all applicable personnel. In addition, other pertinent data is provided such as seismic information, geologic maps, well logs, production tests, material balance calculations, well performance data, operating procedures and relevant economic information.

Independent reserves estimation

Reserves estimates presented herein for our Indian assets are based on the D&M Reserves Reports, completed on April 24, 2015, a copy of which has been filed as an exhibit to this Annual Report.

D&M, a Delaware corporation with offices in Dallas, Houston, Calgary, Moscow and Algiers, has been providing consulting services to the oil and gas industry for more than 75 years. The firm has more than 150 professionals, including engineers, geologists, geophysicists, petro physicists and economists that are engaged in the appraisal of oil and gas properties, the evaluation of hydrocarbon and other mineral prospects, basin evaluations, comprehensive field studies and equity studies related to the domestic and international energy industry. D&M restricts its activities exclusively to consultation and does not accept contingency fees, nor does it own operating interests in any oil, gas or mineral properties, or securities or notes of its clients. The firm subscribes to a code of professional conduct, and its employees actively support their related technical and professional societies. The firm is a Texas Registered Engineering Firm.

Thomas C. Pence, Senior Vice President with D&M was responsible for the preparation of the D&M Reserves Report. Mr. Pence studied at the Texas A&M University and graduated as a Bachelor of Science in Petroleum Engineering in the year 1982. He is a registered professional engineer in the State of Texas and a member of the International Society of Petroleum Engineers. He has more than 32 years of experience in oil and gas reservoir studies and reserves evaluations.

The D&M Reserves Report covered 100% of our total proved reserves. In connection with the preparation of the D&M Reserves Report, D&M prepared its own estimates of our proved reserves. In the process of the reserves evaluation, D&M did not independently verify the accuracy and completeness of information and data furnished by us with respect to ownership interests, oil and gas production, well test data, historical costs of operation and development, product prices, or any agreements relating to current and future operations of the fields and sales of production. However, if in the course of the examination something came to the attention of D&M that brought into question the validity or sufficiency of any such information or data, D&M did not rely on such information or data until it had satisfactorily resolved its questions relating thereto or had independently verified such information or data. D&M independently prepared reserves estimates to conform to the guidelines of the SEC, including the criteria of "reasonable certainty," as it pertains to expectations about the recoverability of reserves in future years, under existing economic and operating conditions, consistent with the definition in Rule 4-10(a) of Regulation S-X. D&M issued the D&M Reserves Report based upon its evaluation. D&M's primary economic assumptions in estimates included oil and gas sales prices determined according to SEC guidelines, future expenditures and other economic assumptions (including interests, royalties and taxes) as provided by us. The assumptions, data, methods and procedures used, including the percentage of our total reserves reviewed in connection with the preparation of the D&M Reserves Report were appropriate for the purpose served by such report, and D&M used all methods and procedures as it considered necessary under the circumstances to prepare such reports.

However, uncertainties are inherent in estimating quantities of reserves, including many factors beyond our and our independent reserves engineers' control. Reserves engineering is a subjective process of estimating subsurface accumulations of oil and natural gas that cannot be measured in an exact manner, and the accuracy of any reserves estimate is a function of the quality of available data and its interpretation. As a result, estimates by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing and production subsequent to the date of an estimate, economic factors such as changes in product prices or development and production expenses, and regulatory factors, such as royalties, development and environmental permitting and concession terms, may require revision of such estimates. Our operations may also be affected by unanticipated changes in regulations concerning the oil and gas industry in the countries in which we operate, which may impact our ability to recover the estimated reserves. Accordingly, oil and natural gas quantities ultimately recovered will vary from reserves estimates.



Oil and gas production, production prices and production costs

The following tables set forth our production of crude oil and natural gas on entitlement interest basis, by geographic area for the years ended March 31, 2015, 2014 and 2013:

Hydrocarbon production by geographic area

	For the year ended March 31,								
	2013			2014			2015		
	Crude Oil (mmbbls)	Natural Gas (mmscfd)	Total (mmboe)	Crude Oil (mmbbls)	Natural Gas ⁽¹⁾ (mmscfd)	Total (mmboe)	Crude Oil (mmbbls)	Natural Gas ⁽¹⁾ (mmscfd)	Total (mmboe)
India	32.51	2.86	33.00	32.24	3.89	32.89	31.42	3.51	32.01
Mangala ⁽²⁾	26.85	—	26.85	23.89	—	23.89	19.89	—	19.89
Others	5.67	2.86	6.15	8.35	3.89	9.00	11.53	3.51	12.12
Sri Lanka ⁽³⁾	—	—	—	—	—	—	—	—	—
South Africa ⁽³⁾	—	—	—	—	—	—	—	—	—
Total	32.51	2.86	33.00	32.24	3.89	32.89	31.42	3.51	32.01

- Notes:
- (1) Natural gas production figures are the production volumes of natural gas available for sale, excluding flared and re-injected gas and gas consumed in operations.
 - (2) Mangala field is separately included as it contains more than 15% of our total proved reserves.
 - (3) Our Sri Lanka and South Africa operations are still in exploration stage.

The following table sets forth our average sales prices by geographic area and by-product type for the last three years:

	India (US \$)
During the year ended March 31, 2013	
Average sale prices	
Oil, (per barrel)	99.0
Natural gas, (per mscf)	4.6
During the year ended March 31, 2014	
Average sale prices	
Oil, (barrel)	95.8
Natural gas, (mscf)	5.7
During the year ended March 31, 2015	
Average sale prices	
Oil, (barrel)	76.8
Natural gas, (mscf)	6.4

The following table sets forth our average production costs by geographic area for the last three years:

	Unit of Measurement	For the Year Ended March 31,		
		2013	2014	2015
India				
Oil and gas	(\$ per boe)	22.2	20.9	22.9



The cost of production for oil and gas business consists of:

- expenditure incurred towards the production of crude oil and natural gas including statutory levies, such as cess, royalties (except Rajasthan block) and production payments payable pursuant to the production sharing contracts as well as operational expenditures such as costs relating to manpower, repairs and maintenance of facilities, power generation and fuel for such facilities, water injection, insurance, storage, transportation and freight of crude oil and natural gas, among others. The total production cost is divided by the net interest quantity of oil and gas produced to determine the cost of production per barrel of oil equivalent
- See “Item 5. Operating and Financial Review and Prospects – Factors Affecting Results of Operations - Royalty and cess payments” for further details.

Drilling and other exploratory and development activities

The following table sets forth the number of net productive and dry exploratory and development wells drilled for the last three fiscal years. For more information about our on-going exploration and production activities, see “Information on the Company – Business Overview - Our Business – Our Oil and Gas Business- Principal Facilities”.

Net Productive and Dry Exploratory and Development Wells

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net productive exploratory wells drilled			
India	1.0	12.5	28.2
Sri Lanka	—	—	—
South Africa	—	—	—
Total productive exploratory wells drilled	1.0	12.5	28.2
Net dry exploratory wells drilled:			
India	—	3.0	6.7
Sri Lanka	—	—	—
South Africa	—	—	—
Total dry exploratory wells drilled	—	3.0	6.7
Total number of net wells drilled	1.0	15.5	34.9
Net productive development wells drilled:			
India	14.8	82.1	56.9
Sri Lanka	—	—	—
South Africa	—	—	—
Total productive development wells drilled	14.8	82.1	56.9
Net dry development wells drilled:			
India	—	—	0.7
Sri Lanka	—	—	—
South Africa	—	—	—
Total dry development wells drilled	—	—	0.7
Total number of net wells drilled	14.8	82.1	57.6

**Present activities**

The following table summarizes the number of wells in the process of being drilled as of March 31, 2015.

Number of Wells Being Drilled as of March 31, 2015

	<u>Gross</u>	<u>Net</u>
Wells drilling		
India	2.0	1.4
Sri Lanka	—	—
South Africa	—	—
Total wells drilling	<u>2.0</u>	<u>1.4</u>

As of March 31, 2015, we were engaged in drilling two development wells on the Mangala field, M-270 and M-271. Field wide polymer injection started on the Mangala field in November 2014, with 10 wells subject to injection as of March 31, 2015, further well conversions to polymer injection are under way. An extensive seismic acquisition program is under way in Rajasthan block, with approximately 215,000 acres completed out of a planned total of 665,000 acres.

Oil and gas properties, wells, operations and acreage

Our blocks containing proved reserves have leases which currently expire in May 14, 2020 for Rajasthan block, October 27, 2019 for Ravva block and June 29, 2023 for Cambay block.

The following tables show the number of gross and net productive oil and natural gas wells and total gross and net developed and undeveloped oil and natural gas acreage in which Cairn India had interests as of March 31, 2015.

Gross and Net Productive Wells and Gross and Net Developed and Undeveloped Acreage

	As of March 31, 2015			
	Oil		Natural gas	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Gross and net productive wells⁽¹⁾				
India	421.00	287.68	26.00	16.30
Sri Lanka	—	—	—	—
South Africa	—	—	—	—
Total gross and net productive wells	<u>421.00</u>	<u>287.68</u>	<u>26.00</u>	<u>16.30</u>

	As of March 31, 2015	
	<u>Gross (acres)</u>	<u>Net (acres)</u>
Gross and net developed acreage⁽²⁾		
India	33,051	15,152
Sri Lanka	—	—
South Africa	—	—
Total gross and net developed acreage	<u>33,051</u>	<u>15,152</u>

	As of March 31, 2015	
	<u>Gross (acres)</u>	<u>Net (acres)</u>
Gross and net undeveloped acreage⁽³⁾		
India	4,496,227	2,637,352
Sri Lanka	719,571	719,571
South Africa	4,916,826	2,950,096
Total gross and net undeveloped acreage	<u>10,132,624</u>	<u>6,307,019</u>

Notes:

- (1) A gross well or acre is a well or acre in which a working interest is owned, while a net well or acre is deemed to exist when the sum of fractional ownership working interests in gross wells or acres equals one.
- (2) Developed acreage is acreage assignable to productive wells; productive wells include producing wells and wells mechanically capable of producing.
- (3) Undeveloped acreage encompasses those leased acres on which wells have not been drilled or completed to a point that would permit the production of economic quantities of oil or gas regardless of whether such acreage contains proved reserves. Users of this information should not confuse undeveloped acreage with undrilled acreage held by production under the terms of the lease.



Cairn India's lease holdings comprises of seven blocks in India of which the largest is the Palar-Pennar block in terms of acreage which accounts for approximately 50% of the total acreage. Rajasthan block, being the second largest block constitutes approximately 17% of the total acreage. We have one block each in Sri Lanka and South Africa.

Delivery Commitments

Crude Oil

We sell crude oil from our various operating fields under production, under a variety of contractual obligations. Prior to start of every fiscal year under the various production sharing contracts between Cairn India and GoI, GoI nominates volumes that would be up-lifted by its nominee refinery based upon the expected production from the field during the year. We are free to tie-up with other domestic refineries for the surplus available volume that is not nominated by GoI.

For fiscal year 2016, GoI has nominated approximately 38 kbopd (participating interest) of crude oil from various producing fields. We have reasonable endeavor crude oil sales agreements and there is no minimum committed quantity thus, resulting in no financial implication.

Natural Gas

Delivery commitment for natural gas is on an annual basis for Ravva block and on a monthly basis for the Cambay block. For Rajasthan block, GoI has allocated 10.4 mmscf per day (participating interest) of gas to consumers. The delivery commitments are based on estimated gas production from our fields.

For Cambay block, as on June 30, 2015, our share of gas sales commitment (participating interest) is approximately 2.42 mmscf per day for the month of July, 2015. For Ravva block, there is no annual commitment for gas sales for the fiscal year 2016.

We believe our domestic proved reserves will be sufficient to deliver the above mentioned contracted volumes. In case the actual delivered gas quantity does not meet allocated/committed gas quantity, then the financial implications are a discount of up to a maximum of 20% on the gas price offered to buyers based on the provisions of the respective gas sales agreement.

Distribution, logistics and transport

Rajasthan

The Mangala processing terminal has been designed as a centralized hub facility to handle crude oil production from the fields in the Rajasthan block that have been discovered by us. Once crude oil reaches the Mangala processing terminal, generally via the pipeline, it is processed and transported to public-sector customers or private refineries that have purchased it. See “— Facilities – Mangala Processing Terminal” for more details.

Cambay

The 82-acre onshore processing facility at Suvali, processes natural gas and crude oil from the Lakshmi and Gauri fields. It has a capacity to process 150 mmscf of natural gas and 10 kbopd of crude oil and includes a three stage separator oil processing train, three storage tanks of combined capacity of 28,300 bbls as well as two 2.4 MW captive power generation plants. The processing plant and offshore infrastructure are certified to ISO 14001 and OHSAS 18001 standards.

The crude oil produced from Suvali Onshore Terminal is transported via truck tankers approximately 15 km to Adani Hazira Port Private Limited. Thereafter, the crude cargo is sold to coastal refineries via sea tankers.

The processed natural gas is sold through the Gujarat State Petronet Limited pipeline facility to CLP India Private Limited and Gujarat Gas Corporation Limited.

*Ravva*

Currently, there are eight unmanned offshore platforms and a 225 acre onshore processing facility at Surasaniyanam for processing the natural gas and crude oil produced from the offshore field. The Ravva onshore terminal operates as per the internationally recognized environmental standard (ISO 14001) and the occupational health and safety standard (OHSAS18001). Onshore facility has the capacity to handle 70kbopd, 95 mmscfd of natural gas and 110,000 bbls of water injection per day. The terminal also has the capacity to store 1.0 mmbbls of crude oil.

The crude produced from the wells in the Ravva block is sent to the onshore processing terminal via subsea pipelines. The oil is processed and stored in the storage tanks at the terminal. Thereafter, the crude oil is transported to local refineries (nominated by GoI) via 20 inch export line (approximately 16 km long) from the terminal to a ship tanker, which is moored to the single point mooring buoy located in the field. The single point mooring buoy and associated equipment are together termed as tanker mooring and loading facility.

Natural gas from the wells after treatment is transported to buyer's (GAIL) pipeline.

Market share and competition

The oil and gas exploration, development and production industry in India is highly competitive. In seeking to obtain desirable exploration and development prospects, we face significant competition from Indian companies, including ONGC and Reliance Industries Limited, and major integrated and large independent multinational companies. ONGC, which is controlled by the GoI and has been awarded the majority of the exploration blocks offered by the GoI in the nine NELP licensing rounds completed as of March 31, 2015, has been told by the GoI to focus on its exploration and production activities against which we compete. Many of these competitors have access to financial or other resources substantially in excess of those available to us and accordingly may be better positioned to acquire and exploit prospects, hire personnel and market production. In addition, many of our competitors may be better able to withstand the effect of changes in industry conditions such as worldwide crude oil and natural gas prices and levels of supply and the application of government regulations, which affect our business and which are beyond our control.

We are a significant contributor to India's domestic crude oil production, approximately 27% as derived from the Ministry of Petroleum and Natural Gas statistics of March 2015.

Seasonality

Our business is not subject to seasonality as demand for oil and gas is consistent throughout the year.

Iron Ore Business*Overview*

Our iron ore business is carried out in the states of Goa and Karnataka. We are India's largest exporter of iron ore in the private sector by volume since 2003, prior to the temporary suspension of mining activities relating to iron ore in the states of Goa and Karnataka, according to the Federation of Indian Mineral Industries. Our iron ore business includes exploration, mining and processing of iron ore. In fiscal year 2015, we produced approximately 0.6 million tons of iron ore fines and lumps. The sales for fiscal year 2015 were at 1.2 million tons as compared to negligible sales at 0.03 million tons in fiscal year 2014.

We currently operate a metallurgical coke plant with an installed capacity of 560,000 tpa and a pig iron plant with an installed capacity of 625,000 tpa. We manufacture pig iron through the blast furnace route. We have a patent for the technology for the manufacture of energy recovery based metallurgical coke.

Ore from our mine at Karnataka was exported mainly through the ports at Goa and Mangalore. However, since the ban on exports imposed by the Government of Karnataka in July 2010, we sell the iron ore produced at our Karnataka mine only to domestic Indian customers. On August 26, 2011, the Supreme Court of India passed an order temporarily suspending the mining activities relating to iron ore in the Chitradurga and Tumkur districts of Karnataka due to alleged environmental violations by miners. In view of this order, our activities at this mine were stopped with immediate effect. On April 18, 2013, this suspension was lifted by the Supreme Court of India and operations were resumed on December 29, 2013 after obtaining the necessary statutory clearances. Although we resumed operations in Karnataka after receiving the stage I forest clearance from the state government of Karnataka and a temporary working permission from the MoEF, the temporary working permission expired on July 31, 2014. Karnataka operations were suspended for the period from August 1, 2014 to February 27, 2015. From February 28, 2015, the operations in Karnataka were resumed after all statutory clearances are in place.



In September 2012 and October 2012, each of the state government of Goa and the Supreme Court of India ordered the suspension of all mining operations and transportation of iron ore of the mines in the State of Goa due to alleged environmental violations by miners. In view of the foregoing, operations at our mines in Goa were suspended. On April 21, 2014, the Supreme Court of India lifted the mining suspension with certain conditions. The Supreme Court also imposed an interim restriction on the maximum annual excavation from the mining leases in the State of Goa to 20 million tons subject to determination of final capacity by an expert committee appointed by the Court. Further, in its order, the Court held that all mining leases in the State of Goa including ours expired in 2007. Consequently, no mining operations can be carried out until the renewal or execution of mining lease deeds by the state government of Goa. Post such order of Supreme Court, in August 2014 the High Court of Bombay at Goa pronounced an Order to renew mining leases in Goa. The MOEF and the state government have also revoked their suspension orders subject to limits imposed by the Supreme Court. Registration of mining leases in Goa has been completed and the Goa State Pollution Control Board in their meeting on July 10, 2015 has considered renewal of consent to operate under the Air (Prevention of Pollution) Act and Water (Prevention of Pollution) Act. Further, we have filed application for approval of mining plan for 15 mine leases, of which we have received approval for six mines. On August 10, 2015, operations at the Codli mine commenced and operations at the remaining mines are likely to restart from the second half of fiscal year 2016 after receiving the consent to operate and the approval of mining plans.

On August 22, 2011, we acquired a 51.0% ownership interest in WCL, a Liberian iron ore exploration company which was a wholly-owned subsidiary of Elenilto Minerals & Mining LLC, for a cash consideration of \$ 90.0 million. WCL is developing a network of iron ore deposits in west Africa which has a long life potential. On December 20, 2012, we acquired the remaining 49.0% of the outstanding common shares of WCL from Elenilto Minerals & Mining LLC for a cash consideration of \$ 33.5 million.

On March 1, 2012, Sesa Goa acquired 100% of the total outstanding share capital of Goa Energy Private Limited which is engaged in the business of power generation from Videocon Industries at a consideration of \$ 9.5 million. The company was renamed Goa Energy Limited ("GEL") since September 2012. GEL subsequently merged with Vedanta Limited, on March 24, 2015 with the merger being effective from April, 2014. This merger will help in creating synergies in the operations of power segment. GEL owns a 30 MW waste heat recovery power plant in Goa which generates power from the waste gases of our metallurgical coke plant and blast furnace.

A number of initiatives were earlier undertaken to expand our mining and logistical capacity at our mines at Goa and Karnataka to 36 mmt, but these initiatives have been scaled back and are currently on hold due to regulatory issues and capping of production limits across the state. We have also made substantial progress on our logistics capacity, with a new railway siding already commissioned in Karnataka and progress made on widening of the existing roads and building dedicated road corridors in both Karnataka and Goa. We have also added capacity in river and port logistics, and now have a fleet of 33 barges and 2 transhippers and 1 floating crane station as on date. Considering the current market scenario, during fiscal year 2015 we sold 4 barges and 1 transhipper in which we held a 50% stake. We are exploring the possibility to build conveyor from our mining site to the nearest Badru Bomahalli (BBH) railway siding (4.5 kms distance) to decongest road transportation.

Strategy

We intend to leverage our position in the iron ore sector on the basis of the following strengths:

- As of March 31, 2015, we own or have the rights to ore reserves consisting of approximately 323.1 million tons of iron ore at an average grade of 44.9%.
- The opportunity to expand through consolidation of the fragmented Indian iron ore industry.
- Experienced personnel with technical skills in Indian mining development in India.
- Strong growth potential with additional prospecting and mining licenses and de-bottlenecking operations.
- Robust balance sheet.
- Vertically integrated pig iron and metallurgical coke operations with patented in-house technology.

Principal products

Iron ore

Our iron ore reserves consist of both lump and fine ore. As of March 31, 2015, the percentage of lump ore in the reserves was approximately 12.0% and 18.0% in Goa and Karnataka, respectively. While the ore in Goa contains an average iron content deposit of 50.0% to 55.0%, the mines in Karnataka are of higher grade deposits, ranging between 56.0% to 60.0% iron. We sell lump ore from our mines in Karnataka primarily to domestic pig iron or steel producers. The majority of other iron ore produced by our mines is sold internationally, primarily to purchasers in China.



Pig iron

We produce basic, foundry and nodular grade pig iron in various grades for steel mills and foundries.

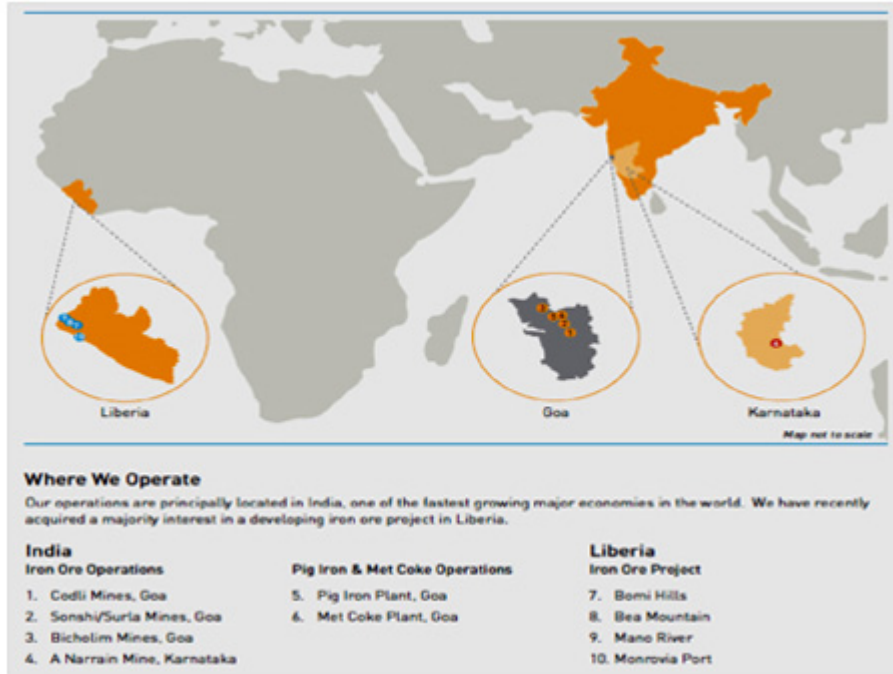
Metallurgical coke

We also produce metallurgical coke, which is primarily consumed in India.

Principal facilities

Overview

The following map shows details of the locations of our iron ore business in India and around the world:



Mines

Goa mines

Our iron ore operations in Goa consist of four major iron ore mines, namely Codli, Sonshi, Bicholim and Surla. In addition, we derive ore production from several satellite mines in North Goa. Our Goa leases were originally granted as mining concessions by the government during the Portuguese regime from 1955 onwards, and in 1987 these concessions were converted to mining leases. Before suspension of operations in September 2012, we operated a total of twenty one mining leases in Goa representing an area of approximately 1,695 hectares (includes one third-party lease on contract, representing an area of approximately 62 hectares).

We carry out exploration in grid patterns of 100 meters by 100 meters at the initial stage of exploration, followed by grid patterns of 50 meters by 50 meters. Core samples are analyzed and used to interpret the ore body for the preparation of geological cross sections and the classification of the ore as either crude ore or sub-grade ore. Drill core sampling is undertaken on entire holes and the drill core material is sampled at the sample preparation facilities.

The gross value of fixed assets for our Goa operations, including capital works-in-progress, was Rs. 107,778 million (\$ 1,729.7 million) as of March 31, 2015.

**(i) Codli mines:**

The Codli group of mines is situated in south of Goa, approximately 600 km south of Mumbai and 50 km east of Panaji, the capital of Goa. It is an open-pit operation and the nearest railway stations, Sanvordem and Margao, are approximately 13 km and 40 km, respectively, from the mine. There is an airport 55 km from the mine at Dabolim. The river loading points at Sanvordem and Capxem are approximately 12 km and 14 km, respectively, from the Codli mines while the port is approximately 40 nautical miles from the river loading point.

The Codli mines cover an area of approximately 340 hectares and are operated under the terms and conditions stipulated in four contiguous leases, three of which are owned by us with the remaining lease being owned by a third-party. We own an additional two mining leases to the northwest of the current Codli mine operations where exploration is being undertaken.

Exploration at the Codli mines began in 1966 and the mine first commenced production in 1973. Production at the mine reached 3 mmtpa by 1995. The mines have been granted environmental clearance by the MoEF for a production of 7 mmtpa.

At the Codli mines, the lower grade iron formation is folded and subsequently eroded into basinal areas amenable to open-pit mining. Economically mineable material occurs over an area of about 3.1 km by 1.6 km and is located between 84 meters above sea level and 50 meters below sea level. The formations show a general northwest-southeast trend with shallow to moderate dips towards the northeast with local reversals. The footwall is comprised of manganiferous clay and decomposed quartzites and the stratigraphy of the ore body is cross cut by late dolerite dykes and sills which are manifested by pink clayey zones in the mine area.

The Codli mines are multi-pit, multi-lease fully mechanized mining units. The open-pits have a bench height of 7 meters, haulage roads of 25 meters width and an overall pit slope of 26 degrees. The Codli mines have 14 basins, of which 5 pits have been exhausted. The lateritic overburden is removed either by ripping or dozing, and loaded by excavators and/or wheel loaders into heavy earth moving machinery such as rigid dumpers and articulated dumpers. Hauling within the mine is also done by rigid and articulated dumpers. An ore stockpile is maintained at all times to continuously feed the processing plants.

We have extensive ore processing facilities for upgrading the ore, which include crushing, dry screening, scrubbing, log washing, classifying, hydrocycloning, and magnetic separation with a wet high-intensity magnetic separator. The four Codli processing plants are between 1 and 18 years old and throughput capacity of the four Codli processing plants is 10 mmtpa. The processed ore is transported by road to a riverhead jetty by 10 ton tipper trucks and then further transported by barges to the Goa ports or transhipper for onward shipment. One plant is provided with a dry circuit to process high grade ore, while the remaining four wet plants process low grade ores. The Codli processing plants undergo regular maintenance and annual repairs are conducted during the monsoon season.

As of March 31, 2015 we have undertaken an exploration and evaluation program at the Codli mines which involved drilling a total of 56,531 meters in depth in 944 holes. The Codli mine deposits are extensively sampled in vertical drill hole grids between 8 meters and 127 meters in length. However, no exploration activity was carried out in the mine during the last year due to temporary suspension of mining activities relating to iron ore imposed by the state government.

Power at the Codli mines is supplied through a government grid supply network with a maximum contracted demand of 5,000 kVA. There are also generator sets with an aggregate of 5,190 kVA available to supply power. The site's full water requirements are met from the rainwater accumulated in exhausted pits. In fiscal year 2015, there was no ore production from the Codli mine due to the temporary suspension of mining activities relating to iron ore imposed by the state government.

The economic cut-off grade at the Codli mines is determined by the requirement to meet various sales contracts. We operate on a 50.0% iron operational cut-off grade in practice, as compared to the statutory cut-off grade of 45.0% iron. Ore containing 45.0 to 50.0% iron is preserved for future use and ore containing 50.0 to 54.0% iron is beneficiated in order to make it saleable.

The reserves at the Codli mines in the proved reserve category are defined by drill holes spaced at 50 meter intervals, the probable reserves are generally defined by drill holes spaced at a further 50 meter interval from the proved reserves. Possible reserves are generally defined by drill holes spaced at a further 50 meter to 75 meter interval from the probable reserves. As the area is drilled at approximately 50 meter by 50 meter grids, the physical continuity of the ore is well demonstrated.

We operate the Gauthona Dusrifal mine, the lease of which is held by M/s Timblo Private Limited, as an ore raising contractor since 1989. This mining concession was granted in 1958 to M/s Timblo Private Limited, which owned and operated the mine until 1988. Since 1983, we had a common boundary working agreement with M/s Timblo Private Limited and, in 1989, we acquired control of 40.8 hectares of the leasehold area. This mine is contiguous to the Codli mines. The mining method at the Gauthona Dusrifal mine is the same as that of the Codli mines described above. During fiscal year 2015, there was no ore production from the Gauthona Dusrifal mine due to the temporary suspension of mining activities relating to iron ore imposed by the state government.



(ii) Sonshi mine

The Sonshi mine is situated in the north of Goa, approximately 34 km from Panaji and approximately 40 km north of the Codli mines. It comprises an open-pit mine. The area is well connected by metalled roads and the nearest railway station is at Tivim, approximately 25 km from the Sonshi mine. The river loading point, Amona, is nine km from the site and the port is approximately 35 nautical miles from the river loading point. The airport is approximately 50 km from the Sonshi mine.

The leasehold area of the Sonshi mine is 62 hectares. The leaseholder has submitted timely renewal applications to the state government and no rejections have been notified. The Sonshi mine was operating under deemed consent until the temporary suspension of mining activities relating to iron ore by the state government of Goa. Due to the narrow width of the leasehold area, we have entered into common boundary working agreements with adjoining lessees to facilitate mining operations. The original mining concession was granted in 1953 to Cosme Costa & Sons. We have not acquired the lease, but have been operating the Sonshi mine as an ore raising contractor since 1958. Production at the mine commenced in 1958. The agreements entered into by us with Cosme Costa & Sons for the raising and sale of iron ore expired in March 2014 and negotiations are underway to renew it. The Sonshi mine has been granted environmental clearance for a production level of 3.0 mmtpa.

The area surrounding the Sonshi mine is covered with laterite capping underlain by lumpy ore zone. The ore deposit at the Sonshi mine forms the northern limb of the northwest-southeast trending syncline. The formations dip 50 degrees to 60 degrees northeast. The principal deposit of the Sonshi mine comprises three distinct ore bodies that are folded into a syncline. The youngest ore body has a width of 50 meters, while the other ore bodies dip steeply to the northeast and have widths of approximately 20 meters to 25 meters. The intervening parting between the ore bodies comprised 50 meters of manganiferous clay and a 30 meter wide limonitic zone separating one ore body from the footwall phyllite. The depth extent of these bands has been outlined with deep drilling. Hematite is the major economic mineral in each of the bands.

The open-pit mining operations at the Sonshi mine are fully mechanized. The hard laterite capping is loosened either by drilling, blasting or ripping/dozing. The soft sub-lateritic zone is excavated and transported to respective laterite, clay and ore stacks. The material is then reloaded into smaller 10-ton trucks and transported to the plants for processing and beneficiation, which involves crushing, scrubbing, log washing, classifying, double stage cycloning and thickening. The waste is transported to a dump stockpile six to seven km away. Processing operations for the Sonshi mine are similar to those of the Codli mines described above. The processed ore is transported to the Amona jetty, loaded in barges and sent to Mormugao port approximately 35 nautical miles away.

There is no processing plant on-site. The extracted ore is transported by a fleet of contractors with 10-ton trucks to the processing plants at Amona (approximately nine km away) and at Cudnem (approximately six km away). The combined throughput capacity of the processing plants is 7.9 mmtpa. The plants undergo regular maintenance and annual repairs are carried out during the monsoon season.

No exploration activity was carried out in the mine during fiscal year 2015 due to temporary suspension of mining activities relating to iron ore imposed by the state government. The Sonshi mine has been sampled in vertical and inclined drill holes with a total of 25,914 meters being drilled in 450 holes as of March 31, 2015.

Power at the mine is supplied through a government grid supply network and the maximum contracted demand is 1,000 KVA. A 625 KVA diesel generator is also available to supply power. In fiscal year 2015, there was no production from the Sonshi mine due to temporary suspension of mining activities relating to iron ore in the state of Goa.

The economic cut-off grade at the Sonshi mine is determined by the requirement to meet various sales contracts and the need to maintain stockpiles to meet the contract. We operate on a 50.0% iron operational cut-off grade in practice, as compared to the statutory cut-off grade of 45.0% iron. Ore containing 45.0 to 50.0% iron is preserved for future use and ore containing 50.0% to 54.0% iron is beneficiated in order to make it saleable.

We acquired an adjoining mining lease for the Mareta Sodo mine in 2004 from Pandurang Timblo Industries. This mining concession was granted in 1955 and was operated intermittently until the mine was transferred to us in November 2004. This mine has been granted environmental clearance by the MoEF for production of 0.5 mmtpa. As of March 31, 2015, 6,073 meters have been drilled in 54 boreholes on the leased area. The mining method of the Mareta Sodo mine is the same as that of the Sonshi mine described above.

**(iii) Sesa Resources Limited, Bicholim and Surla:**

Sesa Resources Limited and its subsidiary Sesa Mining Corporation Private Limited extract iron ore from 11 mining leases spread across a total of approximately 980 hectares in Goa. Sesa Resources Limited's operations consist of two major iron ore mining areas, one in Bicholim and the other in Surla, both located in North Goa and which together account for approximately 90.0% of Sesa Resources Limited's total estimated iron ore reserves as of March 31, 2015.

The Bicholim mine consists of 5 contiguous mining leases covering an area of 479.3 hectares in the north of Goa. The Surla mine consists of 3 contiguous mining leases covering an area of 253.4 hectares in the recognized iron ore belt of Pale-Velguem-Bicholim-Shirgao in the north of Goa. Mining operations started at the Bicholim mine and the Surla mine in 1958. Processed ore from the Bicholim and Surla mines is transported by Sesa Resources Limited to loading jetties at Sarmanas and Surla/Sinori in north of Goa, and then loaded into barges and sent to Mormugao port in Goa, India, where it is then shipped to customers. Sesa Resources Limited's mining assets include processing plants, barges, jetties, transhippers and loading capacities at the Mormugao port. In fiscal year 2015, there was no production due to the temporary suspension of mining activities relating to iron ore imposed by the state government.

(iv) Shipbuilding Division:

We also have a ship building division which commenced operations in 1984 for the construction and repair of inland mini bulk carriers owned by us as its primary activity as well as supporting our core activities including the export of iron ore and the import of coke and coal.

The facilities of the ship building division comprises a slipway, several sheds, cranes, a quayside with water depth of 3 meters, gas manifold system and docking equipment. The ship building division has designed and built various types of vessels such as barges, pusher tugboats, oil recovery vessels and landing crafts. The ship building division was the first to design and build hatch covers for barges in Goa for shipment of fines during the monsoon season. As of March 31, 2015, the ship building division was certified ISO 9001-2000 Quality Management System in 2000, ISO 14001-2004 Environment Management System in 2004 and OHSAS 18001-2007 for Occupational Health Management System.

(v) Other leases/mines

In addition to the Codli mines and right to the third-party mining lease at the Sonshi mine, we have 11 additional mining leases, of which 5 are non-operative leases. The operative mines are the Sanquelim mines with three contiguous leases with an environmental clearance of 0.2 mmtpa, the Orasso Dongor mine of 0.2 mmtpa, the Botvadeacho Dongor mine of 0.5 mmtpa and the Mareta sodo mine of 1 mtpa. The non-operative leases are under exploration.

The economic cut-off grade at these other mines is determined by the requirement to meet various sales contracts and the need to maintain stockpiles to meet the contracts. We operate on a 50.0% iron operational cut-off grade in practice, as compared to the statutory cut-off grade of 45.0% iron. Ore containing 45.0% to 50.0% iron is preserved for future use and ore containing 50.0% to 54.0% iron is beneficiated in order to make it saleable.

Karnataka

Our main operations in Karnataka are at the A. Narrain mine which is located approximately 200 km northwest of Bangalore. The open-pit mine is operated by us and is well connected by rail, with the nearest stations, Sasalu and Amruthapura, and M/s Mineral Enterprises served by Chikkajajur (MMEC) railway siding located 16 km, 17 km and 4 km respectively, from the A. Narrain mine. The nearest port at Mangalore is approximately 430 km from the mine and the nearest airport is located at Bangalore, approximately 230 km from the mine.

The leasehold area of the mine is 160.6 hectares, which is classified into two blocks, namely the south block, which is 123.5 hectares, and the north block, which is 37.1 hectares. These two blocks are joined by a narrow stretch of land 40 meters in width and 660 meters in length along the eastern side of the leasehold area. We have operated the mine since 1994. The MoEF granted requisite permission for enhanced productions to us to 6.0 mmtpa in 2009.

We have applied to the Central Empowered Committee through Monitoring Committee for enhancement of its environmental clearance limit.



20018GsPnWVWQV!L6

The geological formation of this region belongs to the Archean-Proterozoic age. The geology of the A. Narrain mine consists of Archean formations locally termed "Dharwars" which contain rich and large iron ore deposits. The leasehold area forms part of the Chitradurga-Tumkur schist belt and part of a regional isoclinal fold. The strike direction of the ore body dips westerly at an angle of about 60 degrees to 70 degrees. Hematite is the principal ore mineral and limonite, goethite and magnetite constitute the associated minor minerals of the mine. The mineralized horizon extends over a length of about two km. The footwall comprised decomposed quartzite and phyllite, and the stratigraphy is cross cut by late dolerite dykes and sills which are manifested by pink clayey zones in the mine area.

Currently, the north and the south block of the A. Narrain mine have mechanized mining operations. The open-pit mines have a bench height of seven meters, haulage roads of 12 meters to 15 meters in width and an overall pit slope of less than 30 degrees. The A. Narrain mine is equipped with dry process facilities for processing all grades of ore.

The lateritic overburden is removed either by blasting or ripping/doing, loaded onto and transported by 30-ton trucks. The ore mined is processed at the mine's processing facilities, which involves crushing and dry screening processes. The processed ore is then transported by road to the railway yard, for onward transport to customers in Karnataka, Goa and other places. Ore produced in Karnataka ranges from 56.0% to 60.0% iron content and comprises 82.0% fines and 18.0% lumps.

The two processing plants at the A. Narrain mine have a combined capacity of 1,150 tons per hour.

Since the mine was taken over by us, exploration at the A. Narrain mine involved the drilling of a total of 40,000 meters in 480 boreholes as of March 31, 2015. The A. Narrain deposit is extensively sampled in vertical and inclined drill hole grid intervals in side direction of 50 meters and in cross section average of 25 meters with most of the holes covering a depth of 50 meters to 200 meters. Power at the mine is supplied by a 725 KV and 320 KV generator. All power supplied to the mine and plant is through generators.

The gross value of fixed assets, including capital works-in-progress, was Rs.24,678.0 million (\$ 396.0 million) as of March 31, 2015.

On August 26, 2011, the Supreme Court of India passed an order suspending mining activities in the Chitradurga and Tumkur districts of Karnataka. In view of this order, our activities at this mine were stopped with immediate effect. On April 18, 2013, this suspension was lifted by the Court and in December 2013, the operations were resumed after getting necessary regulatory clearances. Although we resumed operations in Karnataka based on the stage I forest clearance from the state government of Karnataka and a temporary working permission from the MoEF, the temporary working permission expired on July 31, 2014. Karnataka operations were halted for the period from August 1, 2014 to February 27, 2015. We resumed our operations in Karnataka after all statutory clearances were in place from February 28, 2015. The economic cut-off grade at the A. Narrain mine is determined by the requirement to meet various sales contracts and the need to maintain stockpiles to meet the contract specifications.

The reserves in proved reserve category at the Karnataka mines are estimated based on drilled boreholes spaced at 50 meters along predefined section lines and occasionally off of the section lines, the probable reserves are estimated based on drilled boreholes spaced at 50 meters from the proved reserves and the possible reserves are estimated based on drilled boreholes spaced at 25 meters from the probable reserves. As the area is drilled at approximately 50 meter by 50 meter grids, the physical continuity of the ore is well demonstrated.

WCL

WCL comprises of three concession areas (Bomi Hills, Bea Mountain and Mano River) where exploration activities have been undertaken and approximately 120,000 meters of drilling has been done.

For Bomi mines we have conducted extensive exploration followed by metallurgical testing, basic engineering for process plant and feasibility studies, and reserves have been audited by Roscoe Postle Associates Inc. in 2014 considering the feasibility study conducted. As a result of the Ebola epidemic in Liberia and other factors such as global iron ore pricing, we have not engaged Roscoe Postle Associates Inc. or any other consultant for reviewing our reserves during fiscal year 2015.

Feasibility for the Bea Mountain and Mano River mines remains a key strategic focus. We continue to work closely with the government of Liberia to work out a feasible transportation solution for the project. In the coming years we intend to carry out further exploration to establish feasibility for the Bea Mountain and Mano River mines and carry out initial studies for logistic solutions. The operational infrastructure at these mines will be developed in phases.



The table below sets out proved and probable iron ore reserves as of March 31, 2015 at mines that we own or have rights to:

	Proved Reserves		Probable Reserves		Total Proved and Probable Reserves	
	Quantity (Million tons)	Iron Grade (%)	Quantity (Million tons)	Iron Grade (%)	Quantity (Million tons)	Iron Grade (%)
Goa:	—	—				
Codli Group	—	—	25.5	55.8	25.5	55.8
Sonshi Group	—	—	20.5	58.9	20.5	58.9
Other	—	—	17.9	56.0	17.9	56.0
Karnataka - A. Narrain	—	—	27.7	57.3	27.7	57.3
Sesa Resources Limited (including Sesa Mining Corporation Limited)	—	—	59.9	54.4	59.9	54.4
Sub-Total (India)	—	—	151.6	56.0	151.6	56.0
Bomi	—	—	171.5	35.1	171.5	35.1
Sub-Total (Liberia)	—	—	171.5	35.1	171.5	35.1
Total Iron ore reserves	—	—	323.1	44.9	323.1	44.9

Additional Information

For India

- The reserve estimates have been prepared by the Geologists and Mining Engineers in accordance with JORC code. The estimates were independently audited by Roscoe Postle Associates Inc. in 2015. During fiscal year 2015 we extracted 0.9 million tons of reserves, with no addition by drilling, and the reserves were internally certified by JORC competent persons.
- Ore reserves are estimated at a variable cut-off grade based on ore type; the minimum cut off grade was 30% Fe.
- The ore bodies are of relatively significant size with good continuity of the mineralized zones and little internal dilution, the contacts are well constrained, free digging and diluting material can also carry grade. The iron ore is soft and there is hardly any loss or dilution while mining. Therefore no allowance for dilution is considered as it does not have material effect on reporting results.
- The price used for India is \$ 45 per ton for average iron grade of 56% iron content.

For Liberia

- The reserve estimates are prepared by the Geologists and Mining Engineers in accordance with SAMREC code. The estimates were independently audited by Roscoe Postle Associates Inc. in 2014.
- Mining extraction of 95% and dilution of approximately 5% is factored for reporting of reserves.
- Reserves are estimated at variable cut off grade, based on ore type; the minimum cut off grade is 20%.
- Mineral Reserves are estimated using an average iron ore price of US \$ 90 per ton.
- The cut off grade is 20%, with an average grade of 35.1% iron in reserves.

Amona plant

We commenced operations at the Amona plant in Goa in 1992 and have been engaged in the manufacture and sale of pig iron since then. Our metallurgical coke plant at Amona produces a range of coke fractions from over 70 mm for foundries, 20 mm to 60 mm for blast furnaces and 6 mm to 25 mm for the ferrous alloy industry. Approximately 73.1% of the total production of metallurgical coke is consumed by us for our pig iron production and the remainder is sold to customers primarily located in India. The cost of the input coal blend is the single most important cost component for the production of coke. Our production consists mainly of low ash coking coal and we import 100.0% of low ash coking coal each year. In order to ensure a stable raw material supply, we have long-term supply contracts for the procurement of such coal. Electric power for us is supplied by our power unit which generates power from the waste heat of our metallurgical coke plant and the blast furnace gas from us.



The following table sets out the total rated capacities as of March 31, 2015 at our Amona facility:

	Rated capacity		
	Metallurgical Coke (tpa)	Pig Iron	Power (MW)
Amona Plant	560,000	625,000	60

Production

The table below sets out our total production for fiscal years 2013, 2014 and 2015:

Mine/Mine Type	Product	Year Ended March 31		
		2013	2014	2015
		(Millions Dry Metric tons)		
Goa (Open-Pit) ⁽¹⁾	Iron ore	2.8	—	—
Sesa Resources Limited (Open-Pit) ⁽¹⁾	Iron ore	0.9	—	—
A. Narrain (Open-Pit) ⁽²⁾	Iron ore	—	1.5	0.6
Total Iron Ore	Iron ore	3.7	1.5	0.6
Amona Plant	Metallurgical coke	0.33	0.41	0.50
	Pig iron	0.31	0.51	0.61

Note:

- (1) Mining operations in Goa have been stopped due to temporary suspension of mining activities relating to iron ore by the state government of Goa since September 11, 2012. On April 21, 2014, the Supreme Court of India has lifted the suspension with certain exceptions. We are working with state government to obtain the necessary clearances to resume our operations.
- (2) Mining operations in Karnataka were stopped due to a temporary suspension of mining activities relating to iron ore by the Supreme Court of India since August 26, 2011. On April 18, 2013, this suspension was lifted and operations re-commenced on December 29, 2013 after receiving all the necessary clearances. Although we resumed operations in Karnataka based on the Stage I forest clearance from the state government of Karnataka and a temporary working permission from the MoEF, the temporary working permission expired on July 31, 2014. Operations were resumed from February 28, 2015 after obtaining all statutory clearances.
- (3) Our iron ore mines in Liberia are in the exploration stage and therefore there has been no production from these mines in the last three fiscal years.

Principal raw materials

Iron ore operations. There are no direct raw materials used in our iron ore mining and processing operations. Indirect raw materials include power, fuel and lubricants. We procure these indirect materials from various vendors. The electricity required for our operations is supplied by the government grid and supplemented by our owned and hired diesel generator sets. The prices of fuel and necessary lubricants are volatile and the price of power is dependent on tariffs imposed by state governments.

Pig iron operations. The principal raw materials for the manufacture of pig iron are iron ore, metallurgical coke, limestone and dolomite.

Iron ore is largely sourced from mines in Karnataka and Goa. The iron ore is transported from Karnataka by truck and railway rakes and from Goa by truck. Iron ore requirements are met through supplies from our own mines, and through purchases from other mines in Karnataka and Goa. Our metallurgical coke requirements are met by supplies from our metallurgical coke division. Limestone and dolomite are purchased from mines in Karnataka and transported to us by truck.

Metallurgical coke. The principal raw materials for the manufacture of metallurgical coke are hard and semi-hard coking coals. These raw materials are imported from various international suppliers mainly from Australia.



Power. Electricity for our metallurgical coke and pig iron manufacturing operations is supplied by captive power plant, which generates power from the waste gases of our metallurgical coke plant and the blast furnace.

Distribution, logistics and transport

Our mining operations are advantageously located in Goa and are complemented by an efficient transportation network. In order to achieve higher volume and loading capacities and vessels with higher drafts, we and Sesa Resources Limited own and operate transfer vessels, which are used for mid-stream loading at Goa. We ship our products from ports on the west coast of India and so, the annual monsoon season in Goa impacts our distribution operations from June to September. We maintain a network of rail cars, barges and transhippers that are primarily used to facilitate the export of our ore to foreign customers. Our fleet includes 33 barges with capacities between 1,600 to 2,500 tons per barge. We also have 2 transhippers and a floating crane station with a combined capacity of upto 15 mtpa.

Sales from our Karnataka mines to Indian domestic customers take place on an ex-mine basis, and the transportation is handled by the customer.

Sales and marketing

Pig iron. Currently, the majority of the pig iron produced by us is sold within India to foundries and steel mills. The sale of pig iron is generally done on a spot basis with prices valid for a month. The prices of pig iron are fixed on a delivered basis, with material generally being sent on a freight-to-pay basis.

Metallurgical coke. Currently, all of the metallurgical coke produced by us is sold primarily within India to foundries, pig iron producers, ferrous alloys producers and cement plants. Approximately 70% - 75% of our total metallurgical coke production during fiscal year 2015 was used for the production of pig iron. The balance was sold in the domestic Indian market.

The sale of metallurgical coke to other customers is done on a spot basis with prices valid for a month. Contracts with some ferrous alloy producers are on a quarterly or bi-monthly basis, where the quantity, grade and price are fixed.

We have a marketing office at Panaji in Goa with indenting agents to sell our pig iron and metallurgical coke products. Our sales and chartering needs are managed from the office at Goa.

Market share and competition

Since 2003, we have been India's largest exporter of iron ore in the Indian private sector by volume, prior to the temporary suspension of mining activities relating to iron ore in the states of Goa and Karnataka, according to the Federation of Indian Mineral Industries. In fiscal year 2015, no sales were accounted due to the temporary suspension of mining activities relating to iron ore in the state of Goa. Our primary competitors in both the public and private sectors in India include National Mineral Development Corporation, MMTC India Limited, Rungta Mines Ltd., Mineral Sales Private Limited and Essel Mining and Industries Limited. In addition, we compete with a number of international producer-exporters of iron ore worldwide.

Seasonality

Our iron ore mining operations are affected by changes in weather conditions, particularly heavy rains. Goa, where the majority of our iron ore mining operations are located, experiences monsoon seasons, which usually occurs from early June to early October. During the monsoon season, restricted barge movements result in significantly lower exports through the Mormugao port in Goa, where our iron ore is shipped to customers. We attempt to mitigate the effects of the monsoon season by concentrating on mine development and extracting larger quantities of overburden waste during the monsoon season in order to permit speedier extraction of iron ore during the dry season. In addition, during the monsoon season, we typically conduct annual maintenance at our processing plants and our other mining machinery.



Our Copper Business

Overview

Our copper business is principally one of custom smelting and includes a smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and three captive power plants at Tuticorin in southern India, a refinery and two copper rod plants at Silvassa in western India, a precious metal refinery, a doré anode plant and a copper rod plant, at Fujairah in the UAE. In addition, we own the Mt. Lyell copper mine in Tasmania, Australia.

As a custom smelter, we buy copper concentrate at LME-linked prices for copper less a TcRc that is negotiated with suppliers. We sell refined copper at LME-linked prices in the domestic and export markets. We receive a discount from our suppliers, in the form of a TcRc, which is influenced by global copper concentrate demand, supply of copper smelting and refining capacity, LME trends, LME-linked price participation and other factors. We source our copper concentrate from various global suppliers and our mine.

In recent years, we have improved the operating performance of our copper business by improving operational efficiencies and reducing unit costs, including reducing power costs by constructing a captive power plant at Tuticorin. We intend to further improve the operating performance of our copper business by continuing to reduce unit operating costs through improvements in recovery rates, lowering power and transport costs, achieving economies of scale and the achievement of other operational efficiencies.

Principal Products

Copper Cathode

Our copper cathodes are square shaped with purity levels of 99.9% copper. These cathodes meet international quality standards and are registered as LME "A" Grade. The major uses of copper cathodes are in the manufacture of copper rods for the wire and cable industry and copper tubes for consumer durable goods. Copper cathodes are also used for making alloys like brass, bronze and alloy steel, with applications in transportation, electrical appliances and machines, defense and construction.

Copper Rods

Our copper continuous cast rods meet all the requirements of international quality standards. Our copper rods are currently used primarily for power and communication cables, transformers and magnet wires.

Sulphuric Acid

We produce sulphuric acid at our sulphuric acid plant through conversion of sulphur dioxide gas that is generated from the copper smelter. A significant amount of the sulphuric acid produced at the Tuticorin smelter is consumed by our phosphoric acid plant in the production of phosphoric acid, and the remainder is sold to fertilizer manufacturers and other industries.

Phosphoric Acid

We produce phosphoric acid at our phosphoric acid plant by chemical reaction of sulphuric acid and rock phosphate, which we import. Phosphoric acid is sold to fertilizer manufacturers and other industries.

Anode Slime

We produce anode slimes from the copper refining process that contain gold and silver which we currently sell to Fujairah and third parties. We sell the anode slimes to Fujairah Gold FZC as the doré anode plant has been shifted to our precious metal refinery at Fujairah.

Other By-products

Gypsum and bismuth are by-products of our copper smelting operations which we sell to third parties.



Supply of Copper Concentrate

As a custom smelter, we source a significant majority of our copper concentrate from third party suppliers at the LME price less a TcRc. Approximately 0.03% of our copper concentrate was sourced from our own mine in Tasmania, Australia in fiscal year 2015. All of the copper concentrate used in our operations, whether from our own mine or from third party suppliers, is imported through the port of Tuticorin and transported by road to our smelter at Tuticorin.

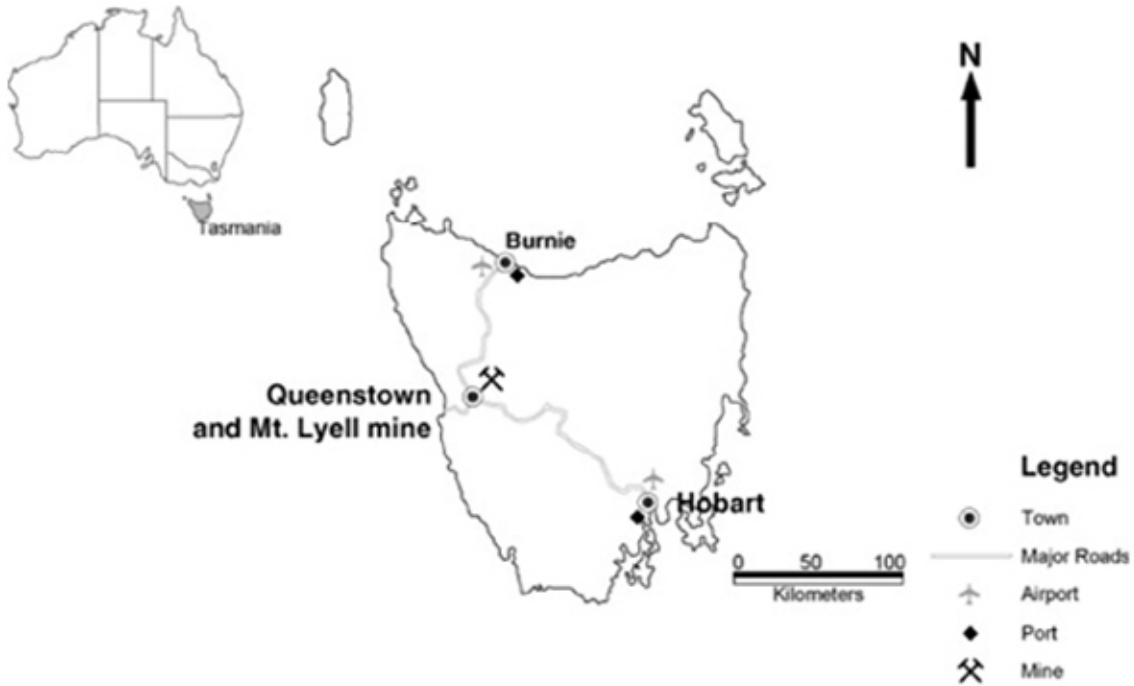
Delivery to Customers

The copper cathodes, copper rods, sulphuric acid, phosphoric acid and other by-products such as gypsum are shipped for export or transported by road to customers in India.

Principal Facilities

Our Copper Mine

The following map shows the location of the Mt. Lyell mine in Tasmania:



Overview

The Mt. Lyell mine is located at Queenstown, Australia. It comprises of an underground copper mine and a copper processing facility and is owned and operated by CMT. The Mt. Lyell mine is owned and operated under the terms and conditions as stipulated in Mining Leases 9M/2013 (earlier 1M95) and 10M/2013 (earlier 5M95) granted by the state government of Tasmania. Mining Lease 9M/2013 was granted on January 1, 1995 for a period of 15 years and the mining lease 10M/2013 was granted on February 1, 1995 for a period of 14 years and 11 months. Both leases have been renewed for a period of 18 years and are valid up to December 30, 2027. The mine is also covered by the Copper Mines of Tasmania (Agreement) Act 1999, which, in conjunction with an agreement between the state government of Tasmania and CMT entered into pursuant to that Act, limits CMT’s environmental liabilities to the impact of current operations, thereby insulating CMT from any historical legacy claims. The operation of Mt Lyell mine was suspended in January 2014, following a mud slide incident. Subsequently, the operations at this mine has been placed under care and maintenance following a rock falling on the ventilation shaft in June 2014. CMT is currently engaged in exploration and project studies to restart the mine, and has completed pre-feasibility studies of Prince Lyell North Flank, and a scoping study of copper chert prospect.

Monte Cello acquired CMT in 1999 from Mt. Lyell Mining Company Limited, or MLMC, when MLMC entered into voluntary administration due to hedging difficulties. Since Monte Cello took over the mine, annual production has increased from 2.2 million tpa in fiscal year 2000 to 2.5 million tpa in fiscal year 2013. We acquired Monte Cello, and CMT, from a subsidiary of Twin Star in the year 2000.



The principal deposits in the Mt. Lyell region are all of the volcanic disseminated pyrite-chalcopyrite type, which accounts for 86.0% of the known ore in the region. The geology of the Mt. Lyell mine consists of a series of intercalated felsic to mafic-intermediate volcanics. Lithologies are highly altered quartz-sericite-chlorite volcanics with individual units delineated largely by the relative abundance of phyllosilicates. Volcaniclastic and rhyolitic lithologies occur sporadically throughout the sequence, as does pervasive iron mineralization in the form of haematite, magnetite and siderite.

Chalcopyrite is the principal ore mineral and occurs chiefly in higher grade lenses enveloped by lower grade halos. The overall structure of Mt. Lyell is that of a steeply dipping overturned limb of a large anticline. The hanging wall (stratigraphic footwall) of the ore body consists of weakly mineralized chloritic schists with disseminated pyrite. The footwall is sharply defined by the Great Lyell Fault—Owen Conglomerate contact which truncates the ore body at its southern end.

All mining operations at CMT are undertaken by contractors while the processing and mill maintenance operations are undertaken by CMT employees. A sub-level caving underground mining method is used at the Prince Lyell ore body. Ore is loaded into trucks and then transported to the underground crusher and skip loading area. Crushed ore is then hauled by the Prince Lyell shaft and unloaded onto a conveyor feeding the ore bin at the Mt. Lyell processing plant. At the processing plant, the ore is crushed and ground prior to processing by flotation to produce copper concentrate which is then filtered to form a cake and trucked to the melba flats railway siding for transport to the port of Burnie. The concentrate is stored at Burnie until it is loaded into ships for transport to the port of Tuticorin from where it is trucked to the smelter. CMT has an active exploration and evaluation program at Mt. Lyell which involves upgrading resources below the Prince Lyell reserves and testing additional exploration targets on the mining lease. The western tharsis deposit lies to the west of the Prince Lyell ore body, but CMT has not yet committed to its development. Additional targets include Tasman and Crown, Glen Lyell, Copper Clays and NW Geophysics. The tailings dam is a valley-fill type and excess water is discharged via a spillway. The water quality is sampled before the water is released from the site. The tailings are deposited on beaches around 300 meters from the dam spillway. CMT's accepted closure plan is to flood the tailings which will require CMT to raise the tailings dam wall and such plan is currently in progress.

The processing plant is approximately 30 years old and has been partially refurbished following CMT's acquisition with the addition of crushers, a float cell and a regrind mill at the surface. While the condition of the plant is ageing, maintenance is carried out as required to ensure that the process plant remains in safe and efficient condition.

Power at the mine is supplied through an electricity supply agreement with Aurora Energy Proprietary Limited and Hydro Tasmania Proprietary Limited to supply approximately 112 Giga Watts per hour. Aurora Energy Proprietary Limited supplies electricity on a spot price basis and Hydro Tasmania Proprietary Limited is under a fixed arrangement. There is ample supply of mine water and storm water captured on the tailings dam.

The gross and net value of fixed assets, including capital works-in-progress was approximately AUD 157.6 million (\$ 120.3 million) and AUD 17.5 million (\$ 13.4 million) respectively, as of March 31, 2015.

The cut-off grades are based on copper grades with the gold credit deducted from the operating costs. The reserves are derived from stopes which are designed such that the limits of the stope are defined by a cut-off grade of 0.8% copper and have an average grade that exceeds 0.8% copper. The revenue derivation of the cut-off grade includes the gold credit. The break-even cut-off grade of 0.65% copper is the grade that makes enough margin to cover the fixed and variable costs while the actual or operational cut-off grade used is 0.55% copper. CMT operates on a 0.8% copper operational cut-off grade in practice, which prefers to take higher revenue at the expense of a longer mine life.

At the time of finalization of reserve statement as on March 31, 2015, no mineral reserves have been determined due to government statutory restrictions imposed post the mud slide incident in January 2014.

The reserves at CMT in the proven reserve category are defined as the portion that can be economically mined of the measured in-situ resource, which has gold drill coverage (<50 meter) and is on or within the 50 meter zone below the lowest active production level. The probable in-situ reserve is the material which has been defined as the portion that can be economically mined and has good drill coverage but is outside the 50 meter zone from the lowest active production level. The ex-situ probable reserve is the portion of ex-situ indicated resource which can be economically recovered with the mining of the in-situ reserves; this is applied as a modifying factor.



CMT does not use a copper equivalent calculation for the determination of stope limits as the relationship between the copper and gold grades is essentially linear, allowing the gold credits to be deducted from operating costs.

CMT has identified additional mineral deposits in the Mt. Lyell mine and we have engaged in drilling, scoping and feasibility studies on these deposits and has completed pre-feasibility of Prince Lyell North Flank and a scoping study of copper chert prospect.

Our Smelter and Refineries

Overview

The following table sets forth the total capacities as of March 31, 2015 at our Tuticorin and Silvassa facilities:

Facility	Capacity					
	Copper Anode ⁽¹⁾ (tpa)	Copper Cathode ⁽²⁾ (tpa)	Copper Rods ⁽²⁾ (tpa)	Sulphuric Acid ⁽³⁾ (tpa)	Phosphoric Acid ⁽³⁾ (tpa)	Captive Power (MW)
Tuticorin ⁽⁴⁾	405,000	205,000	96,000	1,300,000	230,000	191.5 ⁽⁵⁾
Silvassa	—	200,000	172,000	—	—	—
Total	405,000	405,000	268,000	1,300,000	230,000	191.5

Notes:

- (1) Copper anode is an intermediate product produced by copper smelters and is not sold to customers. It is used for the production of copper cathode by copper refineries. Approximately one ton of copper anode is required for the production of one ton of copper cathode.
- (2) Copper cathode is used as a starting material for copper rods. Approximately one ton of copper cathode is required for the production of one ton of copper rods.
- (3) Sulphuric acid is used as a starting material for phosphoric acid. Approximately 2.8 tons of sulphuric acid are required for the production of one ton of phosphoric acid.
- (4) There was a planned annual shutdown of the Tuticorin Smelter for a period of 22 days in the first quarter of fiscal year 2015.
- (5) On October 1, 2012, the first 80 MW unit of the new captive power plant was successfully commissioned and the second 80 MW unit was commissioned on March 7, 2014.

Tuticorin

Our Tuticorin facility, established in 1997, is located in Tamil Nadu in southern India. Our Tuticorin facility currently consists of a 405,000 tpa copper smelter, a 205,000 tpa copper refinery, a 96,000 tpa copper rod plant, a 1,300,000 tpa sulphuric acid plant, a 230,000 tpa phosphoric acid plant and two captive power plants with capacities of 7.5 MW and 24.0 MW, respectively. The first 80 MW unit of the new 160 MW coal based captive power plant at Tuticorin was commissioned on October 1, 2012 and the second 80 MW unit was commissioned on March 7, 2014. This coal based power plant is primarily used for captive consumption and we have also entered into a power purchase agreement with the Tamil Nadu Electricity Board for selling power in excess power over the captive consumption.

Presently, the captive power plants have a total capacity of 191.5 MW, excluding the 15 MW power generating power plant shifted to HZL for the Pantnagar operations. Further, we also have a 11.2 MW of power generated from a smelter waste heat boiler. Coal for the new 160 MW power plant is imported, and our other captive power plants at Tuticorin operate on furnace oil.

The smelter at the Tuticorin facility utilizes IsaSmelt™ furnace technology. The refinery uses IsaProcess™ technology to produce copper cathode and the copper rod plant uses Properzi Continuously Cast and Rolled, copper rod technology from Continuus-Properzi S.p.A., Italy, to produce copper rods.



In March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints regarding a noxious gas leak by local residents. On April 1, 2013 we filed a petition in the National Green Tribunal challenging the order of the TNPCB on the basis that the plant's emissions were within permissible limits. The National Green Tribunal passed an interim order in May 2013 allowing the copper smelter to recommence operations subject to certain conditions. We recommenced operations on June 16, 2013. The expert committee constituted by the National Green Tribunal submitted a report on the operation of the plant on July 10, 2013 stating that the plant's emissions were within the prescribed standards and based on this report, the National Green Tribunal ruled on July 15, 2013 that the copper smelter could remain open and reserved its final order. The National Green Tribunal has also directed the company to comply with the recommendations made by the committee to further improve the working of the plant within a time bound schedule. However, the TNPCB filed a civil appeal before the Supreme Court of India against the interim order of the National Green Tribunal. On August 8, 2013, the National Green Tribunal upheld its interim order of May 31, 2013, and allowed our smelter to continue operation subject to implementing all the recommendations and suggestions given by the National Green Tribunal. We have complied with all the recommendations as of today. TNPCB filed further appeals against this order. These appeals are presently pending before the Supreme Court of India. See "Item 8. Financial Information - A. Consolidated Statements and Other Financial Information – Legal Proceedings - Writ petitions filed against us alleging violation of certain air, water and hazardous waste management regulations at our Tuticorin plant" for additional information.

Silvassa

Our Silvassa facility, established in 1997, is located in the union territory of Dadra and Nagar Haveli in western India. Our Silvassa facility currently consists of a 200,000 tpa copper refinery and two copper rod plants with a total installed capacity of 172,000 tpa of copper rods. Its refinery uses IsaProcess™ technology in the production of copper cathode and its copper rod plants use Properzi copper cathode rods technology. Our Silvassa facility draws on the state power grid to satisfy its power requirements.

Fujairah

Fujairah Gold FZC is located in the Fujairah Free Zone 2. Our Fujairah facility is strategically located on the coast of the Arabian Sea. The precious metal refinery was commissioned in March 2009 and began production in April 2009, with a capacity of 20 tons of gold and 105 tons of silver. Outotec oyj, Finland, supplied the technology for the precious metal refinery. Fujairah Gold FZC commissioned a copper rod plant at a cost of \$ 12.98 million, with an annual capacity of 12.5 tons per hour with production having commenced in May 2010 and generated a production of 81,253 metric tons of rod, 9,595 kilograms of gold and 95,473 kilograms of silver in fiscal year 2015. Continuus Properzi S.p.A., Italy, has supplied the rod mill equipment for this project, and the copper cathode required for the copper rod plant is being sourced from the smelters of the Vedanta Group and third parties. The doré anode plant that was shifted from Tuticorin to Fujairah was commissioned in June 2012 for smelting of "anode slime" to "doré anode" which is the raw material for the precious metal refinery.

Production Volumes

The following table sets out our total production from Tuticorin and Silvassa for the fiscal years ended March 31, 2013, 2014 and 2015:

Facility	Product	For the Year Ended March 31,		
		2013	2014	2015
Tuticorin ⁽¹⁾⁽⁵⁾	Copper anode ⁽²⁾	349,845	301,120	361,839
	Sulphuric acid ⁽³⁾	1,060,519	835,798	1,006,692
	Phosphoric acid ⁽³⁾	119,793	116,340	189,353
	Copper cathode ⁽⁴⁾	191,858	151,592	194,019
	Copper rods ⁽⁴⁾	52,404	22,105	53,400
Silvassa	Copper cathode ⁽⁴⁾	161,296	142,842	168,353
	Copper rods ⁽⁴⁾	119,451	100,948	116,939
Total	Copper anode	349,845	301,120	361,839
	Copper cathode	353,154	294,434	362,372
	Copper rods	171,855	123,053	170,339
	Sulphuric acid	1,060,519	835,798	1,006,692
	Phosphoric acid	119,793	116,340	189,353



Notes:

- (1) The Tuticorin smelter was temporarily closed on March 29, 2013. On May 31, 2013, the National Green Tribunal passed an interim order allowing the copper smelter to recommence operations. Operations at the copper smelter recommenced on June 16, 2013.
- (2) Copper anode is an intermediate product produced by copper smelters and is not sold to customers. It is used for the production of copper cathode by copper refineries. Approximately one ton of copper anode is required for the production of one ton of copper cathode.
- (3) Sulphuric acid is used as a starting material for phosphoric acid. Approximately 2.8 tons of sulphuric acid are required for the production of one ton of phosphoric acid.
- (4) Copper cathode is used as a starting material for copper rods. Approximately one ton of copper cathode is required for the production of one ton of copper rods.
- (5) There was a planned annual shutdown of the Tuticorin smelter for 22 days in the first quarter of fiscal year 2015.

The following table sets out CMT’s copper extraction from the Mt. Lyell mine for the fiscal years ended March 31, 2013, 2014 and 2015:

Mine (Type of Mine)	Product	For the Year Ended March 31,		
		2013	2014	2015
		(tons, except for percentages)		
Mt. Lyell (Underground)	Ore mined	2,519,464	1,739,223	—
	Ore grade	1.19%	1.10%	—
	Copper recovery	92.69%	92.48%	—
	Copper concentrate	98,682	67,386	—
	Copper in concentrate	26,047	17,839	—

Principal Raw Materials

Overview

The principal inputs of our copper business are copper concentrate, rock phosphate, power, fuel and sulphuric acid. Other inputs include coke, lime, reagents and oxide ore. We have in the past been able to secure an adequate supply of the principal inputs for our copper production.

Copper Concentrate

Copper concentrate is the principal raw material of our copper smelter. In fiscal year 2015, we sourced approximately 100% of our copper concentrate requirements from third party suppliers, either through long-term contracts or on spot markets, and sourced only 0.03% from our own mines in Australia. We purchase copper concentrate at the LME price less a TcRc that we negotiate with our suppliers but which is influenced by the prevailing market rate for the TcRc. We expect the percentage we purchase from third party suppliers to increase in future periods as the Mt. Lyell copper mine has been placed under care and maintenance. We also expect the percentage we purchase from third party suppliers to also increase in future periods to the extent we seek to increase our copper smelting and refining capacity.

In general, our long-term agreements run for a period of three to five years, and are renewable at the end of the period. The quantity of supply for each contract year is fixed at the beginning of the year and terms like TcRc and freight differential are negotiated each year depending upon market conditions. In fiscal year 2015, we sourced approximately 81.1% of our copper concentrate requirements through long-term agreements.

We also purchase copper concentrate on a spot basis to fill any gaps in our requirements based on production needs for quantity and quality. These deals are struck on the best possible TcRc during the period and are specific for short-term supply. In fiscal year 2015, we sourced approximately 18.9% of our copper concentrate requirements through spot purchases.



Rock Phosphate

Until fiscal year 2012, rock phosphate was sourced primarily from Jordan pursuant to contracts renewed on an annual basis, with pricing fixed on a quarterly and half-yearly basis. In fiscal year 2015 majority of rock phosphate was sourced from Morocco, Egypt, Israel and Jordan. We sourced rock phosphate at spot prices.

Power

The electricity requirements of our copper smelter and refinery at Tuticorin are primarily met by the on-site captive power plants. The first 80 MW of a new 160 MW coal-fired thermal power plant was commissioned on October 1, 2012 and second 80 MW was commissioned on March 7, 2014. This plant uses coal that is imported from third parties. Our other captive power plants at Tuticorin operate on furnace oil that is procured through long-term contracts with various oil companies. We have outsourced the day-to-day operation and maintenance of our captive power plants at Tuticorin. Our Silvassa facility relies on the state power grid for its power requirements.

Distribution, Logistics and Transport

Copper concentrate from the Mt. Lyell processing facility is transported by road to a rail head and then transported by rail to the port of Burnie, Tasmania, from which it is shipped to the port of Tuticorin in India. Copper concentrate sourced from both our Mt. Lyell processing facility and from third parties is received at the port of Tuticorin and then transported by road to the Tuticorin facility.

Once processed at the Tuticorin facility, copper anodes are either refined at Tuticorin or transported by road to Silvassa. Copper cathodes, copper rods, sulphuric acid, phosphoric acid and other by-products are shipped for export or transported by road to customers in India.

Sales and Marketing

The 10 largest customers of our copper business accounted for approximately 30.4% , 42.6% and 32.8% of our copper business revenue in fiscal years 2013, 2014 and 2015, respectively. None of our customers accounted for greater than 10.0% of copper business revenue in fiscal years 2013, 2014 and 2015.

Our copper sales and marketing head office is located in Mumbai, and we have field sales and marketing offices in most major metropolitan centers in India. We sell our copper rods and cathodes in both the domestic and export markets. In fiscal years 2013, 2014 and 2015, exports accounted for approximately 55.7%, 48.4% and 41.8% of the revenue of our copper business, respectively. Our export sales were primarily to China, Japan, Indonesia, Malaysia, Vietnam, Europe, Turkey, UAE, Mexico and Taiwan. We also sell phosphoric acid and other by-products in both the domestic and export markets.

Domestic sales are normally conducted on the basis of a fixed price for a given month that we determine from time to time on the basis of average LME price for the month, as well as domestic supply and demand conditions. The price for copper we sell in India is normally higher than the price we charge in the export markets due to the tariff structure on costs, smaller order sizes that domestic customers place and the packaging, storing and truck loading expenses that we incur when supplying domestic customers.

Our export sales of copper are made on the basis of both long-term sales agreements and spot sales. The sales prices of our copper exports include the LME price plus a producer's premium. We do not enter into fixed price long-term copper sales agreements with our customers.

Market Share and Competition

We own one of the two custom copper smelters in India and had a 34% primary market share by sales volume in India in fiscal year 2015, according to International Copper Promotion Council India. The other major custom copper smelter in India is owned by Hindalco Industries Limited, which had a primary market share by sales volume of approximately 32% in fiscal year 2015, with the remainder of the primary copper market in India primarily served by imports and Hindustan Copper Limited.

Copper is a commodity product and we compete primarily on the basis of price and service, with price being the most important consideration when supplies of copper are abundant. Our metal products also compete with other materials, including aluminium and plastics that can be used in similar applications by end-users. Copper is sold directly to consumers or on terminal markets such as the LME. Prices are established based on the LME price, though as a regional producer we are able to charge a premium to the LME price which reflects the cost of obtaining the metal from an alternative source.



Projects and Developments

We have proposed expansion projects at Tuticorin costing Rs. 22,900 million (\$ 367.5 million) to increase its total copper capacity to 800,000 tpa. This includes a 160 MW coal-based thermal captive power plant, and on October 1, 2012, the first 80 MW unit of the new captive power plant was commissioned and, the second 80 MW unit was commissioned on March 7, 2014. Surplus power generated by this plant is currently being sold to third parties, but the expansion of the smelter is on hold as required approvals from the state government have not yet been received. Specifically, the proposed capacity expansion at Tuticorin had been delayed since December 2009 due to a writ filed before by the Madras High Court, although this writ had not prevented the continued operation of the plant.

For additional information on these proceedings, please see Item 3. “–Key Information – D. Risk Factors — We are involved in certain litigation seeking cancellation of permits and environmental approval for the alleged violation of certain air, water and hazardous waste management regulations at our Tuticorin plant”.

We have incurred Rs. 14,555 million (\$ 233.6 million) on these projects as of March 31, 2015. We funded these projects primarily from the proceeds of the convertible senior notes issued in fiscal year 2010.

Our Aluminium Business

Our aluminium business is in Chhattisgarh and Odisha. We operate the business in the state of Chhattisgarh through BALCO, in which we have a 51.0% ownership interest, whereas our aluminium operations in Odisha were earlier operated through Vedanta Aluminium, which was merged into Sesa Sterlite pursuant to the Re-organization Transactions.

(a) BALCO

Overview

Our aluminium business is owned and operated by BALCO. BALCO’s partially integrated aluminium operations are comprised of two bauxite mines, two captive power plants (one of which is used to produce power for captive consumption and the other is used for commercial purpose), an alumina refinery, the operations of which have been suspended since September 2009, a 245,000 tpa aluminium smelter and a fabrication facility, all of which are located in Korba in the State of Chhattisgarh in central India. BALCO’s operations benefit from relatively cost effective access to power, the most significant cost component in aluminium smelting due to the power intensive nature of the process. This is, to a considerable extent, as a result of BALCO being an energy-integrated aluminium producer. BALCO is also in the process of constructing a 1200 MW coal-based thermal power facility in the state of Chhattisgarh which has received approval on January 14, 2015 from the regulatory authorities to operate. During fiscal year 2015, BALCO has completed the ramp up of the first 84 pots of 325,000 tpa aluminium smelter and the remaining pots are expected to be ramped up during fiscal year 2016 following the start up of the 1200 MW power plant.

During the fourth quarter of fiscal year 2015, BALCO was successful in securing two coal mines in coal block auctions conducted by the GoI, namely the Chotia coal block and Gare Palma IV/1 block. The total reserves at the Chotia block and the Gare Palma IV/1 are 15.5 million tons and 44 million tons respectively with the annual production capacity of one million tons and six million tons for the Chotia block and the Gare Palma block IV/1 respectively. Subject to the transfer of mining lease and other statutory approvals, the production will commence at the Chotia mine. Despite a successful bid for Gare Palma IV/1, the GoI has challenged the award and BALCO has appealed regarding the GoI’s rejection of the winning bid for the Gare Palma IV/1. By way of letter dated July 29, 2015, the GoI rejected the representation of BALCO to accept its bid for the Gare Palma IV/1 coal mine. BALCO retains the liberty to re-file the writ in the Delhi High Court. The above coal mines cover 90% of BALCO’s coal requirement for captive power generation.

BALCO’s Bodai-Daldali bauxite mines provide a majority of the bauxite required for BALCO’s smelters. The bauxite is transferred to our alumina refinery in Lanjigarh, which converts bauxite to alumina and supplies the alumina back to BALCO, for payment of a conversion price by BALCO to us, which is based on our actual cost of production plus a reasonable margin. The remainder of BALCO’s alumina requirements is sourced from third parties. The mining lease of our Mainpat bauxite mine expired on July 8, 2012 and BALCO has applied for the renewal of the mining lease for a further period of 10 years from July 2012. BALCO has temporarily stopped the mining activity at Mainpat on account of pending approval from the necessary mining authorities. The MoEF issued a formal order for the grant of a temporary work permit on January 7, 2015.

We own a 51.0% ownership interest in BALCO and have management control of the company. The remainder of BALCO is owned by the GoI, which established BALCO in 1965. We acquired our interest in BALCO from the GoI on March 2, 2001. On March 19, 2004, we exercised an option to acquire the GoI’s remaining ownership interest. The exercise of this option has been contested by the GoI. Further, the GoI retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See “- Options to Increase Interests in HZL and BALCO” for more information.



Principal Products

Primary Aluminium

Primary aluminium is produced from the smelting of metallurgical grade alumina. BALCO produces primary aluminium in the form of ingots and wire rods for sale. Ingots are used extensively for aluminium castings and fabrication in the construction and transportation industries. Wire rods are used in various electrical applications especially in the form of electrical conductors and cables.

Rolled Products

Rolled products, namely coils and sheets, are value-added products that BALCO produces from primary aluminium. Rolled products are used for a variety of purposes in different industries, including aluminium foil manufacturing, printing, transportation, consumer durables, building and architecture, electrical and communications, packaging and general engineering industries.

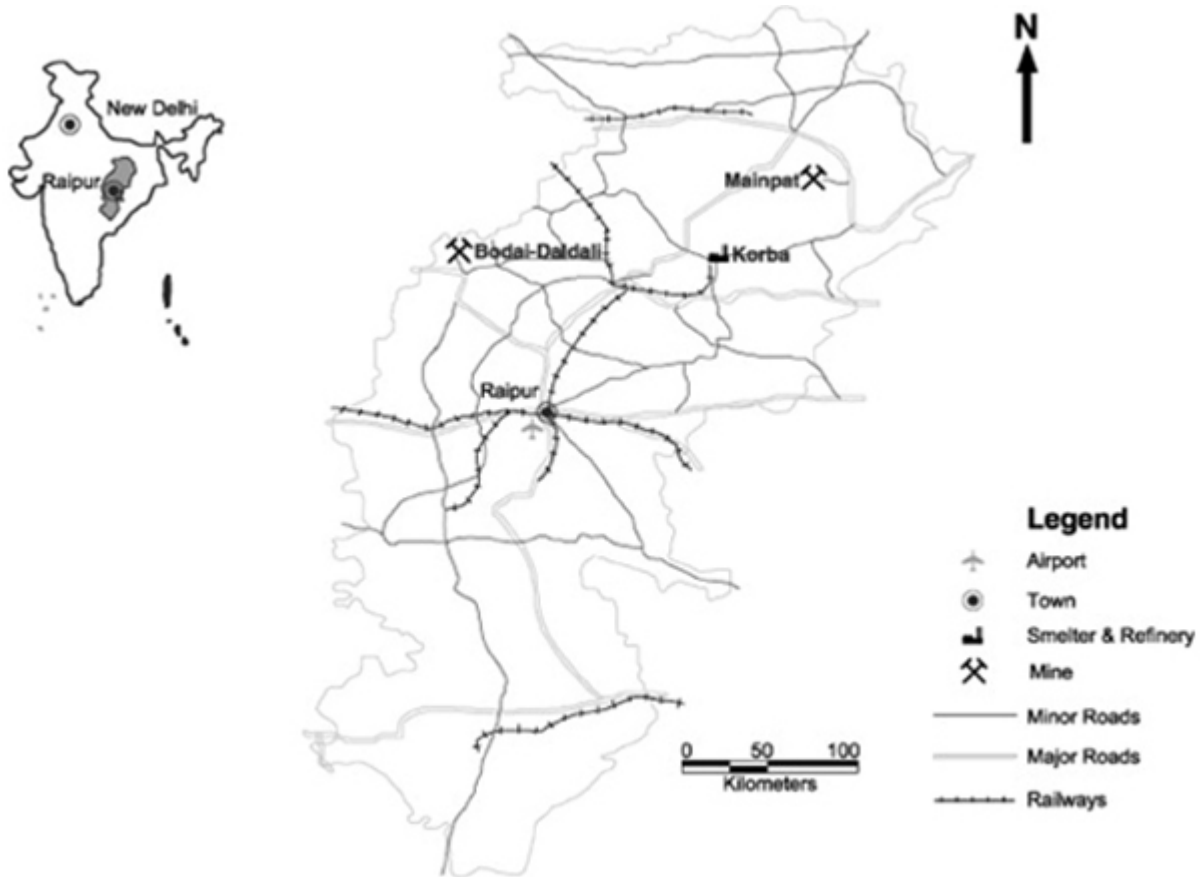
Delivery to Customers

Ingots, wire rods and rolled products are transported by trucks to customers in India and to ports for export.

Principal Facilities

Overview

The following map shows details of the locations of BALCO's facilities in the State of Chhattisgarh:



*Bauxite Mines**Chhattisgarh Mines – Mainpat and Bodai-Daldali*

BALCO has two captive bauxite mines, namely, the Mainpat bauxite mine and the Bodai-Daldali bauxite mine, in the state of Chhattisgarh in central India. Mainpat is an open-pit bauxite mine located in the Surguja district of the state of Chhattisgarh. The Mainpat mine has been in production since 1993 and has a leased hold area of 6.39 square kilometers. The mining lease of Mainpat mine expired on July 8, 2012. We have applied for the renewal of mining lease for a further period of 10 years from July 9, 2012. BALCO has temporarily stopped the mining activity at the Mainpat mine on account of pending approval from the necessary mining authorities. The bauxite extraction limit for the mine granted by MoEF is 750,000 tpa. MoEF has granted environmental clearance for the renewal of Mainpat mine in September 2014 and issued a formal order for the grant of a temporary work permit on January 7, 2015.

The Bodai-Daldali deposits are located approximately 260 kilometers from Korba in the Kawardha district of the state of Chhattisgarh. Bodai-Daldali was commissioned in 2004 by BALCO with a lease hold area of 6.3 square kilometers renewable mining lease that is valid until March 26, 2017. The bauxite extraction limit for Bodai-Daldali Mines granted by MoEF is 1,250,000 tpa.

The Chhattisgarh bauxite deposits are situated over a plateau with steep scarps on both sides, at an elevation of approximately 1,000 meters above sea level for Mainpat, and approximately 940 meters above the surrounding land for Bodai-Daldali. The bauxite is generally one meter to three meters thick and lies within a laterite sequence overlying thick tertiary basalts of the deccan traps. The cover of laterite and thin topsoil is up to 5 meters thick but is generally less than 2 meters. The bauxite outcrops around much of the plateau rims.

A typical profile of the Chhattisgarh deposits comprises topsoil and soft overburden above the laterite. The upper laterite consists of hard, loose or indurated bauxite pebbles and boulders with a clear contact with the underlying hard bauxites. The bauxite occurs in discontinuous lenses up to four meters in thickness with laterite infilling joints and fractures with the bauxite. The contact with the softer lower laterite is usually gradational and irregular.

The bauxite is hard to very hard with a natural moisture content of 5.0% to 10.0%, an in-situ density of 2.3 tons to 2.4 tons per cubic meter. It comprises primarily gibbsite with bohemite and minor diaspore. The reactive silica content is low and iron is present in the form of hematite and aluminous goethite. The average grade of the bauxite is approximately 46.76% aluminium oxide and silica levels of 3.39% as of March 31, 2015.

All mining and transportation at both mines are undertaken by contractors. One thin top soil layer is removed by an excavator and is either transported to an adjacent storage point or an area that is being backfilled. The laterite layer is drilled and blasted. The overburden is then removed by backhoe excavators and 15-ton dumpers. Broken ore is hand-sorted, leaving waste material behind. Ore productivity is around 2 to 3 tons per person per day in the dry season which decreases to 1.25 to 1.75 tons per person per day in the wet season.

The current exploration drilling program is based on a 50-meter square pattern and is reduced to a 25-meter centers for detailed mine planning. Sampling is normally in 0.40 meter lengths and core is currently split and retained for future reference. Bauxite samples are tested for silica and aluminium oxide at laboratories situated on site and at the Korba plant. Selected sample are re-assayed as part of a quality control program.

Since the commencement of operations, the Mainpat mine has produced approximately 7.4 million tons of bauxite. During fiscal year 2015 there was no production from the mine due to a pending renewal of mining lease and a restriction from removing the mined ore from the mining site. Power and water requirements at Mainpat are minimal and can be supplied by small on-site diesel generators and from boreholes in the mine.

As of March 31, 2015, BALCO estimates reserves at Mainpat to be 3.1 million tons and the remaining mine life of the Mainpat mine to be approximately 4-5 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan.

Total production at the Bodai-Daldali mine since the commencement of production has been 4.9 million tons of bauxite, with production in fiscal year 2015 totaling approximately 860,710 tons at 46.76% aluminium oxide. Power is supplied by on-site diesel generators and ground water provides the water requirements for the mine.



As of March 31, 2015, BALCO estimates the reserves at Bodai-Daldali to be 2.29 million tons and the remaining mine life to be approximately 2 years based on (i) reserves; and (ii) planned production which is determined on the basis of a life-of-mine plan. The cut-off grade used to define the reserves at BALCO's mines was 44.0%.

In fiscal year 2015, all mining and transportation of the bauxite was done by contractors and the total cost for this was Rs. 2,331 (\$ 37.4) per ton of bauxite.

Based on current costs and historical prices, BALCO's operations are forecast to remain profitable and therefore the deposits at the Mainpat and Bodai-Daldali mines fulfill the requirements for being classified as reserves. The reserves as of March 31, 2015 at BALCO's mines at Mainpat and Bodai-Daldali have been determined by verifying that the integrated operation is economic at an aluminium price of \$ 1,879 per ton, which is the average metal price for the 3 fiscal years ending March 31, 2015, 2014 and 2013.

The mining dilution and mining recovery factors applied to determine the reserves at the Mainpat mine are 6.4% and 62.0%, respectively, while the factors applied at the Bodai-Daldali mine are 5.0% and 65.0%, respectively. The parameters for Mainpat are derived from the reconciliation of actual production against the geological model, while the parameters for Bodai-Daldali are based on estimates.

In fiscal year 2015, there was no stripping ratio at the Mainpat mine as there was no ore extraction during the year, while the stripping ratio at the Bodai-Daldali mine was 1.0:3.46. The stripping ratio for the remaining reserves at Mainpat is 4.13 tons of waste per ton of ore, while at the Bodai-Daldali mine, it is 3.31 tons of waste per ton of ore. Stripping ratio is the ratio of the volume of waste material required to be handled in order to extract some volume of ore.

Summary of Bauxite Mine Reserves

The following table sets out BALCO's proven and probable bauxite reserves as of March 31, 2015:

Mines	Proven Reserves			Probable Reserves			Total Proven and Probable Reserves			SSL Interest %	Reserve Life (years)
	Quantity	Alumina	Silica	Quantity	Alumina	Silica	Quantity	Alumina	Silica		
	(in million tons)	(%)	(%)	(in million tons)	(%)	(%)	(in million tons)	(%)	(%)		
Mainpat	3.08	46.28	4.12	—	—	—	3.08	46.28	4.12	—	4-5
Bodai-Daldali	2.09	46.07	3.37	—	—	—	2.09	46.07	3.37	—	2-3
Total	5.17	46.19	3.82	—	—	—	5.17	46.19	3.82	51	—

Additional information:

- (1) The estimate of reserves, were audited by Geo Solutions Private Limited, presented incorporate the losses for mine dilution and mining recovery according to the JORC code.
- (2) The cut-off grade used with our reserve estimates for bauxite is 44.0%.
- (3) The metallurgical recovery factor for bauxite at both Mainpat and Bodai-Daldali is 45.4%.
- (4) The historic three year average commodity prices is \$ 1,879 per ton for bauxite and the currency conversion factor that was used to estimate our reserves was Rs. 59.31 per US dollar.
- (5) The reserve quantities disclosed are for the entire mine and our share in the reserve quantities is 51.0%.

Korba Facility

Overview

BALCO's Korba facility is located at Korba in the state of Chhattisgarh and consists of a 245,000 tpa aluminium smelter, two power plants (one of which is used to produce power for captive consumption and the other that is used for commercial purposes), an alumina and a fabrication facility. During the year, first 84 pots of 325,000 tpa aluminium smelter were operationalized. The following table sets forth the total capacities as of March 31, 2015 at BALCO's Korba facility:

Facility	Capacity		
	Alumina (tpa)	Aluminium (tpa)	Captive Power (MW)
Korba	200,000	245,000	810



Refinery

The Korba alumina refinery was commissioned in 1973, uses the conventional high pressure Bayer process and has a capacity of 200,000 tpa of alumina. The operations of the refinery have been stopped since September 2009.

Smelters

Earlier, there were two aluminium smelters. The first smelter was commissioned in 1975, and used the Vertical Stud Soderberg technology to produce aluminium from alumina and had a capacity of 100,000 tpa. In response to recent global economic conditions and a decline in commodity prices, starting in February 2009, BALCO suspended part of its operations at the 100,000 tpa aluminium smelter at Korba. Operations at this aluminium smelter ceased on June 5, 2009. The second smelter uses pre-baked GAMI technology and has a capacity of 245,000 tpa, was commissioned in November 2006. BALCO is in the process of setting up a 325,000 tpa smelter at the Korba facility and started the first metal tapping in fiscal year 2014. We have currently ramped up to 84 pots and commercial production started in September 2014.

Fabrication Facility

The fabrication facility at Korba has two parts, a cast house and a sheet rolling shop.

Cast House

The cast house uses continuous rod casters from Continuus-Properzi S.P.A and has a foundry which has twin-roll continuous casters with a SNIF degasser and hydraulically driven semi-continuous ingot casting machine to produce ingots and wire rods.

Sheet Rolling Shop

The sheet rolling shop has three parts: a hot rolling mill with a capacity of 75,000 tpa, an older cold rolling mill with a capacity of 30,000 tpa and a newer cold rolling mill commissioned in 2004 with a capacity of 36,000 tpa. Molten metal is cast into slabs and then either hot-rolled and sold as hot-rolled sheets or converted into cold-rolled sheets in the cold rolling mills. Alternatively, molten metal is directly used in strip casting and then fed to the cold rolling mills to convert it into cold-rolled sheets or coils.

Captive Power Plants

Smelting requires a substantial continuous supply of power and interruptions can cause molten metal to solidify and damage or destroy the pots. Power for the Korba facility is for the most part provided by the coal-based 540 MW captive power plant commissioned in March 2006. The surplus generation from the power plant is supplied to the State Electricity Board and other customers. Following the shutdown of the 100,000 tpa aluminium smelter, power from its associated 270 MW power plant is sold in the merchant power market. BALCO is constructing a 1,200 MW coal-based thermal power facility (4 units of 300 MW each) in the state of Chhattisgarh, which is currently under construction and has received the consent on January 14, 2015 from relevant authorities to operate. Of the 1,200 MW facility being set up, power generated from two 300 MW units will be utilized in the 325,000 tpa smelter being set up and the power from the balance 600 MW units will be sold to third parties.

Thermal coal is a key raw material required for the operation of BALCO's captive power plants. In April 2008, BALCO entered into two five-year coal supply agreements with SECL for the supply of thermal coal by SECL to BALCO, which represents approximately 17% of its thermal coal requirements, with the remainder obtained through open market purchases. Supply of coal from SECL is tapering as BALCO has been allotted a coal block of 211 million tons for mining coal. However, this coal block has been deallocated during fiscal year 2015.

*Production Volumes*

The following table sets out BALCO's total production from its Korba facility for fiscal years ended March 31, 2013, 2014 and 2015:

Facility	Product	For the Year Ended March 31,		
		2013	2014 ⁽²⁾	2015 ⁽³⁾
Korba	Ingots/Busbar/Billets	8,416	34,714	104,650
	Rods	179,987	166,239	172,464
	Rolled products	58,587	51,083	46,807
Total⁽¹⁾		246,990	252,035	323,921

Notes:

- (1) Reflects total of ingots, rods and rolled products.
- (2) Includes production of 849 tons from the trial run of 325,000 tpa smelter.
- (3) Includes production of 23,393 tons from the trial run of 325,000 tpa smelter.

The following table sets out the total bauxite ore production for each of BALCO's mines for fiscal years ended March 31, 2013, 2014 and 2015:

Mine (Type of Mine)	Product	For the Year Ended March 31,		
		2013	2014	2015
Mainpat (Open-pit)	Bauxite ore mined	230,137	—	—
	Ore grade	43.9%	—	—
Bodai-Daldali (Open-pit)	Bauxite ore mined	705,870	472,155	860,710
	Ore grade	45.9%	46.95%	46.76%
Total		936,007	472,155	860,170

Principal Raw Materials

The principal inputs of BALCO's operations are alumina, power, carbon and certain other raw materials. BALCO has in the past been able to secure an adequate supply of the principal inputs for its business.

Alumina

Alumina is the primary raw material used in the production of aluminium. Our Lanjigarh refinery supplies majority of the alumina requirements (after converting the bauxite supplied by BALCO to the Lanjigarh refinery). BALCO currently sources all of its remaining alumina from third-party suppliers in international markets. The alumina sourced externally is metallurgical grade calcined alumina with a minimum alumina content of 98.6% on a dry basis. In fiscal years 2013, 2014 and 2015, BALCO purchased 166,302 tons, 355,950 tons and 317,701 tons of alumina at an average price of, \$ 416, \$ 397 and \$ 374 per ton, respectively, on a cost, insurance and freight or CIF basis at the port of Vizag, Kakinada and Gangavaram, India.

Power

Smelting primary aluminium requires a substantial, continuous supply of electricity. As a result, power is a key input at BALCO's Korba facility, where it is provided by one coal-based captive power plant of 540 MW. Our captive power plant has historically been dependent upon coal allocations from Coal India Limited. In November 2007, BALCO received a coal block allocation of 211.0 million tons for use in its captive power plants. These allocated coal blocks are regarded as non-reserve coal deposits. BALCO received the environmental clearance on May 24, 2012 and the second stage forest clearance for the 211.0 million tons coal block on November 14, 2012. The said coal block was deallocated during fiscal year 2015. However, the company received another coal block namely the Chotia coal block through the e-auction.



Power for BALCO's mines is provided by on-site diesel generators. BALCO is constructing a 1200 MW coal-based thermal power facility, which is under construction and has received the consent from relevant authorities to operate. Of the 1200 MW facility being set up, power generated from two 300 MW units will be utilized in the 325,000 tpa smelter being set up and the power from the balance 600 MW units will be sold to third parties.

Water

Water is also an important input for BALCO's captive power plants. BALCO sources its water requirements at Korba from a nearby canal, with the water transported by pipelines. BALCO is currently in a dispute with the National Thermal Power Corporation regarding the right of way for its water pipeline that supplies water to its 270 MW captive power plant, which has been built through National Thermal Power Corporation premises. Arbitration proceedings commenced in 2009 and the order was reserved on June 30, 2014. BALCO and National Thermal Power Corporation submitted a joint survey report to the Arbitrator and the matter is posted for final hearing on August 22, 2015. See "Item 3. Key Information -D. Risk Factors—Risks Relating to Our Business- Our operations are subject to risks that could result in decreased production, increased cost of production and increased cost of or disruptions in transportation, which could adversely affect our revenue, results of operations and financial condition."

Carbon

Carbon is an important raw material to the aluminium smelting process. Carbon is used in the process of electrolysis, in the form of cathodes and anodes, with the latter the biggest component of BALCO's carbon costs. Anodes are made up of carbonaceous material of high purity. For pre-baked anodes, green carbon paste made of calcined petroleum coke and coal tar pitch is compacted or pressed into the required form. These anodes are baked before their use in electrolytic cells, or pots.

BALCO has in-house facilities to manufacture carbon anodes to meet its entire carbon anode requirements. Calcined petroleum coke, coal tar pitch and fuel oil, which are the key ingredients for the manufacture of carbon anodes, are sourced primarily from the Indian market. There is an adequate supply of these raw materials in India, though their prices are generally determined by movements in global prices. At times, based on commercial comparison, orders for import are also placed.

Other Raw Materials

BALCO also uses other raw materials such as fluorides and other chemicals. For these raw materials, there are several sources of supplies in the domestic markets and BALCO does not foresee any difficulty in securing supplies when needed.

Distribution, Logistics and Transport

Bauxite mined from the Mainpat and Bodai-Daldali mines is transported by road to BALCO's Korba facility. The alumina purchased from third party suppliers is transported to the Korba facility by rail and ships. BALCO's aluminium products are transported from the Korba facility to domestic customers through a combination of road and rail, and shipped for export.

Sales and Marketing

BALCO's 10 largest customers accounted for approximately 47.8%, 42.0% and 47.0% of its revenue for aluminium business in fiscal years 2013, 2014 and 2015, respectively. No customer accounted for greater than 10.0% of BALCO's revenue in the last three fiscal years.

BALCO's sales and marketing head office is located in Mumbai, and it has field sales and marketing offices in most major metropolitan centers in India. Currently, BALCO sells its products primarily in the Indian market, with limited focus on exports. However, with the further commissioning of the new 325,000 tpa aluminium smelter, a significant part of the additional production will be sold in the export market. BALCO's key customers include conductor manufacturers, state road transport corporations, railways, defense contractors and electrical equipment and machinery manufacturers.



Domestic sales of primary aluminium are based on the London Metal Exchange (“LME”) aluminium cash settlement price and main Japanese port premiums. The majority of sales is from long term contracts / Memorandum Of Understanding with end users. Our objective is to achieve LME of the month of the scheduled shipment average. Customers book the monthly quantity by the first day of the month and we hedge the same on LME. BALCO’s export sales of aluminium are currently on a spot and long term contract basis at a price based on the LME price plus a premium.

Projects and Developments

On October 7, 2006, BALCO entered into a memorandum of understanding with the state government of Chhattisgarh, India, and the Chhattisgarh State Electricity Board, under which, among other things, feasibility studies will be undertaken to build a thermal coal-based 1200 MW power facility, along with an integrated coal mine in the state of Chhattisgarh at an estimated cost of Rs. 46,500 million (\$ 746.3 million). The project was disrupted in September 2009 due to the collapse of a chimney under construction during heavy rains and lightning at Korba. There were 40 fatalities in the accident and SEPCO Electric Power Construction Corporation, our contractor and the sub-contractor Gamon Dunkerley and Company Limited, are the subject of an investigation by the Chhattisgarh government. The matter is to be heard on September 16, 2015. We have instituted an enquiry conducted by Indian Institute of Technology Rourkee, an expert in the civil engineering field in India. Work resumed in January 2010. BALCO is currently constructing the 1200 MW thermal power plant which has received its final stage regulatory approvals during fiscal year 2015. One unit of 300 MW (of 300 MW x 4 power plant) achieved reliability run on July 17, 2015.

In addition, on August 8, 2007, BALCO entered into a memorandum of understanding with the state government of Chhattisgarh for a potential investment to build an aluminium smelter with a capacity of 650,000 tpa at Chhattisgarh at an estimated cost of Rs. 81,000 million (\$ 1,299.9 million). The first of two phases of this project commenced with the setting up of a 325,000 tpa aluminium smelter at an estimated cost of Rs. 38,000 million (\$ 609.8 million), which uses pre-baked GAMI technology. BALCO has received environmental clearances for both phases of the project. Construction has commenced and trial production started in February 2014 from the 325,000 tpa aluminium smelter and 84 pots started commercial production from September 2014.

As of March 31, 2015, the estimated cost of building the 325,000 tpa aluminium smelter and 1200 MW power facility is Rs. 101,110 million (\$ 1,622.7 million). As of March 31, 2015, Rs. 89,135 million (\$ 1,430.5 million) was spent.

BALCO received a coal block allocation in fiscal year 2007 of 211 million tons for use in its captive power plants and received the forest diversion clearance and the rehabilitation and resettlement approval and is currently working on obtaining the mining lease. The estimated cost of developing the coal mine is Rs. 7,150 million (\$ 114.7 million). As of March 31, 2015, Rs. 744 million (\$ 11.9 million) was spent. During fiscal year 2015, the said coal block was deallocated. Consequently, the company made an assessment for the recoverability of the amount incurred thus far, and made a provision for Rs. 294.1 million (\$ 4.7 million) in its income statement.

Market Share and Competition

BALCO, among the four primary producers of aluminium in India and together with our aluminium business in Odisha, has a combined primary market share of 41% in fiscal year 2015, according to Aluminium Association of India. BALCO’s key competitors (and their respective primary market shares by volume in India in fiscal year 2015) are Hindalco Industries Limited (38.0%) and National Aluminium Company Limited, a GoI enterprise (21.0%).

Aluminium ingots, wire rods and rolled products are commodity products and BALCO competes primarily on the basis of price and service, with price being the most important consideration when supplies are abundant. Aluminium competes with other materials, particularly plastic, steel, iron, glass, and paper, among others, for various applications. In the past, customers have demonstrated a willingness to substitute other materials for aluminium.

(b) Our Aluminium Business in Odisha

Overview

Our aluminium business in Odisha was earlier operated by Vedanta Aluminium, which was merged with us pursuant to the Re-organization Transactions. Our Odisha aluminium operations include a 1.0 million tpa alumina refinery at Lanjigarh, with an associated 75 MW captive power plant. In addition, we have a green-field 500,000 tpa aluminium smelter, together with an associated 1,215 MW (nine units with a capacity of 135 MW each) coal-based captive power plant in Jharsuguda. We are also setting up another 1,250,000 tpa aluminium smelter in Jharsuguda. 84 pots from the first line of this smelter have been commissioned during fiscal year 2015.



The alumina refinery at Lanjigarh was commissioned in March 2010 and produced 976,915 tons of alumina in fiscal year 2015. Greenfield smelter project of 500,000 tpa at Jharsuguda was implemented in two phases of 250,000 tpa each. Phase 1 was completed on November 30, 2009 and Phase 2 was completed on March 1, 2010. The metal production for fiscal year 2015 was 540,961 tons and the net generation of the captive power plant was 7,912 million units.

Principal Products

Primary aluminium is produced from the smelting of metallurgical grade alumina. We produce primary aluminium in the form of ingots, billets and wire rods for sale. Ingots are used extensively for aluminium castings and fabrication in the construction and transportation industries. Billets are used extensively in construction (windows and door frames), transportation, engineering, consumer durables, automotive forgings and many other applications. Wire rods are used in various electrical applications especially in the form of electrical conductors and cables.

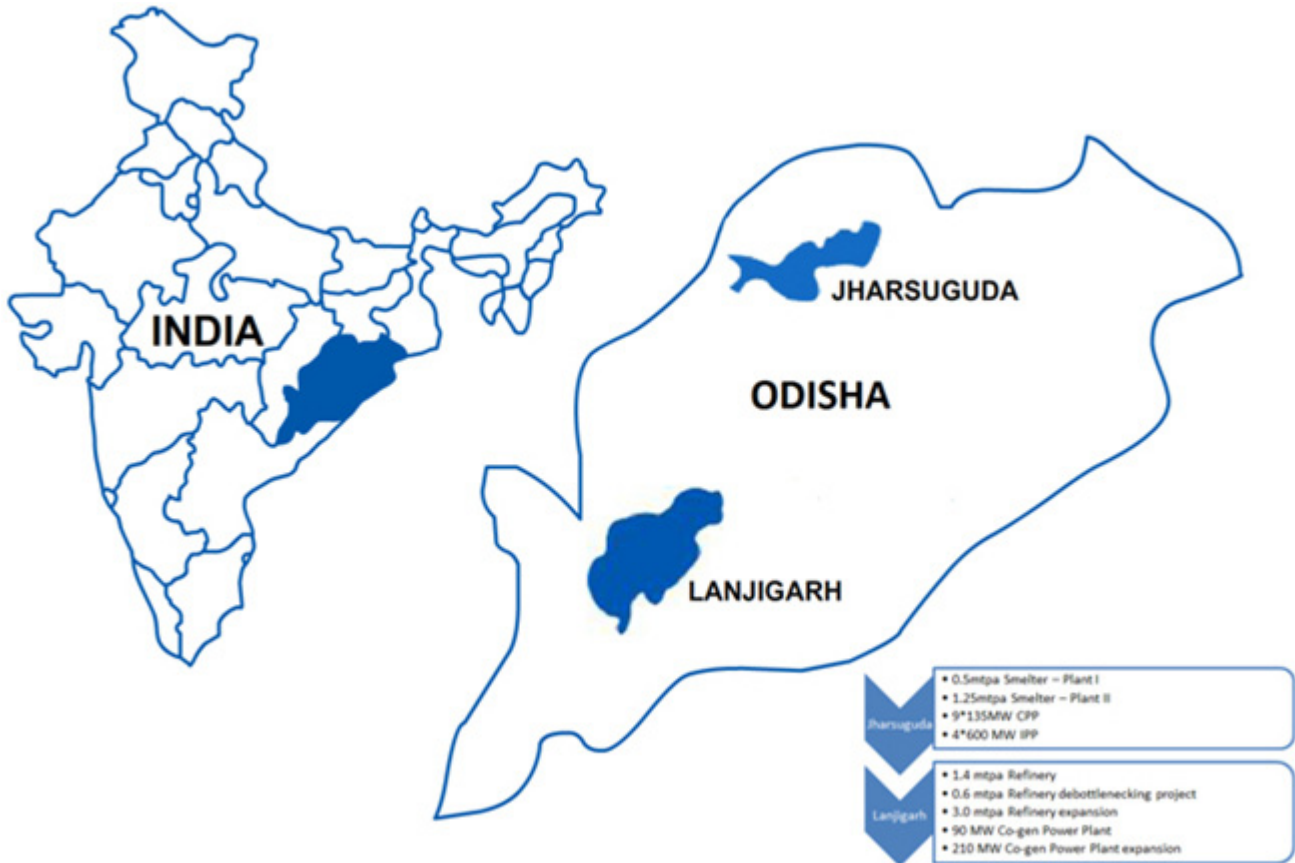
Delivery to Customers

Ingots, billets and wire rods are transported by trucks and rake to customers in India and by rakes to ports for export.

Principal Facilities

Overview

The following map shows the details of the locations of the aluminium segment’s facilities in the State of Odisha:





The following table sets forth the capacities as on March 31, 2015 at our Lanjigarh and Jharsuguda facilities:

Facility	Capacity tpa
Lanjigarh Alumina Refinery	1,000,000
Jharsuguda Aluminium Smelter	500,000

Lanjigarh

Alumina refinery and captive power plant

The Lanjigarh alumina refinery is located in the Lanjigarh district in the state of Odisha, which is located approximately 450 km from BALCO's Korba facility in the state of Chhattisgarh. In March 2007, we began the progressive commissioning of a 1,000,000 tpa greenfield alumina refinery, expandable to 1.4 mmtpa of installed capacity and an associated 75 MW captive power plant, expandable to 90 MW. The captive power plant is fully operational and can meet the power requirements of the refinery. The second production stream of the Lanjigarh alumina refinery was commissioned in March 2010. Production of alumina at the refinery at Lanjigarh was temporarily suspended since December 5, 2012, due to inadequate availability of bauxite and the plant recommenced operations on July 12, 2013. We are currently in discussions with government authorities for sourcing adequate supply of bauxite. Production at the alumina refinery does not affect production at the smelters.

We planned to expand our alumina refining capacity at Lanjigarh to 5 mmtpa by increasing the current alumina refinery's capacity to 2,000,000 tpa by de-bottlenecking and then further expand the refinery by constructing a second alumina refinery, with a refining capacity of 3 mmtpa along with an associated 210 MW captive power plant. However, the expansion of the alumina refinery and related mining operations in and around the Niyamgiri has been on hold since October 20, 2010, as the MoEF has directed us to hold from further expansion. See "Item 8. Financial Information - A. Consolidated Statements and Other Financial Information – Legal Proceedings" for further details.

Jharsuguda

Aluminium smelter and Captive Power Plant

The Jharsuguda aluminium smelter is located in Jharsuguda in the state of Odisha in India. Operations in the Jharsuguda facility were implemented in two phases. The first phase has a production capacity of 250,000 tpa and was completed in November 2009. The second phase was commissioned in June 2010. A total of 9 units of the associated 1,215 MW coal-based thermal captive power plant of 135 MW each have been commissioned. The captive power plant units meet the power requirements of the Jharsuguda smelter and all other power requirements of this facility. We are also setting up an 1,250,000 tpa aluminium smelter. Power to the new smelter will be provided by our 2,400 MW power plant in Jharsuguda.

Production Volumes

The following table sets out our total production from our Lanjigarh and Jharsuguda facilities for fiscal years 2013, 2014 and 2015:

Facility	Product	For the year ended March 31		
		(tons)		
		2013	2014	2015
Lanjigarh	Calcined Alumina	527,052	524,060	976,915
Jharsuguda	Ingots	305,878	301,008	303,756
	Billets	98,299	121,232	115,979
	Wire rods	115,464	120,013	133,603
	Hot Metal	7,396	—	—
		<u>527,037</u>	<u>542,253</u>	<u>553,338</u>

**Principal Raw Materials**

The principal inputs of the aluminium operations are bauxite, alumina, power, carbon and certain other raw materials.

Bauxite

Currently, we do not have any dedicated mining source and are in the process of identifying bauxite mining sources across India. Currently, bauxite is being sourced mainly through imports (40-45%), from the domestic market in the west coast (10-15%), BALCO mines (30-35%) and the remaining from Madhya Pradesh, Chhattisgarh, Jharkhand and Andhra Pradesh.

Alumina

Alumina is the primary raw material used in the production of aluminium. We currently source alumina largely from third-party suppliers in international markets. The alumina sourced externally is metallurgical grade calcined alumina with a minimum alumina content of 98.6% on a dry basis. In fiscal years 2013, 2014 and 2015, we purchased 0.75 million tons, 0.72 million tons and 0.37 million tons of alumina at an average price of \$ 353 per mt, \$ 352 per mt and \$ 357 per mt, respectively, on a cost, insurance and freight basis at the port situated in the state of Andhra Pradesh.

Power

Smelting primary aluminium requires a substantial and continuous supply of electricity. As a result, power is a key input at our Jharsuguda facility, where it is provided by nine coal-based captive power plant of 135 MW each. We have been sourcing coal through coal linkage from Mahanadi coal field, imports, e-auction and from washeries. The linkage coal quantity from Mahanadi coal field is transported through bottom discharge wagons.

Water

Water is also an important input for our captive power plants. We source our water requirements at Jharsuguda from Hirakud Dam situated over a distance of 33 km, with the water transported by pipelines. Water from the dam is stored at water reservoir inside the plant, from where the water is purified in a demineralize plant to make it fit for use in the power plant.

Carbon

We have our in-house facilities to manufacture carbon anodes to meet our entire carbon anode requirements. Calcined petroleum coke, coal tar pitch and fuel oil, which are the key ingredients for the manufacture of carbon anodes, are sourced primarily from the domestic Indian market. There is an adequate supply of these raw materials in India, though their prices are generally determined by movements in global prices. At times, based on commercial comparison, orders for import are also placed.

Other Raw Materials

We also use other raw materials such as fluorides and other chemicals. For these raw materials, there are several sources of supplies in the domestic markets and we do not foresee any difficulty in securing supplies when needed.

Distribution, Logistics and Transport

The alumina purchased from third party suppliers is transported to the Jharsuguda facility by rail and ports. Our aluminium products are transported from the Jharsuguda facility to domestic customers through a combination of road and rail, and shipped for export.

Sales and Marketing

Our 10 largest customers of our Odisha aluminium business accounted for approximately 62.3%, 39.5% and 46.3% of our revenue in fiscal years 2013, 2014 and 2015 respectively. Two of our customers accounted for greater than 10.0% of our revenue in fiscal year 2013. None of our customers accounted for greater than 10% of our Odisha aluminium business in fiscal years 2014 and 2015 respectively.



The sales and marketing head office is located in Mumbai and we have field sales and marketing offices in most major metropolitan centers in India. Currently, our aluminium business sells only primary products and has equal focus on both the Indian and the exports market. Our key customers include cables and conductor manufacturers, transport sector and electrical equipment and machinery manufacturers.

Domestic sales are normally conducted on the basis of domestic supply and demand conditions with the pricing methodology as LME based pricing, where the LME on the day of order confirmation by the customer forms the basis for billing. The domestic price for aluminium is normally higher than the price it charged in the export markets due to the tariff structure, smaller order sizes that domestic customers place and the packaging, storing and truck loading expenses incurred when supplied to domestic customers.

Our aluminium export sales are currently on both spot and long term basis at a price based on the LME price plus a premium. Long term contracts range from three months to one year and sales are maximized in focus markets though we are trying to establish our presence in all markets to minimize geo-political risks.

Projects and Developments

We plan to invest Rs. 106,000 million (\$ 1,701.1 million) to expand our alumina refining capacity at Lanjigarh to 5 mmtpa by (i) increasing the current alumina refinery's capacity to 2,000,000 tpa by de-bottlenecking; (ii) constructing a second alumina refinery with a capacity of 3 mmtpa; and (iii) constructing an associated 210 MW captive power plant. However, the expansion of the alumina refinery at Lanjigarh was on hold since October 20, 2010 due to the order passed by the MoEF's restricting us from any further expansion of this refinery.

Against this order, we filed a writ petition in the High Court of Orissa and the Court dismissed our petition. We subsequently made an application to the MoEF to reconsider the grant of the environmental clearance for our alumina refinery. The MoEF by its letter dated February 2, 2012, issued fresh terms of reference to us for preparation of the Environment Impact Assessment report. We submitted the Environment Impact Assessment report to the Orissa Pollution Control Board and parallelly submitted various representations to the MoEF as well as the Project Monitoring Group established under the Cabinet Committee on Investments. The expert appraisal committee of the MoEF reconsidered the project and revalidated the terms of reference for 22 months effective January 2014. Therefore the ban imposed on the expansion of our alumina refinery was lifted and we are pursuing the matter with the state government. The public hearing was held on July 30, 2014 subsequent to which the expert appraisal committee, in its meeting held on January 9, 2015, has recommended the project for environmental clearance and for the further expansion of our Lanjigarh refinery. See "Item 8. Financial Information - A. Consolidated Statements and Other Financial Information – Legal Proceedings" for details. As of March 31, 2015, we spent Rs. 52,811 million (\$ 847.6 million) on the Lanjigarh expansion project.

We are also investing an estimated Rs. 145,000 million (\$ 2,327.0 million) to set up a second 1,250,000 tpa aluminium smelter. Power to the new smelter will be provided by our 2,400 MW commercial power plant at Jharsuguda. As of March 31, 2015, we spent Rs. 123,520 million (\$ 1,982.3 million) on this project.

Market Share and Competition

Our aluminium business is among the four primary producers of aluminium in India and together with BALCO, have a primary market share of 41% in fiscal year 2015, according to the Aluminium Association of India. Our key competitors (and their respective primary market shares by volume in India in fiscal year 2015 are Hindalco Industries Limited (38%) and National Aluminium Company Limited, a GoI enterprise (21%).

Aluminium ingots, wire rods and billets are commodity products and our aluminium business competes primarily on the basis of price and service, with price being the most important consideration when supplies are abundant. Aluminium competes with other materials, particularly plastic, steel, iron, glass, and paper, among others, for various applications. In the past, customers have demonstrated a willingness to substitute other materials for aluminium.



Our Commercial Power Generation Business

Overview

We have been building and managing power plants since 1997. As of March 31, 2015, the total power generating capacity of our thermal power plants, wind power plants and gas based plants was 6,480.0 MW, which includes our thirteen thermal coal-based captive power plants with a total power generation capacity of 5,900.5 MW. The following table sets forth information relating to our existing power plants as of March 31, 2015:

<u>Fiscal Year Commissioned</u>	<u>Capacity (MW)</u>	<u>Location</u>	<u>Fuel Used</u>
1988 ⁽¹⁾	270.0	Korba	Thermal Coal
1997	24.0	Tuticorin	Liquid fuel
1999	75.0	Mettur Dam	Thermal Coal
2003	7.4	Debari	Liquid fuel
2003	6.0	Zawar	Liquid fuel
2003	14.8	Chanderiya ⁽²⁾	Liquid fuel
2003	4.8	Cambay	Gas based
1999 and 2003	10.0	Ravva	Gas based
2005	22.5	Tuticorin	Liquid fuel
2005	154.0	Chanderiya	Thermal coal
2006	540.0	Korba	Thermal coal
2007	75.0	Lanjigarh	Thermal coal
2007	107.2	Gujarat and Karnataka	Wind ⁽³⁾
2007	30.0	Amona	Gas based
2008	80.0	Chanderiya	Thermal coal
2009	80.0	Zawar	Thermal coal
2009	16.0	Gujarat and Karnataka	Wind ⁽³⁾
2009	675.0	Jharsuguda	Thermal coal
2009	25.0	Mettur Dam	Thermal coal
2010	540.0	Jharsuguda	Thermal coal
2010	3.3	Rajasthan Raageshwari Gas terminal	Gas based
2010	14.4	Gujrat Viramgam Terminal	Gas based
2010	32.5	Pipeline Above Ground Installations	Gas based
2011	1200.0	Jharsuguda	Thermal coal
2011	48.0	Rajasthan and Karnataka	Wind
2011	174.3	Dariba	Thermal coal
2012	103.0	Karnataka, Maharashtra, Rajasthan and Tamil Nadu	Wind ⁽³⁾
2012	600.0	Jharsuguda	Thermal coal
2012	30.0	Amona	Gas based
2013	600.0	Jharsuguda	Thermal coal
2013	80.0	Tuticorin	Thermal coal
2013	6.5	Mettur Dam	Thermal coal
2014	80.0	Tuticorin	Thermal coal
2010 and 2014	60.0	Rajasthan Mangala Processing terminal	Thermal coal
2015	31.3	Gujrat Bhogat terminal	Thermal coal
2015	660.0	Mansa- Talwandi Sabo Road, Mansa, Punjab	Thermal coal
	6,480.0		

Notes:

- (1) Commissioned by BALCO prior to our acquisition of BALCO in 2001 which is not being used for captive purposes at present due to the closure of operations at the 100,000 tpa aluminium smelter.
- (2) Transferred from Debari to Chanderiya in March 2009.
- (3) Our wind power plants are not for captive use.



We have the following power plants under construction:

- BALCO's 1200 MW thermal coal-based power plant in the State of Chhattisgarh has received final stage regulatory approval during fiscal year 2015, one unit of 300 MW achieved reliability run on July 17, 2015.
- Talwandi Sabo's 1,980 MW thermal coal based captive power plant, comprising three units of 660 MW each, in the state of Punjab. The first 660 MW unit of the Talwandi Sabo power plant was capitalized on December 1, 2014 after successful completion of trial runs. The second and third unit will be synchronized in the second and third quarter respectively of fiscal year 2016.

Power sales

The following table sets out total power sales in MU for the last three fiscal years:

Facility	For the Fiscal Year Ended		
	March 31,		
	2013	2014	2015
BALCO 270 MW	1,241	390	89
BALCO 10 MW	—	—	10
Jharsuguda 2400 MW coal based thermal power plant	7,513	7,625	7,206
HZL - Wind Power Plant	511	448	444
MALCO – 106.5 MW coal based thermal power plant	847	911	897
TSPL	—	—	1,213
Total	10,112	9,374	9,859

Power sale includes production under trial run in fiscal years 2013, 2014 and 2015 of 795 million units, nil units and 274 million units respectively. Jharsuguda Power sale excludes power transfer of 395 MU to its smelting facilities in fiscal year 2015.

Commercial power plants

We have a 2,400 MW coal based thermal power plant facility (comprising of four units of 600 MW each) in Jharsuguda in the state of Odisha. The power plant was earlier operated through Sterlite Energy and is now a part of Vedanta pursuant to the Re-organization Transactions. The plant has been built with an estimated investment of approximately Rs. 82,000 million (\$ 1,316.0 million). The first unit of commercial operation commenced in November 2010. The second unit was operational on March 30, 2011 and the third unit was operational in August 19, 2011. The fourth unit was operational on April 26, 2012.

This facility requires approximately 15 million tpa of coal. We have applied to the Ministry of Coal for allotments of coal blocks and long term coal linkages, which are long term supply contracts for delivery of coal meeting specific contract specifications for captive use. In January 2008, the Ministry of Coal jointly allocated the coal blocks in the Rampia and Dip Side Rampia in the state of Odisha to six companies, including Sterlite Energy. The six companies entered into an agreement to jointly promote a new company called Rampia Coal Mine and Energy Private Limited, or RCMEPL, incorporated in February 2008.

On April 16, 2008, RCMEPL submitted an application to the state government of Odisha for the grant of a prospecting license, or a license for exploration, which was pending approval from the regulatory authorities. However, Ministry of Coal issued a letter on January 15, 2014 de-allocating the coal block from us. RCMEPL has approached the High Court of Odisha against the action of the Ministry of Coal. On September 24, 2014, the Supreme Court ordered for the cancellation of coal blocks allotted by the government over past few decades.

Additionally, we have been allotted a coal linkage of 2.6 mmtpa for the Jharsuguda project to meet the coal requirements of one of the units of 600 MW of the 2,400 MW power facility, for which Mahanadi Coalfields Limited has signed fuel supply agreement for supplying 80% of the letter of assurance quantity. Following our application to the Ministry of Coal for a coal linkage to meet the substantial portion of the remaining coal requirements for the remaining three units, on the recommendation of Standing Linkage Committee in its meeting on January 29, 2010, Mahanadi Coal fields Limited issued the letter of assurance on July 14, 2010 for another 6.94 million tons. We are currently receiving 50% of the letter of assurance quantity for two of the three units, and will receive the linkage volume for the third unit after entering into a long term power purchase agreement.



The facility is also designed to include a water reservoir, railway marshalling yard, coal stockpile, ash pond and other required facilities. The power generated from the 2,400 MW power plant is sold to entities including state electricity boards, state-owned utility companies, power trading companies, private entities and would be sold to our 1,250,000 tpa smelter at Jharsuguda on commissioning of the smelter.

In September 2006, Sterlite Energy entered into a power purchase agreement with Grid Corporation of Orissa Limited, a nominee of the state Government of Orissa ("GRIDCO"), which was amended in August 2009 and further amended on December 2012, in which GRIDCO was granted the right to purchase up to 25.0% of the installed capacity of the power plant after adjustments for auxiliary consumption by us, for approximately up to 561 MW from this project. Further, GRIDCO shall at all times have the right on behalf of the state government of Odisha to receive from the Jharsuguda power project, 7.0% of the power generated (after adjustments for auxiliary consumption by the power plant), up to approximately 157 MW of power at variable cost, if the coal block is allocated within the state or 5.0% of the power generated (after adjustments for auxiliary consumption by the power plant), up to approximately 112 MW of power at variable cost, if the coal block is allocated outside the state as determined by the Orissa Electricity Regulatory Commission. GRIDCO will have the right to purchase power from us once every five years, for a period of 25 years from the date of commercial operation of the last unit. This right is an option to purchase rather than a binding commitment of GRIDCO.

In the event GRIDCO decides not to avail part or whole of the above mentioned right during any five year period, it shall give six months' notice of the same to us prior to the commencement of such period. Power from the power plant to be purchased by GRIDCO will be evacuated by GRIDCO from the bus bar (which is the discharge point of the power plant) of the project. For the evacuation of the remaining power, we have constructed a 400 KV Loop-In-Loop-Out I and a 400 KV Loop-In-Loop-Out II transmission line to connect to the transmission line being developed by Power Grid Corporation India Limited, or ("PGCIL") near Jharsuguda. Sterlite Energy entered into an agreement with PGCIL in July 2010 to build the dedicated transmission system required for evacuating power from the power plant to the pooling units of PGCIL.

The power generated from the 2,400 MW power plant is sold to GRIDCO, state electricity boards, state-owned utility companies, power trading companies, power trading exchanges and private entities.

The tariff for the sale of power by us to GRIDCO will be determined by the OERC as follows:

For the sale of power up to 25.0% of the installed capacity:

- (i) a fixed capacity charge which shall be determined by the OERC as per the terms and conditions of tariff issued from time to time and will be related to target availability. Recovery of fixed capacity charges below the level of target availability shall be done on a pro rata basis and calculated proportionately to the capacity requisitioned to GRIDCO; and
- (ii) a variable energy charge, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the OERC from time to time.

For the sale of power for 7% or 5% depending on the allocation of coal blocks within the state of Odisha a variable energy charge is applicable, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the appropriate commission, from time to time.

On June 12, 2013, the Orissa Electricity Regulatory Commission ordered the working methodology on tariff determination for procurement of power by GRIDCO for the period from November 2010 to March 2014. We filed a review petition with the commission against this tariff order, which was disposed subsequently on September 25, 2013. Aggrieved by this decision, we filed an appeal with the appellate tribunal for electricity on October 28, 2013. The appellate tribunal in its interim order on March 28, 2014 recognized the fact of transmission line constraints and directed the state load dispatch center to recompute the plant availability factor and also advised to schedule the power procurement of GRIDCO in the future considering transmission line constraints. After a series of hearings and submissions of technical arguments by the parties to the appeal, the appellate tribunal on November 29, 2014 passed the order upholding its initial judgment and directed GRIDCO to comply with its interim order dated March 28, 2014 on transmission line constraints. Subsequently, GRIDCO filed a stay appeal in the Supreme Court against the order of the appellate tribunal which was dismissed by the Supreme Court on March 16, 2015. The matter related to the October 28, 2013 appeal is currently posted for hearing on August 27, 2015.

***Talwandi Sabo***

In July 2008, Sterlite Energy succeeded in an international bidding process and was awarded the project for the construction of a 1,980 MW coal-based thermal commercial power plant at Talwandi Sabo in the state of Punjab in India. The project was bid as Case-2 tariff based competitive bidding, implying that the developer had to quote for Capacity charges & efficiency (SHR). Fuel cost subject to quoted efficiency was to be a pass-through. All necessary approvals for the project have been obtained and commissioning of this project will be carried out in stages. Estimated cost of the project is Rs. 115,460 million (\$1,853.9 million). The boiler light up and synchronization of the first unit was achieved in the third quarter of fiscal year 2014. Coal logistics were established in the fourth quarter of fiscal year 2014.

The first 660 MW unit of the Talwandi Sabo power plant was capitalized on December 1, 2014 after the successful completion of trial runs. The second unit will be synchronized in the second quarter of fiscal year 2016 and the third unit in the third quarter of fiscal year 2016.

In October 2010, TSPL signed a memorandum of understanding with Punjab State Power Corporation Limited to build an additional unit of 660 MW in line with the state of Punjab's 2010 power generation policy, but this expired in October 2012 and has not been renewed. TSPL does not plan to construct this additional unit in the future.

In May 2008, Sterlite Energy entered into an on-shore and offshore engineering, procurement and construction contract with SEPCO Electric Power Construction Corporation, or SEPCO, for Sterlite Energy's Talwandi Sabo thermal power project for Rs. 66,560 million (\$ 1,068.2 million). A novation agreement in favor of TSPL was executed in November 2009. The contract was revised upwards by \$ 74 million on November 15, 2012 to reflect the set-up and commissioning of three units of power at the Talwandi Sabo thermal power plant.

SEPCO's obligations under the contract include testing and delivery of plant and equipment, system design and engineering of plant and equipment in accordance with technical specifications, supervision of civil, structure and manufacturing work, custom clearance, port clearance, inland transportation of offshore as well as onshore plant and equipment, unloading, storage and preservation for all equipment and material required, ash disposal among others within the period specified in the contracts. The fixed contract price is payable in multiple installments according to a fixed payment schedule. SEPCO has provided performance guarantees with respect to various parameters, for instance, net unit heat rate of 2,222.80 kwph/kcal and net unit electric output of 611.82 MW. If there is a delay in completion or failure to meet performance guarantees, liquidated damages may be imposed on SEPCO in accordance with the terms of the contract.

As of March 31, 2015, Rs.104,776 million (\$ 1,681.5 million) was spent on this project. This project is financed by internal sources and through debt financing.

On commencement of all the units, TSPL will require around 10 million tpa of coal. TSPL has been allotted the linkages from Mahanadi Coal Fields Limited, Odisha for 7.72 million tpa. According to the fuel supply agreement with Mahanadi Coal Fields, 80% of the letter of assurance quantity is 6.17 million tpa. Out of this, 5.01 million tpa is to be supplied through domestic sources and the remaining 1.16 million tpa, through imported sources. The balance coal shall be procured through other sources. The linkage coal quantity will be transported a distance of approximately 1600 km by rail.

HZL—Wind Power Plants

As of March 31, 2015, wind power plants with a combined power generation capacity of 274 MW have been commissioned in the States of Gujarat, Karnataka, Tamil Nadu, Maharashtra and Rajasthan in India at a total cost of Rs. 14,520 million (\$ 233.0 million). The electricity from these wind power plants is sold to State Electricity Boards.

MALCO Energy Limited – Mettur Power Plant

Mettur power plant is a 106.5 MW coal based thermal power plant operated by MALCO Energy Limited. The power plant at Mettur Dam, Tamil Nadu, is one of the largest merchant power plant in the state of Tamil Nadu.

The plant has been set up in stages, with the first 75 MW set up in the year 1999 to cater to the requirements of the aluminium smelter operated by MALCO. The aluminium operations were closed since November 2008. An additional 25 MW unit was added in the year 2009. Further, a 6.50 MW steam turbine generator was added in the year 2013 taking capacity to 106.5 MW.



MALCO entered into an energy purchase agreement with Tamil Nadu Electricity Board in January 2009 for supply of power until April 2009 and entered with Power Trading Corporation Limited for supply of power to Tamil Nadu Electricity Board from April 2009 until May 2011, which was subsequently renewed up to September 30, 2015 and is continuing the power supply to Tamil Nadu Electricity Board. The tariff for power supply is as provided in the energy purchase agreement.

Other Opportunities in Power

We also sell any excess power generated from our captive power plants to third parties pursuant to commercial arrangements. For example, Vedanta Aluminium entered into a letter of intent dated November 16, 2011 that was revised on September 14, 2012, with GRIDCO for the sale of excess power from its captive power plant at Jharsuguda. We also have an arrangement for the sale of excess power from our captive power plant at Tuticorin.

We intend to participate in projects relating to the generation of coal-based thermal power and ancillary activities, including UMPPs or other projects announced by the GoI or any state government. A recent initiative of the Ministry of Power of the GoI offers private developers an opportunity to establish a number of UMPPs. Private developers will be selected on the basis of competitive bidding and under the initiative, will have the benefit of the assured purchase of power generated and payment security mechanisms.

Other Business

Vizag Port

We have a 99.997% interest in Vizag General Cargo Berth Private Limited, which won the bid to mechanize the coal handling facilities and upgrade the general cargo berth for handling coal at the outer harbor of Vishakhapatnam port, on the east coast of India. The capacity of upgraded berth shall be 10.2 mmtpa, with flexibility to be upgraded to 12.5 mmtpa.

Vizag General Cargo Berth Private Limited has entered into an agreement on October 8, 2010 with the port authority, Vishakhapatnam Port Trust, to mechanize the coal handling facilities and upgrade the general cargo berth on a build-operate-transfer basis for 30 years commencing on the date of award of concession. Vishakhapatnam Port Trust will receive a share 38.1% of the revenue earned from the berth. Vizag General Cargo Berth Private Limited has received formal communication from Independent engineer with regard to project completion certificate as per the concession agreement with Visakhapatnam Port Trust. The estimated project cost was Rs. 6,640.0 million (\$ 106.6 million), of which Rs. 6,304 million (\$ 101.2 million) was spent.

Exploration and Development Activities

We are engaged in ongoing exploration activities to locate additional ore bodies in India, Australia, South Africa, Sri Lanka, Namibia and Ireland. We spent approximately Rs. 67,100 million (\$ 1,076.9 million) in fiscal year 2015 on exploration.

The focus of our exploration has been sediment hosted zinc deposits in India and oil and gas exploration in India, Sri Lanka and South Africa.

Options to Increase Interests in HZL and BALCO

Call Options Over Shares in HZL

On April 11, 2002, we acquired a 26.0% interest in HZL from the GoI through our subsidiary, SOVL (which merged with us with effect from April 1, 2012). At the time of the acquisition, we owned 80.0% and Sterlite Technologies Limited owned the remaining 20.0% in SOVL. In February 2003, Sterlite Technologies Limited transferred its 20.0% interest to us. We subsequently acquired a further 20.0% interest in HZL through an open market offer. The total cash consideration paid by us for the acquisition of the 46.0% interest in HZL was Rs. 7,776.0 million (\$ 161.9 million at the time of acquisition). Upon our acquisition of the 26.0% interest in HZL, we and the GoI entered into a shareholders' agreement to regulate, among other things, the management of HZL and dealings in HZL's shares.



Under the shareholders' agreement, the GoI granted us two call options to acquire all the shares in HZL held by the GoI at the time of exercise. We exercised the first call option on August 29, 2003 and acquired an additional 18.9% of HZL's issued share capital at a cost of Rs. 3,239.0 million (\$ 51.9 million) on November 12, 2003, increasing our interest in HZL to 64.9%.

The shareholders' agreement provides that prior to selling shares in HZL to a third party, either party must first issue a sale notice offering those shares to the other party at the price it intends to sell them to the third party. However, a transfer of shares, representing not more than 5.0% of the equity share capital of HZL, by the GoI to the employees of HZL is not subject to such right of first refusal by us. The GoI has transferred shares representing 1.5% of HZL's share capital to the employees of HZL. The shareholders' agreement also provides that if the GoI proposes to make a sale of its shares in HZL by a public offer prior to the exercise of our second call option, then we shall have no right of first refusal.

The second call option provides us a right to acquire the GoI's remaining 29.5% shareholding in HZL, subject to the right of the GoI to transfer up to 3.5% of the issued share capital of HZL to employees of HZL, in which case the number of shares that we may purchase under the second call option will be reduced accordingly. This call option became exercisable on April 11, 2007 and remains exercisable for as long as the GoI has not sold its remaining interest pursuant to a public offer of its shares. Under the shareholders' agreement, upon the issuance of a notice of exercise of the second call option by us to the GoI, we shall be under an obligation to complete the purchase of the shares, if any, then held by the GoI, within a period of 60 days from the date of such notice. The exercise price for the second call option will be equal to the fair market value of the shares as determined by an independent appraiser. In determining the fair market value of the shares, the independent appraiser may take into consideration a number of factors including, but not limited to, discounted cash flows, valuation multiples of comparable transactions, trading multiples of comparable companies, SEBI guidelines and principles of valuation, the minority status of the shares, the contractual rights of the shares and the current market price of the shares. Based solely on the market price of HZL's shares on the NSE on July 31, 2015 of Rs. 156.85 (\$ 2.5) per share, and not including the other factors that the independent appraiser may consider, one possible estimation of the exercise price to acquire all of the GoI's 1,247,950,590 shares in HZL would be Rs. 195,741 million (\$ 3,141.4 million).

By a letter dated July 21, 2009, we exercised the second call option. The GoI disputes the validity of the call option and has refused to act upon it. Consequently, we invoked arbitration and filed a statement of claim. The arbitral proceedings are under progress and will be next heard on January 16, 2016.

On January 9, 2012, we offered to acquire the GoI's interests in HZL for Rs. 154,920 million (\$ 2,486.3 million). We have, by way of letters dated April 10, 2012 and July 6, 2012, sought to engage with the GoI on the same terms as the offer. This offer was separate from the contested exercise of the call options, and we proposed to withdraw the ongoing litigation in relation to the contested exercise of the options should the offer be accepted. To date, the offer has not been accepted by the GoI and therefore there is no certainty that the acquisition will proceed.

Call Options over shares in BALCO

On March 2, 2001, we acquired a 51.0% interest in BALCO from the GoI for a cash consideration of Rs. 5,533.0 million (\$ 88.8 million). On August 28, 2012, we entered into a shareholders' agreement with the GoI and BALCO to regulate, among other things, the management of BALCO and dealings in BALCO's shares. The shareholders' agreement provides that as long as we hold at least 51.0% of the share capital of BALCO, we are entitled to appoint one more director to the board of BALCO than the GoI and are also entitled to appoint the managing director. There are various other matters reserved for approval by both the GoI and us under the shareholders' agreement, including amendments to BALCO's articles of association, the commencement of a new business, non-pre-emptive issues of shares or convertible debentures and the provision of loans or guarantees or security to other companies under the same management as BALCO.

Under the shareholders' agreement, if either we or the GoI wish to sell its shares in BALCO to a third party, the selling party must first offer the shares to the other party at the same price at which it is proposing to sell the shares to the third party. The other party shall then have the right to purchase all, but not less than all, of the shares so offered. If a shareholder does not exercise its right of first refusal, it shall have a tag along right to participate in the sale pro rata and on the same terms as the selling party, except that if the sale is by the GoI by way of a public offer, the tag along right will not apply. However, a transfer of shares representing not more than 5.0% of the equity share capital of BALCO by the GoI to the employees of BALCO is not subject to such right of first refusal by us.



The GoI also granted us an option to acquire the remaining shares in BALCO held by the GoI at the time of exercise. The exercise price is the higher of:

- the fair value of the shares on the exercise date, as determined by an independent valuer; and
- the original sale price (Rs. 49.0 per share) (\$ 0.8 per share) together with interest at a rate of 14.0% per annum compounded half yearly from March 2, 2001 to the exercise date, less all dividends received by the GoI since March 2, 2001 to the exercise date.

On March 19, 2004, we exercised our option to acquire the remaining 49.0% of BALCO's issued share capital held by the GoI at that time. Thereafter, the GoI sought several extensions to complete the sale of the shares. On June 7, 2006, the GoI contended that the clauses of the shareholders' agreement relating to our option violated the provisions of section 111A of the Companies Act, 1956 by restricting the right of the GoI to transfer its shares and that as a result the shareholders' agreement was null and void. The GoI has also expressed an intention to exercise its right to sell 5.0% of BALCO to BALCO employees.

Subsequently, the dispute was referred to arbitration and the arbitration tribunal rendered award rejecting our claim. We filed an application to the High Court of Delhi to set aside this award and the next date of hearing is on November 23, 2015.

Employees

As of March 31, 2015, we had 19,545 employees. The number of employees as of March 31, 2013, 2014 and 2015 is as follows:

Company	Location	Primary Company Function	Total Employees for the year ending			
			2013	March 31, 2014	2015	
Zinc						
	— HZL	India	Zinc and lead production	6,024	5,564	5,214
Zinc International						
	— Black Mountain	South Africa	Zinc and lead Mining	789	726	792
	— Skorpion	Namibia	Zinc and lead Mining & refining	754	755	842
	— Lisheen	Ireland	Zinc and lead Mining	380	374	335
Oil and gas	— Cairn India	India	Oil and Gas	1,317	1,643	1,585
Iron Ore	— Western Cluster (Liberia)	Liberia	Iron Ore	26	12	10
	— Sesa Sterlite	India	Iron Ore	3,831	3,515	3,397
Copper						
	— Sesa Sterlite	India	Copper smelting and refining	1,043	1,050	1,021
	— CMT	Australia	Copper mining	115	112	33
	— Fujairah Gold FZC	UAE	Precious metal refinery	79	81	92
Aluminium						
	— BALCO	India	Aluminium production	3,811	3,554	3,002
	— Sesa Sterlite	India	Aluminium production	2,781	2,708	2,675
Power						
	— Sesa Sterlite	India	Commercial power generation	165	107	100
	— TSPL	India	Commercial power generation	106	139	221
	— MALCO Energy Limited	India	Commercial power generation	79	81	80
Others				137	135	146
Total				21,437	20,556	19,545

The majority of our workforce is unionized. Employees of HZL and BALCO are members of registered trade unions such as Bharat Aluminium Mazdoor Sangh for BALCO and Hindustan Zinc Workers Federation for HZL, and are affiliated with national trade unions such as the Indian National Trade Union Congress. We believe that relations with our employees and unions are good, though we have in the past and may in the future experience strikes and industrial actions or disputes. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business—Our operations are subject to risks that could result in decreased production, increased cost of production and increased cost of or disruptions in transportation, which could adversely affect our revenue, results of operations and financial condition"



We have a strong ongoing institutional commitment to the health and safety of our employees for achieving sustainable development in harmony with the communities and environments in which we operate. Proactively complying with and exceeding the requirements of regulatory guidelines, utilizing environment friendly technologies in our expansions and modernizations and implementing programs to support communities around our facilities are integral part of our business strategy. Most of our mines, smelters, refineries in India and outside India are ISO 14001 and OHSAS 18001 certified. We are committed to providing a healthy and safe working environment, to promoting empowerment, commitment and accountability of our employees and to being an equal opportunity employer. We actively initiate and participate in a variety of programs to contribute to the health, education and livelihood of the people in the local communities in which we operate, including through support of schools, educational programs and centers, women empowerment programs, hospitals and health centers. We constantly seek out and invest in new technologies and operational improvements to minimize the impact of our operations on the environment, including energy conservation measures, reductions in sulphur dioxide gas and other air emissions, water conservation and recycling measures and proper residue management. We also invest in programs to promote reforestation and better agricultural practices.

Insurance

We maintain property insurance which protects against losses relating to our assets arising from fire, business interruption, earthquakes or terrorism and freight insurance which protects against losses relating to the transport of our equipment, product inventory and concentrates. However, our insurance does not cover other potential risks associated with our operations. In particular, we do not have insurance for certain types of environmental hazards, such as pollution or other hazards arising from our disposal of waste products. The occurrence of a significant adverse event, the risks of which are not fully covered by insurance, could have a material adverse effect on our financial condition or results of operations. Moreover, no assurance can be given that we will be able to maintain existing levels of insurance in the future at the same rates. See “Item 3. Key Information -D. Risk Factors—Risks Relating to Our Business- Our insurance coverage may prove inadequate to satisfy future claims against us.”

We and our directors and officers are subject to US securities and other laws. In order to attract and retain qualified board members and executive officers, we have obtained directors’ and officers’ liability insurance. There can be no assurance that we will be able to maintain directors’ and officers’ liability insurance at a reasonable cost, or at all.

Regulatory Matters

Mining Laws

The Mines and Minerals (Development and Regulation) Amendment Act, 2015 (“MMDR Amendment Act”) was promulgated on March 27, 2015 to amend The Mines and Minerals (Development and Regulation) Act, 1957 (“MMDR Act”), the Mineral Concession Rules, 1960, as amended (“MC Rules”), and the Mineral Conservation and Development Rules, 1988, as amended (“MCD Rules”), and it governs mining rights and the operations of mines in India. The MCD Rules outline the procedures for obtaining a prospecting license or the mining lease, the terms and conditions of such licenses and the model form in which they are to be issued. The GoI announced the National Mineral Policy in 1993. The MMDR Amendment Act has brought about significant changes in the legal regime for the mining sector including defining bauxite, iron ore, limestone and manganese ore as notified minerals, creation of a new category of mining license i.e. the prospecting license-cum-mining lease, grant of mining lease for a period of 50 years for all minerals other than coal, lignite and atomic minerals, establishment of District Mineral Foundation (“DMF”), auction of notified and other minerals by competitive bidding, including e-auction etc.



Grant of a Mining Lease

Only the government of the applicable state may grant a mining lease. The mining lease agreement governs the terms on which the lessee may use the land for the purpose of mining operations. If the land on which the mines are located belongs to private parties, the lessee must acquire the surface rights relating to the land from such private parties. If a private party refuses to grant the required surface rights to the lessee, the lessee is entitled to inform the state government and deposit with the state government compensation for the acquisition of the surface rights. If the state government deems that such amount is fair and reasonable, the state government has the power to order a private party to permit the lessee to enter the land and carry out such operations as may be necessary for the purpose of mining. For determining what constitutes a fair amount of compensation payable to the private party, state governments are guided by the principles of the Right to Fair Compensation and Transparency in Land Acquisition Rehabilitation and Resettlement Act, 2014 or Land Acquisition Act, which generally governs the acquisition of land by governments from private individuals. In case of land owned by the government, the surface right to operate in the lease area is granted by the government upon application as per the norms of that state government. If the mining operations in respect of any mining lease results in the displacement of any persons, the consent of such affected persons, and their resettlement and rehabilitation as well as payment of benefits in accordance with the guidelines of the applicable state government, including payment for the acquired land owned by those displaced persons, needs to be settled or obtained before the commencement of the mining project. The maximum term of a mining lease is 30 years and the minimum term is 20 years. A mining lease may be renewed for further periods of 20 years or less at the option of the lessee. The MC Rules provide that if a lessee uses the minerals for its own industry, then such lessee is generally entitled to a renewal of its mining lease for a period of 20 years, unless it applies for a lesser period. However, with the changes brought in by way of the MMDR Amendment Act, for all minerals other than coal, lignite and atomic minerals, mining leases shall now be granted for a period of 50 years. All mining leases granted for such minerals before the MMDR Amendment Act shall be valid for 50 years. On expiry of the lease, instead of being renewed, the leases shall be put up for auction. The MMDR Amendment Act specifies that any lease granted before the commencement of the MMDR Amendment Act, shall be extended: (i) up to March 31, 2030 for minerals used for captive purposes (specific end-use) and up to March 31, 2020 for minerals used for other than captive purposes, or (ii) until the completion of renewal period, or (iii) for a period of 50 years from the date of grant of such lease, whichever is later. This provision shall not apply to mining leases for which renewal has been rejected, granted, or lapsed.

Protection of the Environment

The MMDR Act also deals with the measures required to be taken by the lessee for the protection and conservation of the environment from the adverse effects of mining. The National Mining Policy emphasizes that no mining lease would be granted to any party without a proper mining plan, including an environmental plan approved and enforced by statutory authorities and which provides for controlling environmental damage, restoration of mined areas and for planting trees according to prescribed norms. The MMDR Amendment Act now also provides for the creation of a DMF and a National Mineral Exploration Trust ("NMET"). The DMF is to be established by the state government for the benefit of persons in districts affected by mining related operations. The NMET shall be established by the central government for regional and detailed mine exploration. Licensees and lease holders shall pay the DMF an amount not more than one-third of the royalty prescribed by the central government, and the NMET two percent of royalty.

Labor Conditions

Working conditions of mine laborers are regulated by the Mines Act, 1952, as amended from time to time. The Act sets forth standards of work, including number of hours of work, leave requirements, medical examination, weekly days of rest, night shift requirements and other requirements to ensure the health and safety of mine workers.

Royalties

Royalties on the minerals extracted or a dead rent component, whichever is higher, are payable to the relevant state government by the lessee in accordance with the MMDR Act. The mineral royalty is payable in respect of an operating mine from which minerals are removed or consumed and is computed in accordance with a prescribed formula. The GoI has been granted broad powers to modify the royalty scheme under the MMDR Act, but may not do so more than once every three years. In addition, the lessee must pay the occupier of the surface land over the mining lease an annual compensation determined by the state government. The amount depends on whether the land is agricultural or non-agricultural.

Mines Bill

The Mines (Amendment) Bill, 2011 proposes several amendments to the Mines Act, 1952, including significant enhancement to the monetary penalties and terms of imprisonment for violations.



20018GsPnWmpNZ26M

Oil and Gas Laws*Regulation of Exploration and Production*

The MoPNG is the principal regulator of oil and natural gas exploration and production in India. The MoPNG established the Directorate General of Hydrocarbons in 1993 to promote the sound management of Indian petroleum and natural gas resources with due regard to the environmental, safety, technological and economic aspects of petroleum activities. The Directorate General of Hydrocarbons is responsible for, *inter alia*, ensuring correct reservoir management practices, reviewing and monitoring exploratory programs, the development plans of oil companies, and monitoring the production and the optimal utilization of gas fields.

The MoPNG oversees the Oil Industry Safety Directorate, which develops standards for safety, fire-fighting, training programs and information dissemination, and conducts periodic safety audits of all petroleum-handling facilities. It also oversees the Oil Industry Development Board, which provides financial and other assistance for the conductive development of the oil industry. The safety standards prescribed by the Oil Industry Safety Directorate, and the safety regulations prescribed by the Directorate General of Mines Safety in respect of onshore petroleum mining installations, must be complied with.

The Oilfields (Regulation and Development) Act, 1948

Oil and natural gas exploration activities are governed by The Oilfields (Regulation and Development) Act, 1948. This legislation provides for the regulations of oilfields and for the development of mineral oil resources, including natural gas and petroleum. The Oilfields (Regulation and Development) Act empowers the GoI to frame rules on the granting of mining leases and petroleum exploration or prospecting licenses, the conservation and development of mineral oils, the production of oil, and the regulation of oilfields.

Petroleum Exploration License and Petroleum Mining Lease under the Petroleum and Natural Gas Rules, 1959

The Petroleum and Natural Gas Rules provide the framework for the granting of petroleum exploration licenses and petroleum mining leases. Rule 4 of the Petroleum and Natural Gas Rules prohibits the prospecting or exploitation of any oil or gas unless a license or lease has been granted under the Petroleum and Natural Gas Rules. A Petroleum Mining Lease entitles the lessee to an exclusive right to extract oil and gas from the relevant contract area. Petroleum Exploration Licenses and Petroleum Mining Leases are granted by the MoPNG for offshore areas and by the relevant state governments, with the prior approval of the Government, for onshore areas. In 2006, the Government amended the Petroleum and Natural Gas Rules so that a licensee or lessee is now under an obligation to provide all data obtained under the license. Such data shall be the property of the Government, provided that the licensee or lessee shall have the right to make use of such data, free of cost, for the purposes of petroleum operations under the license or lease. The Government also has the right to disclose to the public all non-proprietary data without the consent of the licensee. The Government has the sole authority to determine what is proprietary.

The Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976

The Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 regulates the exploration and exploitation of resources of the continental shelf and exclusive economic zone.

The Essential Commodities Act, 1955

The Essential Commodities Act, 1955 makes provisions controlling the production, supply and distribution of certain essential commodities, which include petroleum and petroleum products.

The Petroleum Act, 1934 read with the Petroleum Rules, 2002

The Petroleum Act, 1934 provides that no person shall produce, refine, blend, store or transport petroleum except in accordance with the rules framed by the GoI under the Petroleum Act, 1934. The Petroleum Rules, 2002 now regulate these activities.



20018GsPnWn5zls6Y

The Petroleum and Natural Gas Regulatory Board Act, 2006

The Petroleum and Natural Gas Regulatory Board Act, 2006 provides for the establishment of the Petroleum and Natural Gas Regulatory Board. The board regulates the refining, processing, storage, transportation, distribution, marketing and sale of petroleum products and natural gas (excluding production of crude oil and natural gas). It strives to protect the interests of consumers and entities engaged in specific activities relating to petroleum, petroleum products and natural gas and to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and to promote competitive markets.

The Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962

The Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 provides the framework governing the acquisition of right of user in land for laying pipelines for the transportation of petroleum and minerals and other matters connected therewith. This law is limited to the acquisition procedure, restrictions on use of land and compensation payable to the persons interested in the land.

New Exploration Licensing Policy

The MoPNG recently announced the New Exploration Licensing Policy (“NELP-X”), with 46 blocks on offer covering an area of 166,053 sq. kms across a mix of onshore, shallow water and deep water prospects. The GoI had constituted a committee to review the production sharing contracts scheme in petroleum industry. The committee has submitted its report proposing a shift in fiscal regime from the production sharing contracts scheme to a production-linked revenue sharing mechanism, citing benefits such as enhanced transparency and reduced intervention from the government in routine E&P activities. At the time of this writing, the production sharing contracts scheme continues to be the fiscal regime, with NELP-X on hold pending resolution of these issues.

Exploration Policy

The GoI has formulated a draft Uniform Licensing Policy under which, in the future, acreages will be awarded under a uniform license and will cover all types of hydrocarbons. The initiative intends to provide policy clarity on the exploration and production of different kinds of hydrocarbons found in same area. Earlier in 2013, the GoI provided clarity on its exploration policy in development blocks, allowing for contractors to further explore mining lease areas after the expiration of the exploration period. The GoI approved the policy on the exploration and production of shale gas under the nomination regime. The policy for shale gas exploration under other production sharing contracts (NELP and pre-NELP) is currently being put together. In October 2014, the GoI introduced policy measures which will improvise production sharing contract administration and execution. This is expected to help in monetizing some of the pending discoveries.

Early Monetization of Discoveries

In October 2013, the MoPNG issued policy guidelines on the Integrated Development Plan (“IDP”) to ensure that existing and new hydrocarbon discoveries are brought to production as soon as possible. The policy enables operators to submit an IDP for multiple discoveries and to sell hydrocarbons from those discoveries pending final approval of the field development plan. This will enable contractors to commit significant risk capital to develop the required infrastructure in a timely manner and achieve optimal development of reservoirs.

Regulations pertaining to our oil and gas blocks located in Sri Lanka and South Africa*Petroleum Resources Act - Sri Lanka*

The Petroleum Resources Act provides for the grant of a license for exploration, development and production of petroleum in Sri Lanka. Under the said Act, the Government of Sri Lanka has executed a Petroleum Resources Agreement and a license has been granted to Cairn Lanka (Pvt) Limited to explore and exploit petroleum.



Petroleum Resources Development Act - South Africa

The Mineral and Petroleum Resources Development Act is the law governing exploitation of minerals and petroleum in South Africa. An exploration license has been granted to Cairn South Africa Pty Limited for exploration of petroleum resources in South Africa under the law. Petroleum Agency SA is the nodal agency for all approvals.

Environmental Laws

Our business is subject to environmental laws and regulations. The applicability of these laws and regulations varies from operation to operation and depends on jurisdiction in which we operate. Our operations require environmental and other permits covering, amongst other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to our operations include The Environment (Protection) Act, 1986, Forest (Conservation) Act, 1980, or Forest Act and the Forest Conservation Rules, 2003, Hazardous Wastes (Management and Handling) Rules, 1989, Water (Prevention and Control of Pollution) Act, 1974, Water (Prevention and Control of Pollution) Cess Act, 1977, Air (Prevention and Control of Pollution) Act, 1981, The Coal Mines (Nationalization) Act, 1973, or Coal Nationalization Act, Coking Coal Mines (Nationalization) Act, 1972, Coal Mines (Taking Over of Management) Act, 1973, Coking Coal Mines (Emergency Provision) Act, 1971, Coal Bearing Areas (Acquisition and Development) Act, 1957, Coal Mines (Conservation and Development) Act, 1974 and the New Coal Distribution Policy, 2007.

The Environmental Protection Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981 provide for the prevention, control and abatement of pollution. Pollution control boards have been set up in states in India to exercise the powers under these statutes to prevent and control pollution. Companies must obtain the clearance of state pollution control boards before emitting or discharging effluents into the environment.

In case the project value exceeds Rs. 1 billion for a new project or Rs. 500 million for the expansion of existing oil and gas exploration and production project, the project also requires the approval of the MoEF.

The Hazardous Waste (Management and Handling) Rules, 1989 define waste oil and oil emulsions as hazardous wastes and impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly. It also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state Pollution Control Board for collecting, storing and treating the hazardous waste.

In addition, the Merchant Shipping Act, 1958 provides for liability in respect of loss or damage caused outside the ship by contamination resulting from the escape or discharge of oil from the ship, wherever such escape or discharge occurs.

Power Sector

Licensing Requirements

Under the Electricity Act, 2003 (“Electricity Act”), the transmission, distribution of, and trading in electricity require licenses from the appropriate Central or State Electricity Regulatory Commissions (respectively, “CERCs” and “SERCs”, and collectively, “ERCs”), unless exempted. The Tariff Policy, 2006 requires all procurement of power after January 6, 2006 to be through the bidding route. The CERC (Terms and Conditions of Tariff) Regulations, 2009, or Tariff Regulations, apply where a tariff for a generating station or unit (other than those based on non-conventional energy sources) and transmission system is yet to be determined by CERC. In compliance with the Electricity Act, the GoI announced the National Electricity Policy in February 2005. The Electricity Act requires CEA to frame a National Electricity Plan once in five years and revise such plan from time to time in accordance with the National Electricity Policy.

Mega Power Projects

Under the Mega Power Policy introduced by the MoP on November 10, 1995 and amended on December 14, 2009, power projects which meet certain criteria are eligible to be classified as mega power projects.



Ultra Mega Power Projects

With the aim of meeting India’s significant power requirements, the GoI proposed the construction of Ultra Mega Power Projects or UMPPs in 2006. The award of the projects is based on competitive bidding processes, with the amount of normalized tariff for 25 years being a significant factor in their selection.

Employment and Labor Laws

We are subject to various labor, health and safety laws which govern the terms of employment of our laborers at our mining and manufacturing facilities, their working conditions, the benefits available to them and the general relationship between our management and such laborers. These include the Industrial Disputes Act, 1947, Factories Act, 1948, Contract Labor (Regulation and Abolition) Act, 1970, Employee State Insurance Act, 1948, Payment of Wages Act, 1936, Minimum Wages Act, 1948, Workmen’s Compensation Act, 1923, Payment of Gratuity Act, 1972, Payment of Bonus Act, 1965, and Employees’ Provident Funds and Miscellaneous Provisions Act, 1952.

Other Laws

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, or *Land Acquisition Act*.

The Land Acquisition Act was notified with effect from 1 January 2014. The law replaces the 120 year old legislation the Land Acquisition Act, 1894 and is a unified legislation for acquisition of land and adequate rehabilitation mechanisms for all affected persons. As per the provisions of the Land Acquisition Act, the central government or appropriate state government is empowered to acquire any land from private persons for ‘public purpose’ subject to payment of compensation to the persons from whom the land is so acquired. There is also a mandatory requirement under the Act for Social Impact Assessment accompanying every land acquisition, to consider the social costs and benefits arising of such acquisition and a participative process has been prescribed for such acquisition by imposing the condition of obtaining consent of the requisite majority i.e. prescribed under the Act i.e. consent of up to 80% of people whose land is acquired for private projects and of 70% of the landowners in the case of public-private partnership projects and discussions and objections at every stage of the acquisition proceedings. It also provides for compensation as high as four times more than the existing practice in rural areas and two times in urban areas. In December 2014, an ordinance (The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Ordinance, 2014) was promulgated to amend the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013. The ordinance was re-promulgated in a modified form in April 2015, and again in May 2015. Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Second Amendment) Bill, 2015 was introduced in Lok Sabha on May 11, 2015 to replace the April ordinance and was referred to a joint Parliamentary Committee for detailed examination.

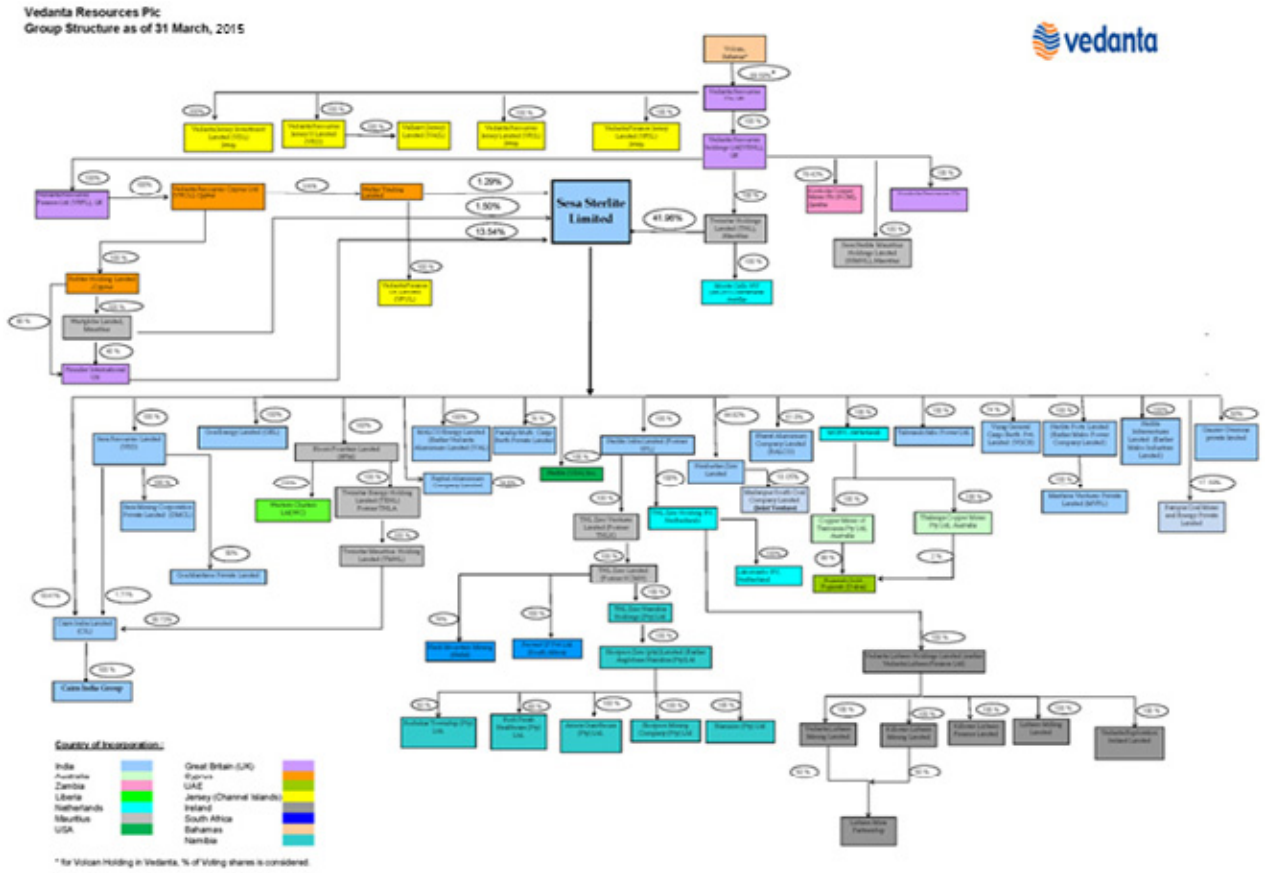
Companies Act, 1956 and Companies Act, 2013

The Companies Act, 2013 to replace the Companies Act, 1956 which currently governs the formation, financing, functioning and winding up of companies, received assent in August 2013 and the 470 section legislation has been partially notified. The Companies Act, 2013 seeks to consolidate and amend the law relating to the companies and intends to improve corporate governance and to further strengthen regulations for corporates. The major features introduced by the 2013 Act include formulation of a corporate social responsibility policy and spending towards such activities, increased responsibility of independent directors and setting up of a National Financial Reporting Authority. Some new concepts such as one-person company, small companies, dormant company, class action suits, and registered valuers have also been included.



C. Organizational Structure

The following diagram summarizes the corporate structure of our consolidated group of companies and our relationship with Vedanta and other key entities as of March 31, 2015:



- (1) Volcan is beneficially owned and controlled by the Trust. Conclave is the trustee of the Trust and the registered holder of Volcan’s shares, and consequently controls all voting and investment decisions of the Trust. Shares of Vedanta beneficially owned by Volcan may be deemed to be beneficially owned by the Trust. The beneficiaries of the Trust are members of the Agarwal family, including the Executive Chairman of Vedanta and our Chairman Emeritus Mr. Anil Agarwal (a beneficiary with effect from October 16, 2014) and certain of his family members. Mr. Anil Agarwal, as protector of the Trust, may in turn be deemed to have deemed beneficial ownership of Vedanta shares that are deemed beneficially owned by the Trust.
- (2) We have exercised the second call option to acquire the GoI’s remaining ownership interest in HZL on July 21, 2009 although the exercise is currently subject to dispute. See “B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO” for more information.
- (3) We have exercised our option to acquire the remaining 49.0% of BALCO owned by the GoI on March 19, 2004. The exercise of this option has been contested by the GoI. The GoI has the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See “—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO” for more information.

The principal members of our consolidated group of companies are as follows:

1. **Vedanta Limited.** The company was originally incorporated in Goa on February 5, 1954 under the Portuguese Commercial Code as a private limited company on June 25, 1965 under the name “Sesa Goa Private limited” under the Companies Act 1956. It became a public limited company on April 16, 1981 pursuant to fresh certificate of incorporation issued by the Registrar of Companies, Goa, Daman and Diu. Thereafter the name of the company was changed from “Sesa Goa Limited” to “Sesa Sterlite Limited” pursuant to a fresh certificate of incorporation issued by the Registrar of Companies on September 18, 2013 pursuant to the Re-organization Transactions and the name of the Company changed from “Sesa Sterlite Limited” to Vedanta Limited pursuant to a fresh certificate of incorporation issued by the Registrar of Companies on April 21, 2015. Our ADSs are listed on the NYSE. Vedanta, through its subsidiaries, owned 62.8 % of our issued share capital as on March 31, 2015, and controls our management. The remainder of our share capital is held by Bhadram Janhit Shalika (previously known as the SIL Employees Welfare Trust), Franklin Templeton Investment Funds, Life Insurance Corporation of India and other institutional and public shareholders (37.2%).



2. **BALCO.** BALCO is incorporated in New Delhi, State of Delhi, India and is headquartered at Korba in the State of Chhattisgarh. We own 51.0% of BALCO's share capital and have management control of the company. The GoI owns the remaining 49.0%. We exercised an option to acquire the GoI's remaining ownership interest in BALCO on March 19, 2004, which has been contested by the GoI. Further, the GoI retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See "—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO" for more information. BALCO owns and operates our aluminium business.
3. **HZL.** HZL is incorporated in Jaipur, State of Rajasthan, India and is headquartered in Udaipur in Rajasthan. HZL is listed on the NSE and BSE. We own 64.9% of HZL's share capital through our wholly-owned subsidiary SOVL. SOVL was merged into SIIL with effect from April 1, 2011 pursuant to a merger approved by the Hon' ble Madras High Court. The remainder of HZL's share capital is owned by the GoI (29.5%) and institutional and public shareholders and employees of HZL (5.6%). We have management control of HZL, which owns and operates our zinc business, and a call option to acquire the GoI's remaining ownership interest at a fair market value to be determined by an independent appraiser. We have exercised the second call option to acquire the GoI's remaining ownership interest in HZL although the exercise is currently subject to dispute. See "—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO" for more information.
4. **Cairn India:** Our oil and gas business is owned and operated by Cairn India and its subsidiaries. On January 9, 2007, Cairn India was listed on the NSE and BSE. Vedanta acquired 58.5% of the fully diluted share capital of Cairn India from Cairn Energy Plc on December 8, 2011, and Vedanta's shareholding in Cairn India was transferred to us pursuant to the Re-organization Transactions. As of March 31, 2015, our total ownership interest in Cairn India was 59.9%. Cairn India's head office is located in Gurgaon New Delhi. We have offices in India including in Andhra Pradesh, Gujarat, Rajasthan, Tamil Nadu, Colombo and London. We are primarily engaged in the business of exploration, development and production of crude oil, gas and related by-products.
5. **Sterlite Infra Limited.** Sterlite Infra Limited was incorporated on June 25, 1999, state of Maharashtra, India, and its registered office is located in Tuticorin, State of Tamil Nadu. Sterlite Infra Limited is our wholly owned subsidiary. During fiscal year 2011, Sterlite Infra Limited acquired the zinc business of Anglo American Plc which included the acquisition of 100.0% stake in Skorpion, which owns the Skorpion mine and refinery in Namibia, a 74.0% stake in BMM, which owns the Black Mountain mine and the Gamsberg Project, in South Africa and a 100.0% stake in Lisheen which owns the Lisheen mine in Ireland. During the current year Sterlite Infra Limited merged with Vedanta Limited after getting approval from the High Court of Madras on March 25, 2015. The appointed date of the merger is April 1, 2014.
6. **Skorpion.** Skorpion, previously Anglo Base Namibia Holdings (Proprietary) Limited, previously Ambase Exploration (Namibia) Proprietary Limited was incorporated on June 16, 1998. The company has its headquarters at the Skorpion Zinc mine site, which is situated 25 km north of Rosh Pinah Namibia. The company's registered office is situated at 24 Orban Street, Klein Windhoek, Namibia. The company holds the entire share capital in the following companies: Skorpion Zinc (Proprietary) Limited, Namzinc Proprietary Limited and Skorpion Zinc (Proprietary) Limited is an investment holding company, holding the entire share capital in Namzinc and Skorpion. Namzinc operates a zinc refinery, who procures oxide zinc ore from Skorpion, who in turn extracts the ore from an open pit zinc deposit.
7. **BMM.** BMM is an underground mining operation located at Aggeneys in the Northern Cape. It produces zinc, lead and copper concentrates which are sold both locally and exported to international customers through the Saldanha harbor. The zinc mine at Black Mountain is an underground operation, mining a polymetallic ore body, with an attached concentrator producing approximately 28,000 tons of zinc, 38,000 tons of lead, 6,800 tons of copper and 46 tons of silver in concentrate, annually. Exxaro Resources (through its wholly owned subsidiary, Exxaro Base Metals & Industrial Mineral Holdings (Pty) Ltd) holds the remaining 26.0% interest in BMM. The predominant mining method is ramp in stope cut and fill. The planned production rate is 1.8 mmtpa plant feed and the share hoisting capacity is approximately 1.5mtpm. All production stopes are backfilled and waste filled, integrated into the mining sequence.
8. **Vedanta Lisheen Holdings Limited:** Lisheen is located in County Tipperary in Ireland, 160 km SW of Dublin, Republic of Ireland. Lisheen is a world-class zinc operation, consisting of an underground mine, concentrator and backfill plant, producing approximately 131,000 tons of zinc in concentrate annually. In addition, Lisheen produces 19,000 tons of lead concentrate annually. The Lisheen zinc deposit is located in the Rathdowney Trend, which comprises sedimentary rocks, mainly limestone, which were formed approximately 320 million years ago. The mine commenced production in 1999, following a successful development partnership between Minorco (merged with Anglo American in 1999) and Ivernia West. Anglo American subsequently acquired Ivernia's stake in 2003 to gain 100% ownership. Lisheen mine extracts lead and zinc ore from underground, processes this into zinc and lead concentrates and sells these concentrates to smelters and customers in Europe, Asia, North Africa and the US. The deposit was discovered in 1990 and construction commenced in 1997 and in late 1999 production commenced from the two main ore bodies. The production from third ore body was commenced in 2006. The average depth is approximately 190 meters below surface and as per current planning and financial forecasts the end of production is scheduled to November 2015.



9. **MALCO Energy Limited:** MALCO was incorporated in Mettur, Tamil Nadu. MALCO's equity shares were listed and traded on the NSE and BSE, and were subsequently delisted on June 19, 2009. Vedanta, through Twin Star and Welter Trading held 94.8% of MALCO's share capital and controls the management. The remaining 5.4% ownership interest in MALCO is held by public shareholders. Pursuant to the Re-organization Transactions, MALCO merged with and into us through the issue of our shares to the shareholders of MALCO on a 7 for 10 basis. MALCO's power business was sold to Vedanta Aluminium for a cash consideration of Rs. 1,500 million (\$ 25 million), which is now renamed as MALCO Energy Limited.
10. **Talwandi Sabo Power Ltd:** TSPL was incorporated as a special purpose vehicle by Punjab State Power Corporation Limited for development of 1980 MW on build-own-operate basis. TSPL has a 1,980 MW coal based thermal power plant facility (comprising of three units of 660 MW each) in Mansa in the state of Punjab. We have budgeted approximately Rs. 115,460 million (\$ 1,853.9 million) cost of the project.

The key entities that control us are as follows:

1. **Volcan.** Volcan holds 62.47 % of the share capital and 69.69% of the voting rights of Vedanta. Volcan is 100% beneficially owned and controlled by the Trust. Conclave is the trustee of the Trust and the sole registered shareholder of Volcan, and consequently controls all voting and investment decisions of the Trust. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Chairman Emeritus, is the protector of the Trust. Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement that is intended to ensure that Volcan, as Vedanta's controlling shareholder, complies with the independence provisions of the UK Financial Conduct Authority. See "- Vedanta." Vedanta is the beneficial owner of 1,863,458,132 equity shares of the Company, consisting of:
- (ii) 1,280,084,749 equity shares and 24,823,177 ADSs held by Twin Star representing 99,292,708 underlying equity shares;
 - (iii) 401,496,480 equity shares held by Finsider;
 - (iv) 44,343,139 equity shares held by Westglobe; and
 - (v) 38,241,056 equity shares held by Welter Trading.

Volcan is the majority shareholder of Vedanta, which is the sole shareholder of VRHL, which is the sole shareholder of each of Twinstar and VRFL. VRFL is the sole shareholder of VRCL, which is the sole shareholder of each of Welter Trading and Richter. Richter is the sole shareholder of Westglobe and the majority shareholder of Finsider.

Volcan is wholly beneficially owned by the Trust. Conclave is the trustee of the Trust and the sole registered shareholder of Volcan. Mr. Anil Agarwal, the Executive Chairman of Vedanta and protector of the Trust, may be deemed to have beneficial ownership of securities that are deemed beneficially owned by the Trust and with effect from October 16, 2014, Mr. Anil Agarwal is one of the beneficiaries of the Trust. Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement that regulates the ongoing relationship among them. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Related Parties—Vedanta."

D. Property, Plants and Equipment

See "- B. Business Overview—Our Business—Our Copper Business—Principal Facilities," "- B. Business Overview—Our Business—Our Zinc Business—Principal Facilities" "- B. Business Overview—Our Business—Our Aluminium Business—Principal Facilities." and "- B. Business Overview—Our Business—Our Zinc International Business—Principal Facilities."

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not Applicable

**ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following discussion of our business, financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report. Some of the statements in the following discussion are forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth under "Item 3. Key Information—D. Risk Factors" and elsewhere in this Annual Report. Our consolidated financial statements and the financial information discussed below have been prepared in accordance with IFRS as issued by the IASB.

Overview

We are a diversified natural resource company engaged in exploring, extracting and processing minerals and oil and gas. We produce zinc, lead, silver, oil and gas, copper, aluminium, iron ore and commercial power and have a presence across India, South Africa, Namibia, Ireland, Australia, United Arab Emirates, Liberia and Sri Lanka. We have experienced significant growth in recent years through various expansion projects, acquisition of our zinc and aluminium businesses in 2002 and 2001 respectively, through the Gol's disinvestment programs, the acquisition of the zinc business of Anglo American Plc in Namibia, South Africa and Ireland in fiscal year 2011 and by successfully growing our acquired businesses. We have further strengthened our presence across commodities further through an all share merger with Sesa Goa in August 2013 through the Re-organization Transactions. We believe our experience in operating and expanding our business in India will allow us to capitalize on attractive growth opportunities arising from India's large mineral reserves, relatively low cost of operations and large and inexpensive labor and talent pools.

Our revenue increased from Rs. 722,303 million in fiscal year 2013 to Rs. 725,243 million in fiscal year 2014 representing an increase of 0.4% and further increased to Rs. 733,579 million (\$ 11,773.1 million) in fiscal year 2015 representing an increase of 1.1%. Operating profit decreased from Rs. 129,511 million in fiscal year 2013 to Rs. 127,528 million in fiscal year 2014 representing a decrease of 1.5%. Operating loss for fiscal year 2015 was Rs. 299,215 million (\$ 4,802.0 million) representing a decrease of 334.6% operating profit as compared to fiscal year 2014.

The following tables are derived from our selected consolidated financial data and set forth:

- the revenue from external customers for each of our business segments as a percentage of our revenue on a consolidated basis;
- the operating profit for each of our business segments as a percentage of our operating profit on a consolidated basis; and
- the segment profit for each of our business segments as a percentage of our segment profit on a consolidated basis.

	For the Year Ended March 31,		
	2013	2014	2015
	(in percentages)		
Revenue:			
Zinc – India	17.1	18.2	19.7
Zinc – International	6.0	5.5	4.9
Oil & Gas	24.3	25.8	20.0
Iron Ore	3.6	2.3	2.6
Copper	30.1	28.4	30.7
Aluminium	13.7	14.9	17.3
Power	4.7	4.8	4.6
Other	0.5	0.1	0.2
Total	100.0	100.0	100.0
Operating Profit / (loss):			
Zinc – India	45.1	48.4	20.8
Zinc – International	3.9	1.9	1.4
Oil & Gas	38.9	42.3	(132.1)
Iron Ore	(0.1)	(4.3)	(1.1)
Copper	6.6	7.0	4.8
Aluminium	0.8	3.9	4.6
Power	4.9	1.2	1.5
Other	(0.1)	(0.4)	0.1
Total	100.0	100.0	100.0



	For the Year Ended March 31,		
	2013	2014	2015
	(in percentages)		
Segment Profit /(loss)⁽¹⁾:			
Zinc – India	26.0	27.2	32.3
Zinc – International	6.4	5.1	5.1
Oil & Gas	52.1	55.1	40.6
Iron Ore	1.8	(1.1)	(0.4)
Copper	4.4	4.5	8.0
Aluminium	4.6	6.4	10.3
Power	4.7	2.9	3.9
Other	—	(0.1)	0.2
Total	100.0	100.0	100.0

Note:

- (1) Segment profit is presented as required by IFRS 8 and is calculated by adjusting depreciation, amortization and impairment from operating profit. Our segment profit may not be comparable to similarly titled measures reported by other companies due to potential inconsistencies in the method of calculation. We have included our segment profit because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. Our segment profit should be considered in addition to, and not as a substitute for, other measures of financial performance and liquidity reported in accordance with IFRS as issued by the IASB. We believe that the inclusion of supplementary adjustments applied in our presentation of segment profit are appropriate because we believe it is an indicative measure of our baseline performance as it excludes certain charges that our management considers to be outside of our core operating results. In addition, our segment profit is among the primary indicators that our management uses as a basis for planning and forecasting of future periods. The following table reconciles operating profit to segment profit for the periods presented:

	For the Year Ended March 31,			
	2013	2014	2015	2015
	(Rs. in millions)	(Rs. in millions)	(Rs. in millions)	(US dollars in millions)
Zinc India:				
Operating profit	58,341	61,696	62,267	999.3
Plus: Depreciation and amortization	5,886	6,946	8,338	133.8
Segment profit	64,227	68,642	70,605	1,133.1
Zinc International:				
Operating profit	5,078	2,484	4,268	68.5
Plus: Depreciation and amortization ⁽¹⁾	10,634	10,345	6,791	109.0
Segment profit	15,712	12,829	11,059	177.5
Oil & Gas:				
Operating profit/(loss)	50,370	53,942	(395,146)	(6,341.6)
Plus: Depreciation, depletion and amortization ⁽²⁾	78,132	85,511	483,817	7,764.7
Segment profit/(loss)	128,502	139,453	88,671	1,423.1
Iron Ore:				
Operating profit/(loss)	(77)	(5,476)	(3,422)	(54.9)
Plus: Depreciation and amortization	4,607	2,776	2,531	40.6
Segment profit/(loss)	4,530	(2,700)	(891)	(14.3)



	For the Year Ended March 31,			
	2013 (Rs. in millions)	2014 (Rs. in millions)	2015 (Rs. in millions)	2015 (US dollars in millions)
Copper:				
Operating profit	8,517	8,876	14,344	230.2
Plus: Depreciation and amortization	2,351	2,553	3,041	48.8
Segment profit	10,868	11,429	17,385	279.0
Aluminium:				
Operating profit/(loss)	960	4,979	13,752	220.7
Plus: Depreciation and amortization ⁽³⁾	10,325	11,152	8,777	140.9
Segment profit	11,285	16,131	22,529	361.6
Power:				
Operating profit	6,393	1,494	4,484	72.0
Plus: Depreciation and amortization	5,158	5,935	3,940	63.2
Segment profit	11,551	7,429	8,424	135.2
Others:				
Operating profit/(loss)	(71)	(467)	238	3.8
Plus: Depreciation and amortization	10	210	294	4.7
Segment profit/(loss)	(61)	(257)	532	8.5

- (1) Includes impairment charge of Rs. 2,873 million in fiscal year 2014
(2) Includes impairment charge of Rs. 406,144 million (\$ 6,518.1 million) in fiscal year 2015
(3) Includes impairment charge of Rs. 668 million in fiscal year 2014 and Rs. 294 million (\$ 4.7 million) in fiscal year 2015

Consolidation and re-organization of Sesa Goa, SIIL, Vedanta Aluminium, Sterlite Energy and MALCO to form Sesa Sterlite and transfer of Vedanta's shareholding in Cairn India to Sesa Sterlite

On February 25, 2012, Vedanta announced an all-share merger of Sesa Goa and Sterlite to create Sesa Sterlite and to effect the consolidation and simplification of Vedanta's corporate structure through the "Re-organization Transactions" consisting of the "Amalgamation and Re-organization Scheme" and the "Cairn India Consolidation". On August 17, 2013, Re-organization Transactions became effective and the name of the merged entity was changed to Sesa Sterlite Limited with effect from September 18, 2013.

On August 19, 2013, Sesa Goa furnished to the SEC a notice, as required under Rule 12g-3(f) under the Exchange Act which provided that Sesa Goa was the successor issuer to SIIL under the Exchange Act. Further, the equity shares of Sesa Goa with a par value of Re. 1 each, would be traded in the United States in the form of ADSs, where each ADS would represent four equity shares of Sesa Goa and such ADSs would be deemed to be registered under Section 12(b) of the Exchange Act by operation of Rule 12g-3(a) under the Exchange Act. The ADSs of Sesa Goa were registered for trading on the NYSE on September 13, 2013. On September 23, 2013, Sesa Goa submitted to the SEC that the name of Sesa Goa Limited was changed to Sesa Sterlite Limited following approval from the Registrar of Companies, Goa on September 18, 2013. On April 22, 2015, Sesa Sterlite Limited submitted to the SEC regarding the name change to Vedanta Limited following the approval from the Registrar of Companies, Goa on April 21, 2015.

The Amalgamation and Re-organization Scheme

The Amalgamation and Re-organization Scheme was made effective in the month of August 2013. In accordance with the Amalgamation and Re-organization Scheme

- (i) SIIL merged with and into Sesa Goa (which was renamed Sesa Sterlite) through the issue of Sesa Goa shares to SIIL shareholders (other than MALCO) on a 3 for 5 basis resulting in the issue of 1,944,874,125 Sesa Goa shares to SIIL shareholders. The holders of SIIL ADSs received 3 Sesa Goa ADSs for every 5 existing SIIL ADSs. The outstanding convertible bonds have become convertible bonds of Sesa Goa with equivalent rights and obligations;



- (ii) MALCO's power business was sold to Vedanta Aluminium for cash consideration of Rs. 1,500 million;
- (iii) MALCO merged with and into Sesa Goa through the issue of Sesa Goa shares to the shareholders of MALCO on a 7 for 10 basis, resulting in the issue of 78,724,989 Sesa Goa shares to the shareholders of MALCO and therefore MALCO's holding in SIIL was cancelled;
- (iv) Sterlite Energy merged with and into Sesa Goa for no consideration;
- (v) Vedanta Aluminium's aluminium business merged with and into Sesa Goa for no consideration; and
- (vi) Through a separate but concurrent amalgamation under Indian and Mauritian law, Ekaterina Limited, a Mauritian company and a wholly owned subsidiary of Vedanta which held Vedanta's 70.5% ownership interest in Vedanta Aluminium, merged with and into Sesa Goa. SIIL held the remaining 29.5% of the shares of Vedanta Aluminium and upon this concurrent amalgamation scheme becoming effective, Vedanta Aluminium became a wholly-owned subsidiary of Sesa Sterlite.

Subsequent to the effectiveness of the Amalgamation and Re-organization Scheme, a special leave petition challenging the orders of the High Court of Judicature of Bombay at Goa was filed before the Supreme Court of India by the Commissioner of Income Tax, Goa and the Ministry of Corporate Affairs. Further, a creditor and a shareholder have challenged Amalgamation and Re-organization Scheme in the High Court of Madras. The said petitions are pending for hearing and admission.

Cairn India Consolidation

Pursuant to the share purchase agreement, dated February 25, 2012 between BFL, a wholly owned subsidiary of Sesa Goa and VRHL, BFL acquired 38.68% shareholding in Cairn India and an associated debt of \$ 5,998 million by way of acquisition of TEHL, for a nominal cash consideration of \$ 1. With effect from August 26, 2013, TEHL, TMHL and Cairn India (including all of its subsidiaries) are now subsidiaries of the Sesa Goa. As a result, Sesa Sterlite held 58.76% of the total shareholding of Cairn India as of August 26, 2013. On June 14, 2015, Vedanta Limited and Cairn India Limited announced a merger of both the companies through a Scheme of Arrangement under Indian law see "Item 8. Financial Information—B. Significant changes"

Acquisition of Power Assets

Through a slump sale agreement dated August 19, 2013 between Vedanta Aluminium and Sesa Goa, the power business consisting of 1,215 MW thermal power facility situated at Jharsuguda and 300 MW co-generation facility (90 MW operational and 210 MW under development) at Lanjigarh, was purchased by the Company at a consideration of Rs. 28,929 million (\$ 482.2 million).

Factors Affecting Results of Operations

Our results of operations are primarily affected by commodity prices, realization discount to Brent, our cost of production, our production output, government policy in India and exchange rates.

Metal and Oil Prices, Copper TcRc and Power Tariff

Overview

Our results of operations are significantly affected by the commodity prices of natural resources that we produce, which are based on LME / London Bullion Market Association prices in our zinc and aluminium businesses, other benchmark prices in our oil, gas and iron ore businesses and by the TcRc of copper in our copper business. The TcRc of copper, the commodity prices of the metals that we produce and the benchmark price of oil, gas and iron ore can fluctuate significantly as a result of changes in the supply of and demand for zinc, lead, silver, oil, gas, iron ore, copper and aluminium among others. While natural resources producers are unable to influence the market rate of the TcRc or commodity prices directly, events such as changes in smelting or commodity production capacities, temporary price reductions or other attempts to capture market share by individual natural resources producers including our consolidated group of companies, may have an effect on market prices. Moreover, the prices realized by us can, to some extent, be affected by the particular terms we are able to negotiate for the contractual arrangements we enter into with buyers. Price variations and market cycles, have historically influenced, and are expected to continue to influence our financial performance.



During the year ended March 31, 2015, the decline in commodity prices adversely impacted our revenue and operating profit. During fiscal year 2015, average prices decreased by 3.4% for lead, 15.3% for silver, 20.6% for Brent and 7.7% for copper and increased by 14.1% for zinc and 6.6% for aluminium.

Global growth and commodity demand remains volatile and emerging markets continue to be the key drivers of growth. We are well positioned to capitalize on emerging market growth with a significant portion of our assets in India and Africa. With favorable demographics and urbanization driving consumption growth in India, we are well placed to meet the growing demand. For a further discussion of global market and economic conditions and the risks to our business, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations—Global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs.”

Zinc and Aluminium

The revenue of our zinc and aluminium businesses fluctuate based on the volume of our sales and the respective LME prices of zinc, lead and aluminium and the London Bullion Market Association price of silver. Our zinc business is fully integrated and its profitability is dependent upon the difference between the LME price of zinc and lead, London Bullion Market Association price of silver and our cost of production, which includes the costs of mining and smelting. For the portion of our aluminium business where the bauxite is sourced from BALCO’s own bauxite mines, profitability is dependent upon the LME price of aluminium less our cost of production, which includes the costs of bauxite mining, transportation costs, the refining of bauxite into alumina and the smelting of alumina into aluminium. For the portion of our aluminium business where alumina is sourced from third parties, profitability is dependent upon the LME price of aluminium less the cost of the sourced alumina and our cost of production.

During fiscal year 2015, 50.7% of BALCO’s alumina requirement and 36.3% of our Orissa Aluminium business’ alumina requirement were imported from third parties, with the rest supplied by our Lanjigarh alumina refinery. The following table sets forth the daily average zinc and aluminium LME prices for each of the last three fiscal years:

	For the Year Ended March 31,		
	2013	2014	2015
	(in US dollars per ton/ounce)		
Zinc LME	1,948	1,909	2,177
Aluminium LME	1,974	1,773	1,890
Lead LME	2,113	2,092	2,021
Silver London Bullion Market Association *	30.5	21.4	18.1

* silver is denominated in \$/ ounce

Crude oil and natural gas

Movements in the price of crude oil and discounts to oil prices based on quality parameters significantly affect Cairn India’s results of operations and declines in crude oil prices may adversely affect our revenues and profits. Historically, international prices for oil have been volatile and have fluctuated widely due to many factors that are beyond our control, including, but not limited to overall economic conditions, supply and demand dynamics for crude oil and natural gas, political developments, the ability of petroleum producing nations to set and maintain production levels and prices, the price and availability of other energy sources and weather conditions. Lower oil prices may also reduce the economic viability of planned projects planned or those in early stages of development. In addition, a fall in the price of oil may result in the impairment of higher cost reserves and other assets which may result in decreased earnings or losses.

The following table sets out the average price of Brent, an international benchmark oil blend, according to US Energy Information Administration, for the fiscal years ended March 31, 2013, 2014 and 2015:

	For the Year Ended March 31,		
	2013	2014	2015
	(\$ per barrel)		
European Brent	110.0	107.5	85.4



Realization discount to Brent

The prices of various crude oil are based upon the price of the key benchmark crude oil such as Dated Brent, West Texas Intermediate, and Dubai/Oman. The crude oil prices move based upon market factors such as demand and supply. The regional producers price their crude oil on a premium or discount over the benchmark crude oil based upon differences in quality and competitiveness of various grades.

For Rajasthan and Cambay blocks, the crude oil is benchmarked to Bonny Light, a West African low sulphur crude oil that is frequently traded in the region, with appropriate adjustments for crude quality. The implied crude price realization generally lies within the stated guidance of 8% - 13% discount to Dated Brent for Rajasthan and 3% - 6% for Cambay, due to the prevailing oil market conditions. Dated Brent reflects the values of North Sea cargo loading within the next 10-25 days, it incorporates the Brent, Forties, Oseberg and Ekofisk crude oil with the most competitive grade setting the price. European Brent spot prices and dated prices are almost similar.

Ravva crude is benchmarked to Tapis & Minas crude grades (South Asian crudes) and price realization in general is higher than Dated Brent. The crude oil price benchmarks are based on crude oil sales agreements.

Movements in the discount range affect our revenue realization and any increase in quality differentials may adversely impact our revenues and profits.

Iron Ore

The revenue of the iron ore business fluctuates based on the volume of sales and the market price of iron ore. We sell iron ore under long-term price contracts as well as under ruling spot prices. The prices for iron ore are significantly dependent on the global and regional imbalances between the demand for and supply of iron ore, worldwide steel-making capacity and transportation costs. Long-term contract prices fluctuate based on the expected supply and demand of iron ore and the expected steel-making capacity for a period exceeding one year or more, whereas spot prices fluctuate based on short term imbalances between demand and supply. Every quarter, Vale, Rio Tinto and BHP Billiton negotiate with major steel manufacturers and set a benchmark price based on which other countries determine the price for their iron ore. The profitability of the iron ore business is dependent on its selling price, grade and cost of production which includes cost of extracting, processing iron ore and royalty. As of March 31, 2015, we have issued four force majeure letters with respect to four of our long-term ore selling contracts, and all of our remaining long-term iron ore selling contracts have expired.

The following table sets forth the daily average iron ore prices (62% iron) for each of the last three years:

	For the Year Ended December 31,		
	2012	2013	2014
Iron Ore			
China Imported Iron Ore Fines (62% iron, cost and freight Tianjin Port)	\$ 128.3	\$ 135.3	\$ 94.9

Copper

The revenue of our copper business fluctuates based on the volume of our sales and the LME price of copper. However, as our copper business is primarily one of custom smelting and refining, with only a small percentage of our copper concentrate requirements sourced from our own mine, the profitability of our copper business is significantly dependent upon the market rate of the TcRc. We purchase copper concentrate at the LME linked price for the relevant quotational period less a TcRc that we negotiate with our suppliers but which is influenced by the prevailing market rate for the TcRc. The market rate for the TcRc is significantly dependent upon the availability of copper concentrate, worldwide copper smelting capacity and transportation costs. The TcRc that we are able to negotiate is also substantially influenced by the TcRc terms established by certain large Japanese custom smelters. The profitability of our copper business as to the portion of our copper business where we source copper concentrate from third parties, which accounted for almost 100% of our copper concentrate requirements during fiscal year 2015, is thus dependent upon the amount by which the TcRc we are able to negotiate exceeds our smelting and refining costs. The profitability of our copper operations is also affected by the prices we receive upon the sale of by-products, such as sulphuric acid and gypsum and precious metals, which are generated during the copper smelting and refining process. The prices we receive for by-products can vary significantly, including as a result of changes in supply and demand and local market factors in the location the by-product is produced. The following table sets forth the average TcRc that we have realized for each of the last three fiscal years:

	For the Year Ended March 31,		
	2013	2014	2015
	(in US cents per pound)		
Copper TcRc	12.8	16.6	21.4



The LME price of copper affects our profitability as we source copper concentrate substantially from third parties, which accounted for 100 % of our copper concentrate requirements in fiscal year 2015. We do not expect to source any copper concentrate from our copper mine, Mt. Lyell in the near future, as the mine has been placed under care and maintenance since July 2014 due to a mud slide and an incident of a rock falling on the ventilation shaft. The following table sets forth the daily average copper LME price for each of the last three fiscal years:

	For the Year Ended March 31,		
	2013	2014	2015
	(in US dollars per ton)		
Copper LME	7,853	7,103	6,558



Power

Under the Indian Electricity Act, the Central Electricity Regulatory Commission or the CERC determines tariffs for the supply of electricity by a generating company. In case of shortage of electricity supply, the CERC may fix the minimum and maximum tariff for sale or purchase of electricity, pursuant to an agreement entered into between a generating company and licensees, for up to one year. Under the guidelines issued by the Ministry of Power, the determination of the tariff for a particular project depends on the mode of participation in the project (i) through signing a memorandum of understanding, based on tariff principles prescribed by CERC (cost plus basis, comprising capacity charge, energy charge, unscheduled interchange charge and incentive payments) or (ii) competitive bidding, where tariff is market based.

Our tariffs are based on the memorandum of understanding route for contracted quantity. Tariff for supply of power from our Jharsuguda power plant to GRIDCO according to the power purchase agreement is determined on the basis of principles laid down under the tariff regulation notified by the CERC. Tariff for supply of power from our Mettur power plant to the Tamil Nadu Electricity Board is determined by the energy purchase agreement with the Tamil Nadu Electricity Board. In case of our 1,980 MW thermal power plant at Talwandi Sabo, the project was set up through a tariff based competitive bidding process and therefore the capacity charges and efficiency have been determined in line with the bidding process and in accordance with guidelines set out in the power purchase agreement with Punjab State Power Corporation Limited (“PSPCL”). Fuel cost subject to quoted efficiency will be a pass-through. Further, surplus power sold to multiple customers is based on the pricing determined by demand and supply of the power markets. The average power realization price for the years ended March 31, 2014 and 2015 was Rs. 3.5 and Rs.3.1 per unit respectively.

India Market Premium

Generally, our products in India are sold at a premium to the LME market price due to a number of factors including the customs duties levied on imports by the GoI, the costs to transport metals to India and regional market conditions. See “Government Policy.” As a result, we endeavor to sell large quantities of our products in India.

Hedging

We engage in hedging strategies to a limited extent to partially mitigate our exposure to fluctuations in commodity prices, as further described in “Item 11. Quantitative and Qualitative Disclosures about Market Risk— Quantitative and Qualitative Analysis—Commodity Price Risk.”

Cost of Production

Our results of operations are, to a significant degree, dependent upon our ability to efficiently run our operations and maintain low costs of production. Efficiencies relating to recovery of metal from the ore, process improvements, by-product management and increasing productivity help drive our costs down. Costs associated with mining and metal production include energy costs, ore extraction and processing costs at our captive mines, labor costs and other manufacturing expenses. Cost of production also includes cost of alumina for our aluminium business.

The cost of production of copper for our custom smelting and refining operations consists of cost of converting copper concentrate into copper cathodes, but does not include the cost of copper concentrate. We purchase copper concentrate at the LME price for copper metal for the relevant quotational period less a TcRc that we negotiate with our suppliers, including with CMT, but which is influenced by the prevailing market rate for the TcRc. We attempt to make the LME price a pass through for us as both the copper concentrate purchases and sales of finished copper products are based on LME prices. The profitability of the copper custom smelting and refining business is therefore dependent upon the amount by which the TcRc that we negotiate with our external suppliers exceeds our smelting and refining costs.

Energy cost is the most significant component of the cost of production in our metal production businesses. Most of our power requirements are met by captive power plants, which are primarily coal fueled. Thermal coal, diesel fuel and fuel oil, which are used to operate our power plants, and metallurgical coke, which is used in the zinc smelting process, are currently sourced from a combination of long term and spot contracts. Our iron ore business meets its power requirement partially through its 30 MW captive power plant and partially from the grid run by the electricity department of the government and in the event the requirement of power is not satisfied through the grid, then we use generators. Our aluminium business, which has high energy consumption due to the power intensive nature of aluminium smelting operation, sources 37.3% of its thermal coal requirement from South Eastern Coal Fields Limited, a subsidiary of Coal India Limited. We entered into five-year supply agreements in 2008 for five units of 135 MW each, in 2009 for two additional units of 135 MW each and in 2014 for an additional two units of 135 MW each for the Jharsuguda 1,215 MW captive power plant. The remaining coal is sourced through open market purchases and imports. The contract entered in 2008 was further renewed in 2014 until 2018. Shortages of coal at Coal India Limited may require that a greater amount of higher priced imported coal be utilized. For example, in April 2005, a shortage of coal led Coal India Limited to reduce the amount of coal supplied to all its customers, except utilities, including BALCO, forcing BALCO to utilize higher priced imported coal.



HZL, in January 2006, as part of a consortium with five other partners, secured the award of a coal block from the Ministry of Coal of the GoI. HZL's share of the coal block is approximately 31.5 million tons. On June 16, 2008, the Ministry of Coal of the GoI approved the consortium's plan for mining the coal block. However, on February 17, 2014, the Ministry of Coal issued a letter cancelling the coal block allocation stating that the consortium could not obtain forest clearance and adhere to time line for development of the coal block and also taking into consideration the fact that the same was rejected earlier. This cancellation by the Ministry of Coal was challenged by the consortium in the High Court of Chattisgarh and a stay order was granted on March 11, 2014. In September 2014, the Supreme Court revoked all the allocations of coal blocks which were awarded from 1992 to 2012 by the Ministry of Coal's screening committee, and a new tender process is underway for the allocation of coal blocks.

After being denied access to the coal field, HZL continues to import coal from third party suppliers despite the fact, HZL had been awarded 1.2 million tons of coal linkage by the Ministry of Coal of the GoI, but the same was linked to development of the allocated coal block. There has been no access to coal since September, 2012. HZL's operations source their back-up power from liquid fuel-based captive power plants or from local power companies. The liquid fuel is sourced from third-party suppliers on yearly contracts.

Further, we had obtained coal block allocations of 112.2 million tons from the Ministry of Coal, GoI to support the 2,400 MW thermal-based commercial power facility in the State of Odisha in Eastern India. However, on September 24, 2014, the Supreme Court ordered for the cancellation of the coal blocks allotted by the GoI over the past few decades. BALCO participated in the e-auction for Gare Palma IV/1 coal mine and was the preferred bidder. Per The Coal Mines (Special Provisions) Act, 2015, post the preferred bidder status, the Coal Ministry was to confirm the status further to the Nominated Authority's recommendation. The Nominated Authority pursuant to the recommendation of the Coal Ministry issued an order dated March 20, 2015 stating that BALCO is not to be declared as the successful bidder in respect of Gare Palma IV/1 Coal Mine. BALCO has filed a writ petition in the high court (See "Item 8. Financial Information – A. Legal Proceedings—Proceedings by BALCO pertaining to direction by GoI not to declare us as the successful bidder in the e-auction of Gare Palma IV/1 coal mine").

For our zinc and iron ore business and the portions of our copper and aluminium businesses where we source the ore from our own mines, ore extraction and processing costs affect our cost of production. In our iron ore and copper businesses, the ore extraction and processing costs to produce concentrates are generally a small percentage of our overall cost of production of the finished metals. In our aluminium business, the bauxite ore extraction cost is not significant but the refining cost to produce alumina from bauxite ore including transportation costs represents approximately one-third of the cost of production of aluminium. In iron ore, logistics represents approximately 25 % to 30 % of the total cost of production in the case of exports. In addition, a significant cost of production in our zinc and iron ore business is the royalty that HZL pays on the lead-zinc ore that is mined, which royalty is a function of the LME prices of zinc and lead and the iron ore pays on extraction of iron ore at the rate declared by the Indian Bureau of Mines. See "Government Policy—Taxes, royalties and cess payments."

In the commercial power generation business, production costs are mainly coal costs and the coal is largely sourced from the domestic market. Labor costs are principally a function of the number of employees and increases in compensation from time to time. Improvements in labor productivity in recent years have resulted in a decrease in the per unit labor costs. We outsource a majority of BALCO's mining operations, a substantial portion of HZL's and iron ore's mining operations, Cairn India's oil and gas operations and a limited number of functions at our copper, zinc and aluminium smelting operations to third party contractors. The operations and maintenance activities at the Jharsuguda 2,400 MW power facilities and TSPL 660 MW power facilities are substantially outsourced to third party contractors.

Other manufacturing expenses include, among other things, additional materials and consumables that are used in the production processes and routine maintenance to sustain ongoing operations. None of these represents a significant portion of our costs of production.

Cost of production as reported for our metal products includes an offset for any amounts we receive upon the sale of the by-products from the refining or smelting processes. We present costs of production for our metal products on the following basis: (i) cost of production before by-product revenue, which represents the direct cash costs relating to production and conversion costs of metal (such as energy costs, ore extraction costs and processing costs at our captive mines, labor costs and other manufacturing expenses); excluding depreciation and finance costs, and (ii) cost of production net of by-product revenues which represents cost of production before by-product revenue offset by any amounts we receive upon sale of by-products from such operations. Offsetting by-product revenues is useful to the management and investors to compare our cost competitiveness with our peers in the industry as it is a common metric used by our peers in the industry. Cost of production before by-product revenue and net of by-product revenue is divided by the daily average exchange rate for the year to calculate US dollar cost of production per lb or per ton of metal as reported.



The following table sets forth our average realized TcRc and cost of production for each of our metals, power, oil and gas for each of the last three fiscal years:

	For the Year Ended March 31,			
	Unit of Measurement	2013	2014	2015
	(in US dollars per ton, except as indicated)			
TcRc ⁽¹⁾	¢/lb	12.8	16.6	21.4
Cost of production before by-product revenue ⁽²⁾				
Zinc India ⁽³⁾	\$	1,111	1,069	1,215
Zinc International ⁽⁴⁾	\$	1,165	1,300	1,533
Oil and Gas ⁽⁵⁾	\$/boe	22.2	20.9	22.9
Iron ore ⁽⁶⁾	\$	41.3	40.9	134.9
Copper smelting and refining ⁽⁷⁾	¢/lb	20.1	18.8	14.0
Aluminium ⁽⁸⁾	\$	1,887	1,664	1,790
Power – Jharsuguda 2400 MW plant	Rs./unit	2.1	2.1	2.1
Cost of production net of by-product revenue ⁽²⁾				
Zinc India ⁽³⁾	\$	981	985	1,111
Zinc International ⁽⁴⁾	\$	1,089	1,167	1,393
Oil and Gas ⁽⁵⁾	\$/boe	22.2	20.9	22.9
Iron ore ⁽⁶⁾	\$	41.3	40.9	134.9
Copper smelting and refining ⁽⁷⁾	¢/lb	8.7	9.7	4.2
Aluminium ⁽⁸⁾	\$	1,879	1,658	1,785
Power - Jharsuguda 2400 MW plant	Rs./unit	2.1	2.1	2.1

Notes:

- (1) Represents our average realized TcRc for the period.
- (2) Cost of production per unit is not a recognized measure under IFRS as issued by the IASB. We have included cost of production as it is a key performance indicator used by the management to assess the performance of our operations. We also believe it is a measure used by investors and analysts to evaluate companies in our industry. Our results of operations are, to a significant degree, dependent upon our ability to efficiently run our operations and maintain low costs of production. Efficiencies relating to recovery of metal from the ore, process improvements, by-product management and increasing productivity help drive our costs down. Our computation of cost of production should be considered in addition to, and not as a substitute for other measures of financial performance and liquidity reported in accordance with IFRS as issued by the IASB. Cost of production is a measure intended for monitoring the operating performance of our operations. This measure is presented by other metal companies, though our measure may not be comparable to similarly titled measures reported by other companies.
- (3) Cost of production of zinc before by-product revenue increased from Rs. 64,663 per ton for the fiscal year 2014 to Rs. 74,309 per ton for the fiscal year 2015. The increase was primarily due to long term wage agreement and higher landed coal prices, which was partly offset by higher acid realization and lower diesel prices. There was also an increase in royalty rates from 8.4% to 10% and lead royalty rate increased from 12.7% to 14.5%, with effect from September 1, 2014. Royalty rates for zinc and lead in India are the highest in the world and much higher compared to other base metals. In addition, a further amount of royalty was provided with effect from January 12, 2015 for DMF and NMET, even as the notification for DMF contribution under the Mines & Minerals Development & Regulation Act (“MMDRA”) is awaited. Cost of production of zinc net of by-product revenue increased from Rs. 59,561 per ton in fiscal year 2014 to Rs. 67,914 per ton in fiscal year 2015. The increase was due to increase in costs as explained above offset by higher by-product sulphuric acid prices.
- (4) Cost of production before by-product credit increased from \$ 1,167 per ton to \$ 1,393 per ton, an increase of 18.6%. This was mainly driven by reduced volumes, and increasing TcRc. Due to unplanned disruptions, maintenance expenses were higher, resulting in increased cost of production.
- (5) Cost of production for oil and gas, increased to \$ 22.9 per net boe in fiscal year 2015 from \$ 20.9 per net boe in fiscal year 2014, primarily on account of higher unsuccessful exploration costs.



- (6) Cost of production for iron ore, increased by \$ 94.0 to \$ 134.9 from \$ 40.9 in fiscal year 2015. This was primarily due to nil production from Goa and higher waste mining in Karnataka during the year.
- (7) Cost of production, when compared before offsetting the by-product and free copper revenue decreased by 4.8 ¢/lb to 14.0¢/lb from 18.8 ¢/lb in fiscal year 2014, mainly due to higher volumes. When computed net of by-product and free copper revenue, the cost 9.7 ¢/lb in fiscal year 2014 reduced to 4.2 ¢/lb in fiscal year 2015, primarily due to higher volumes, lower petroleum and power prices and higher by-product credits.
- (8) The cost of production before adjusting by-product revenue increased from Rs. 100,640 per ton in fiscal year 2014 to Rs. 111,023 per ton in fiscal year 2015. The cost of production of hot metal at Jharsuguda-I increased by due to higher purchased alumina prices and an increase in aluminium LME. However, higher alumina prices and higher e-auction coal prices were partially offset by operational efficiencies, with an improved linkage coal availability and lower specific power consumption. The cost of production at Korba-I increased due to high alumina cost, higher coal costs, and tapering of coal linkage by another 25% this year. However, this was partially offset by the improved operational efficiencies. The cost of production net of by-product credit increased from Rs. 100,400 per ton in fiscal year 2014 to Rs. 110,758 per ton in fiscal year 2015, primarily due to the reasons discussed above.

We present below the cost of production for our metal products on the following basis:

(i) cost of production before by-product revenue, which represents the direct cash costs relating to production and conversion costs of metal (such as energy costs, ore extraction costs and processing costs at our captive mines, labor costs and other manufacturing expenses); excluding depreciation and finance costs, and

(ii) cost of production net of by-product revenues which represents cost of production before by-product revenue offset by any amounts we receive upon sale of by-products from such operations. Offsetting by-product revenues is useful to the management and investors to compare our cost competitiveness with our peers in the industry as it is a common metric used by our peers in the industry.

We explain the cost of production for each metal as set forth below:

- In the case of Zinc India operations, where we have integrated operations from production of zinc ore to zinc metal, cost of production before by-product revenue is the cost of extracting ore and conversion of the ore into zinc metal ingots. Payment of Royalty and provision towards contribution to DMF and NMET is included in determining the cost of production. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue earned from the by-product sulphuric acid, which is deducted from the cost of production consistent with the industry practice. The total cash cost before by-product revenue and net of by-product revenue is divided by the total number of tons of zinc metal produced to calculate the cost of production before by-product revenue and net of by-product revenue per ton of zinc metal. Our Zinc India segment primarily consists of zinc ingot production and lead is only a co-product of zinc while silver is a by-product arising from lead smelting process. Accordingly, the cost of production presented for Zinc India operations is only for zinc ingot production and the cost of production of lead and silver are not presented.
- Our Zinc International operations consist of the Skorpion mine and refinery in Namibia, Black Mountain mine in South Africa and Lisheen mine in Ireland. Skorpion produces special high grade zinc ingots. As a result, the cost of production before by-product revenue with respect to the Skorpion mine consists of the total direct cost of mining zinc ore and producing zinc in the refinery through a leaching, refining and electrowinning process. Skorpion mine does not produce any material by-products. Cost of production before by-product revenue of zinc at Black Mountain mine consists of direct mining costs, concentrate costs, TcRc and direct services cost. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue from copper consistent with the industry practice. At Black Mountain mine lead is only a co-product of zinc while silver is a by-product of lead. Accordingly, the cost of production presented for Black Mountain mine is only for zinc production and the cost of production of lead and silver are not presented. Lisheen mine produces zinc and lead concentrate. Therefore, the cost of production before by-product revenue with respect to the Lisheen mine consists of direct mining costs, mill processing costs, other overhead costs, treatment charges and other direct cash costs. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue from lead and silver consistent with the industry practice. Royalties paid are also included in the cost of production. The total cash cost before by-product revenue and net of by-product revenue is divided by the total number of tons of zinc metal produced or zinc metal in concentrate produced to calculate the cost of production before by-product revenue and net of by-product revenue per ton of zinc metal produced or zinc metal in concentrate produced.



- The cost of production in our oil and gas business consists of expenditure incurred towards the production of crude oil and natural gas including statutory levies, such as cess, royalties (except the Rajasthan block) and production payments payable pursuant to the production sharing contracts as well as operational expenditures such as costs relating to manpower, repairs and maintenance of facilities, power generation and fuel for such facilities, water injection, insurance, and storage, transportation and freight of crude oil and natural gas, among others. The total production cost is divided by the entitlement interest quantity of oil and gas produced to determine the cost of production per barrel of oil equivalent.
- In the case of iron ore, cost of production relates to the iron ore mining and processing cost. Payment of Royalty and provision towards contribution to DMF and NMET is included in determining the cost of production. The total cost is divided by the total number of tons of iron ore produced to calculate the cost of production per ton of iron ore. Our iron ore segment also includes met coke and pig iron. However, the cost of production presented for iron ore operations does not include met coke and pig iron. During fiscal year 2015, iron ore operations in Goa were closed due to the continued mining ban in the state of Goa, and operations in Karnataka were also shut during a large part of the year. So our cost of production of iron ore will show a significant increase as the cost of production also factors in fixed administrative costs incurred in our Goa operations and Karnataka operations. Also in Karnataka, we did a significant amount of waste mining, largely carried over from the previous year and therefore the stripping cost was high and due to lower ore production, cost of production increases significantly.
- In the case of copper, cost of production before by-product and free copper revenue relates only to our custom smelting and refining operations (and not for our mining operations), and consists of the cost of converting copper concentrate into copper cathodes, including the cost of freight of copper anodes from Tuticorin to Silvassa. Cost of production net of by-product and free copper revenue represents cost of production before by-product and free copper revenue, net of revenue earned from the sale of by-product, sulphuric acid and copper metal recovered in excess of paid copper metal are deducted from the cash costs, in line with the cost reporting practice of custom smelters globally. The total cash costs before by-product and free copper revenue and net of by-product and free copper revenue are divided by the total number of pounds of copper metal produced to calculate the cost of production before by-product and free copper revenue and net of by-product and free copper revenue per pound of copper metal produced.
- Cost of production of aluminium includes the average cost of production in the BALCO and Odisha aluminium businesses. The cost of production before by-product revenue includes cost of purchased alumina, the cost of producing bauxite and conversion of bauxite/alumina into aluminium metal. Cost of production net of by-product revenue represents cost of production before by-product revenue, net of revenue earned from the sale of by-products, such as vanadium, which is consistent with the industry practice. The total cash cost before by-product revenue and net of by-product revenue is divided by the total quantity of hot metal produced to determine the cost of production before by-product revenue and net of by-product revenue per ton of aluminium hot metal produced. Hot metal production output is used instead of the cast metal production output disclosed elsewhere in this Annual Report in calculating this measure. This is because, the hot metal production, which excludes the value added cost of casting, is the measure generally used in the aluminium metal industry for calculating measures of cost of production.

Cost of production before by-product revenue and net of by-product revenue is divided by the daily average exchange rate for the year to calculate US dollar cost of production per lb or per ton of metal or per barrel of oil equivalent as reported.

- Cost of production of power for Jharsuguda 2400 MW power plant (and not for the TSPL 660 MW, the 274 MW HZL power plant, the 270 MW BALCO power plant and the 106.5 MW MALCO's power plant) includes the cost of coal and other liquid fuels used for generating power and other overhead costs such as operating, maintenance and manpower costs. The total cost is divided by the total net units generated to calculate the cost of production per unit of energy produced.

For more information see Note (2) to the table on page 14 of Item 3A: "Key Information – Selected Consolidated Financial Data".

**Production Volume and Mix**

Production volume has a substantial effect on our results of operations. We are generally able to sell all of the products which we produce, so the revenue generally fluctuates as a result of changes in our production volumes. Production volumes depend on our production capacities, which have increased in recent years across all of our businesses. For our mining operations, production volumes also depend upon the quality and consistency of the ore. Per unit production costs are significantly affected by changes in production volumes in that higher volumes of production generally reduce the per unit production costs. Therefore, our production volumes are a key factor in determining our overall cost competitiveness. The following table summarizes our production volumes for our primary products for the last three fiscal years:

	Product	For the Year Ended March 31,		
		2013	2014	2015
		(tons except where otherwise stated)		
Zinc India	Zinc	676,923	749,167	733,803
	Lead	118,316	122,596	127,143
	Silver (Kilograms)	373,900	349,620	327,508
Zinc International				
— Skorpion	Zinc	145,342	124,924	102,188
— BMM	Copper ⁽³⁾	3,799	6,880	5,678
	Zinc ⁽³⁾	38,577	28,999	27,022
	Lead ⁽³⁾	48,883	37,574	32,142
— Lisheen	Zinc ⁽³⁾	169,485	151,022	130,897
	Lead ⁽³⁾	23,407	21,048	19,265
Oil & gas (on net basis)				
	Crude Oil (mmbbls)	32.5	32.2	31.4
	Natural Gas (bcf)	2.9	3.9	3.5
Iron ore	Saleable Ore Production (dmt)	3.7	1.5	0.6
Copper	Copper cathode ⁽¹⁾	353,154	294,434	362,373
	Copper rods	171,855	123,053	170,338
Aluminium	Ingots ⁽²⁾	314,293	335,722	303,756
	Billets	98,299	121,232	115,979
	Rods	295,451	286,252	133,603
	Rolled Products ⁽²⁾	58,587	51,083	46,807
	Hot Metal	7,396	—	—
Power	Power (Million Units) ⁽⁴⁾	10,112	9,374	9,859

Notes:

- (1) Copper cathode is used as a starting material for copper rods. Approximately one ton of copper cathode is required for the production of one ton of copper rods.
- (2) Includes production capitalized in fiscal years 2013, 2014 and 2015 of 724 tons, 691 tons and 1,157 tons respectively.
- (3) Refers to mined metal content in concentrate.
- (4) Includes production under trial run in fiscal years 2013, 2014 and 2015 of 298 million units, nil million units and 274 million units respectively.

Any general ban on resource extraction activities by the government of a jurisdiction containing resource extraction operations of us could have the effect of closing or limiting production from our operations. For example, our total iron ore production declined from 3.7 million tons in fiscal year 2013 to 0.6 million tons in fiscal year 2015 due to a mining ban imposed in Goa and Karnataka during these periods. We resumed operations in Karnataka after all statutory clearances were in place from February 28, 2015. See “Item 4. Information on the Company—B. Business Overview—Our Business—Iron Ore Business” for more details. Periodically, our facilities are shut down for planned and unplanned repairs and maintenance which temporarily reduces our production volume.

In addition, the mix of products we produce can have a substantial impact on our results of operations as we have different operating margins in each of our businesses, and within each business our operating margins vary between the lower margins of primary metals and the higher margins of value-added products such as copper rods and aluminium rolled products. For example, copper cathodes are converted in our copper rod plant into copper rods, a value-added product which has a higher margin than copper cathodes. As copper rods have higher margins, we endeavor to sell as large a percentage of copper rods as possible. As the production volume of our various products fluctuate primarily based on market demand and our production capacity for such products, the percentage of our revenue from those products will also fluctuate between higher and lower margin products, which will in turn cause our operating profit and operating margins to fluctuate.

**Profit Petroleum**

The GoI is the owner of the hydrocarbons wherein it has assigned the responsibility to the joint operation (contractor) to explore, develop and produce the hydrocarbons. Contractor is entitled to recover out of petroleum produced, all the costs incurred according to the production sharing contracts in exploring, developing and producing the hydrocarbons, which is known as "Cost Petroleum". Excess of revenue (value of hydrocarbons produced) over and above the cost incurred as above, is called "Profit Petroleum", which is shared between the GoI and contractor parties as per procedure laid down in production sharing contracts. Profit Petroleum sharing between the GoI and the contractor is determined by post tax rate of return in case of Ravva and CB-OS/2 and on the investment multiple method in case of Rajasthan block as defined in their respective production sharing contracts.

The share of Profit Petroleum, in any year, is calculated for the contract/development area on the basis of the post tax rate of return investment multiple actually achieved by the companies at the end of the preceding year for the contract/development area.

Following table summarizes the current government share of profit petroleum for various development areas:

Block/Development Area	Government share of profit petroleum as at March 31,		
	2013	2014	2015
Ravva	60%	60%	60%
Cambay – Lakshmi	45%	45%	45%
Cambay – Gauri	55%	55%	55%
Cambay – CB-X	60%	60%	60%
Rajasthan – DA1	20%	30%	40%
Rajasthan – DA2	20%	20%	30%

With the increase in the operations and revenue in each block, the above mentioned percentage is subject to increase, leading to a higher government share of profit petroleum. This will have an adverse impact on our result of operations as it will lead to an increase in our share of profit petroleum expense to be paid to the GoI.

Government Policy*India Customs Duties*

We sell our products in India at a premium to the LME price, due in part to the customs duties payable on imported products. Our profitability is affected by the levels of customs duties as we price our products sold in India generally on an import-parity basis. We also pay a premium on certain raw materials that we import or which are sourced locally but which are priced on an import-parity basis as a result of customs duties, with copper concentrate, coal, petroleum products, alumina, carbon and caustic soda being the primary examples. The following table sets forth the customs duties that were applicable for the periods indicated:

	March 1, 2011 to August 12, 2013	August 13, 2013 to Present
Copper	5.0%	5.0%
Copper concentrate	2.5%	2.5%
Zinc	5.0%	5.0%
Lead	5.0%	5.0%
Silver	6.0%	10.0%
Aluminium	5.0%	5.0%



In addition, the Finance Act (2 of 2004) of India, which has been in effect since July 8, 2004, levied an additional surcharge at the rate of 2.0% of the total customs duty payable which has been further increased to 3.0% of the total customs duty payable effective March 1, 2007. We are also liable to pay an additional duty of customs, countervailing duty or CVD, of 12.5% (for the period from March 18, 2012 to February 28, 2015, the CVD was 12%) of the assessable value and basic custom duty, which is levied on imports in India. Education cess and secondary and higher education cess on CVD is reduced to nil from March 17, 2012 (prior to March 17, 2012 it was 3% of CVD).

The GoI may reduce or abolish customs duties on copper and aluminium in the future, although the timing and extent of such reductions cannot be predicted. As we sell the majority of the commodities we produce in India, any further reduction in Indian tariffs on imports will decrease the premiums we receive in respect of those sales. Our profitability is dependent to a small extent on the continuation of import duties and any reduction would have an adverse effect on our results of operations and financial condition.

In February 2011, the import duty on copper concentrate and rock phosphate was increased from 2.0% to 2.5%, and a 1% excise duty was also imposed on fly ash. The excise duty on fly ash was further increased to 2% vide notification dated February 17, 2012 in the event cenvat credit is not availed. However, if cenvat credit is availed, then the excise duty rate on fly ash becomes 6%.

Goods imported for the purposes of "Petroleum operations" are exempt from customs duty. Pursuant to a notification in March 2013, a customs duty of 2.5% was introduced by the GoI on bauxite (natural), in calcined and non-calcined form.

Export Incentives

The GoI provides a variety of export incentives to Indian companies. Exports of copper, aluminium and zinc from India receive assistance premiums from the GoI. Export incentives do not outweigh the Indian market price premiums. Accordingly, notwithstanding the export incentives, we endeavor to sell large quantities of our products domestically.

In fiscal years 2014 and 2015, exports accounted for 18.5% and 20.9 % respectively, of our zinc India business' revenue. The following table sets forth the export assistance premiums, as a percentage of the F.O.B value of exports, on zinc concentrate, zinc ingots and lead concentrate for the periods indicated:

	October 9, 2012 to September 20, 2013 (percentage of F.O.B value of exports)	September 21, 2013 to November 21, 2014 (percentage of F.O.B value of exports)	November 22, 2014 to present (percentage of F.O.B value of exports)
Zinc concentrate	1.5%	1.3%	1.0%
Zinc ingots	2.0%	1.7%	1.9%
Lead concentrate	1.5%	1.3%	1.0%

In fiscal years 2014 and 2015, exports accounted for 56.8% and 56.2 %, respectively, of our copper business revenue. The following table sets forth the export assistance premiums, in the form of Marked Linked Focus Product Scheme as a percentage of the F.O.B value of exports, on copper cathode and copper rods for the period indicated:

	October 1, 2011 to March 31, 2015 (percentage of F.O.B value of exports)
Copper cathode	2.0%
Copper rods #	2.0%

Applicable for export to Czech Republic only.

Further, with effect from April 1, 2015, new merchandise exports from India scheme was introduced in place of marked linked focus product scheme. In the new scheme, no export incentive has been notified for copper products.



In fiscal years 2014 and 2015, exports accounted for 28.2% and 33.7% respectively, of our aluminium business' revenue. The following table sets forth the export assistance premiums, as a percentage of the F.O.B value of exports, on aluminium ingots, aluminium rods and aluminium rolled products for the periods indicated:

	October 1, 2011 to September 12, 2013	September 13, 2013 to March 31, 2014	April 1, 2014 to November 21, 2014	November 22, 2014 to Present
Aluminium ingots	2.0%	1.7%	1.7%	1.9%
Aluminium rods	2.0%	1.7%	1.7%	1.9%
Aluminium rolled products	3.0%	3.0%	0%	0%

In the case of sales to Focus Markets (as defined herein), export assistance premiums for these products would extend to 3% to 4% of the F.O.B value of exports made to the countries specified under the Focus Market Scheme. The Focus Markets Scheme was implemented under Chapter 3 of the Foreign Trade Policy of India in 2009. The purpose of this scheme is to provide Indian exporters certain incentives such as tax benefits, and thereby enhance India's export competitiveness in certain focus markets, including, but not limited to Argentina, Austria, Chile, Cambodia, New Zealand and Bulgaria ("Focus Markets"). The GoI may further reduce export incentives in the future, which would adversely affect our results of operations.

In fiscal year 2015, export assistance premiums on aluminium rolled products were eliminated and duty exemption scheme of duty free import authorization was introduced to enable duty free import of inputs required for export production pursuant to Chapter 4 of the foreign trade policy whereby advance authorization for inputs and exports items was given under the Standard Input Output Norm ("SION") policy scheme.

India export duties

The GoI levies duty on the export from India of certain products mentioned under the second schedule of the Customs Tariff Act 1975, including iron ore and concentrates, at a specified rate (ad valorem on the Free on Board value of exports).

Effective from March 1, 2011, the GoI raised export duty on iron ore fines and lumps from 5% and 10% respectively to an even rate of 20%, ad valorem on the Free on Board value of exports. Effective from December 30, 2011, the GoI further raised the rate of export duty on iron ore fines and lumps from 20% to 30%. Effective from April 30, 2015, the export duty on iron ore fines with Fe content less than 58% is 10%.

Taxes, royalties and cess payments

Income tax on Indian companies during fiscal year 2015 was charged at a statutory rate of 30.0% plus a surcharge of 10.0% on the tax and has an additional charge of 3.0% on the tax including surcharge, which results in an effective statutory tax rate of 33.9%. Non-resident companies was charged at statutory rate of 40.0% plus a surcharge of 5.0% on the tax and has an additional charge of 3.0% on the tax including surcharge, which results in an effective statutory tax rate of 43.7% during fiscal year 2015. We have an effective tax rate lower than the statutory rate, benefiting from tax holiday in Rajasthan block under Section 80-IB (9) of the Income Tax Act, 1961.

Profits of companies in India are subject to either regular income tax or Minimum Alternate Tax ("MAT"), whichever is greater. The effective MAT rate during fiscal year 2015 for Indian companies was 20.9% and for non-resident companies was 20.0% of the book profit as prepared under generally accepted accounting principles in India, or Indian GAAP. The excess of amounts paid as MAT over the regular income tax amount during the year may be carried forward and applied towards regular income taxes payable in any of the succeeding ten years subject to certain conditions.

The tax rates imposed on us in respect of dividends paid in prior periods have varied. According to the Finance Act, 2014, dividend distribution tax is to be levied on gross distributable surplus amount instead of amount paid net of taxes. This has resulted in an increase in the dividend distribution tax to more than 20% from 16.995% in the earlier year. Further, the Finance Act 2015 has increased the surcharge from 10% to 12%, which results in effective tax rate of 20.35% with effect from fiscal year 2016. This tax is payable by the company declaring distributing or paying the dividends. Dividends from our Indian subsidiaries to us are also subject to this tax, though we do not pay income tax upon the receipt of any such dividends. The Income Tax Act provides that if a company receives a dividend from any of its Indian subsidiaries during the year and such subsidiary has paid a tax on its dividends, then the dividend distributed by the parent company to the extent of dividend received from the Indian subsidiary shall not be subject to dividend tax.



We currently pay an excise duty of 12.5% with effect from March 1, 2015 (for the period from March 17, 2012 to February 28, 2015, the excise duty was 12% and an additional charge of 3.0% on the excise duty based on all of our domestic production intended for domestic sale upto February 28, 2015). We charge the excise duty and additional charge to our domestic customers. We pay excise duty on metallurgical coke at the rate of 6.0% and an additional charge as education cesses of 3.0% on the excise duty, whereas on pig iron of 12% and an additional charge as education cesses of 3.0% on the excise duty. HZL pays excise duty on silver at the rate of 8.0% effective from August 13, 2013 (4.0% prior to that) and an additional charge of 3.0% on the excise duty.

We are also subject to government royalties. We pay royalties to the state governments of Chhattisgarh, Rajasthan, Goa and Karnataka in India based on extraction of bauxite, lead-zinc and iron ore. The most significant of these is the royalty that HZL is required to pay to the state government of Rajasthan, where all of HZL's mines are located at a rate of 10% with effect from September 01, 2014 (the rate was 8.4% from August 13, 2009 to August 31, 2014 and 6.6% prior to August 13, 2009), of the zinc LME price payable on the zinc metal contained in the concentrate produced, 14.5% (the rate was 12.7% from August 13, 2009 to August 31, 2014 and 5.0% prior to August 13, 2009) of the lead LME price payable on the lead metal contained in the concentrate produced and at a rate of 7.0% of silver LME price chargeable on silver-metal produced. In addition, a further amount royalty effective from January 12, 2015 for DMF and NMET, even as the notification for the DMF contribution under the MMDRA is pending. The royalties paid by BALCO on the extraction of bauxite are not material to our results of operations. The royalty payable for our iron ore business is at 10% ad valorem, the rate declared by the Indian Bureau of Mines on a monthly basis.

Royalty is also payable at Cairn India to the state government of Rajasthan, Andhra Pradesh and Gujarat for the extraction of crude oil and natural gas. We also pay cess to the GoI. Generally in respect of oil and gas operations, royalty and cess payments are made by the joint operation partners in proportion to their participating interest and are cost recoverable.

For the Rajasthan block, entire royalty payments are made by ONGC at the rate of 20% of well-head value for crude oil and 10% of well-head value for natural gas and are cost recoverable. Cess is paid at the rate of Rs. 4500/MT for crude oil which was Rs. 2500/MT till March 16, 2012, with additional Rs. 51.5/MT (inclusive of 3% education cess and higher education cess) as National Calamity Contingent Duty, or NCCD till February 2015. Since March 2015, pursuant to amendments in the Finance Act, 3% of education cess and higher education cess is no longer payable. Sales tax payments are made at the rate of 2% (central sales tax) on sale of both crude oil and natural gas.

For the Ravva block, royalty is Rs. 481/MT and cess is fixed at Rs. 900/MT on crude oil. Royalty on natural gas is 10% of well-head value of gas. Sales tax payments stand at 2% (central sales tax) or 5% (value added tax) on crude oil and 14.5% on natural gas.

For the Cambay block, the entire royalty and cess payments are made by ONGC and are not cost recoverable. We only participated in the payment of NCCD at the rate of Rs. 51.5/MT (inclusive of 3% education cess and higher education cess) NCCD until February 2015. Since March 2015, pursuant to amendments in the Finance Act, 3% of education cess and higher education cess on NCCD is not payable. Sales tax payments (central sales tax) are made at a rate of 2% on crude oil and 15% (value added tax) on natural gas.

For all the above blocks, education surcharge was paid at 3% of applicable cess value, which has been discontinued as per Ministry of Finance circular with effect from December 2013.

Our royalties in Zinc International business are as follows:

- 3.0% of sale value of the products for Skorpion;
- 7.0% of turnover for BMM. The royalty rate applied on the turnover is 0.5% if the adjusted earnings before interest and tax ("adjusted EBIT") is negative, and in the event the adjusted EBIT is positive, the royalty rate applied on the turnover is 0.5% plus the rate computed at 100/9 times the adjusted EBIT upon turnover. In any event, the maximum royalty rate is capped at 7.0%; and
- 3.5% of turnover for Lisheen. The turnover is identified as gross revenue less smelter deductions, treatment charges, freight and marine insurance charges on a semi-annual basis.

There are several tax incentives available to companies operating in India, including the following:

- profits from newly established units in special economic zones are entitled to a tax holiday for a specified period;
- profits from newly established units in certain geographical areas are entitled to a tax holiday for a specified period;



- profits from newly constructed power plants (including for captive use) benefit from a tax holiday for a specified period;
- renewable energy devices being windmills installed on or before March 31, 2012 are eligible for accelerated depreciation at 80%. However, units that have opted for generation based incentive are not eligible for the said accelerated depreciation; and
- income from investment in mutual funds is exempt from a tax subject to certain conditions.

We have benefited from these tax incentives. Such benefits have resulted in lower effective tax rates, both within Vedanta Limited and in some of our operating subsidiaries such as Cairn, BALCO and HZL. HZL's export unit, effective from the quarter ended June 30, 2008, has benefited from its 100.0% export unit status, where profits on export sales are exempt from tax for a specified period. The export unit status expired on March 31, 2011. HZL also benefits from a tax holiday exemption with respect to its zinc ingot melting and casting plant at Haridwar and silver refinery, zinc and lead melting casting plant at Pantnagar in the state of Uttarakhand in North India. Cairn enjoys tax holiday with respect to its Rajasthan blocks. BALCO and HZL have considerable investments in captive power plants enjoying tax exemptions and HZL has also benefited from establishing wind energy generating projects. In addition, a large part of Vedanta Limited, Cairn and HZL's investment of surplus cash are in tax exempt instruments. Commercial power business also enjoys a tax exemption on their independent power plants for ten years from the date of commencement of their operations. The Vizag port is also subject to favorable tax treatment.

Exchange Rates

We sell commodities that are typically priced by reference to US dollar prices. However, a majority of our direct costs in our zinc, iron ore, aluminium and power businesses and our smelting and refining costs in our copper business are incurred in Indian Rupees and to a much lesser extent in Australian dollars, South African Rand and Namibian dollar. Also, all costs with respect to imported material for all our businesses are generally incurred in US dollars. As a result, an increase in the value of the US dollar compared to the Indian Rupee, and to a lesser extent the Australian dollar, South African Rand and Namibian dollar, is generally beneficial to our results of operations, except to the extent that the increase results in increased costs of copper concentrate, alumina and other imported materials for our businesses. A decrease in the value of the US dollar relative to the Indian Rupee, Australian dollar South African Rand and Namibian dollar has the opposite effect on our results of operations. For more information on the fluctuations in the value of the Indian Rupee against the US dollar, the Australian dollar, South African Rand and Namibian dollar, see "Item 10. Additional Information—D. Exchange Controls—Exchange Rates."

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with IFRS as issued by the IASB. In the course of preparing these financial statements, our management has made judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions. For a discussion of our significant accounting policies, see Note 3 to the Consolidated financial statements included in this Annual Report. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods affected.

We believe the critical accounting estimates are those that are both important to reflect our financial condition and results and require difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

See "Note 3. T. "Critical accounting judgments and estimation uncertainty" of Notes to the Consolidated financial statements" for a detailed discussion on the critical accounting estimates.



Results of Operations

Overview

Consolidated Statement of Profit or Loss

The following table is derived from our selected consolidated financial data and sets forth our historical operating results as a percentage of revenue for the periods indicated:

	For the Year Ended March 31,		
	2013	2014	2015
	(in percentages)		
Consolidated Statement of Profit or Loss:			
Revenue	100.0	100.0	100.0
Cost of sales	(77.1)	(76.9)	(135.8)
Gross Profit	22.9	23.1	(35.8)
Other operating income	0.5	0.6	0.7
Distribution expenses	(2.3)	(1.7)	(1.4)
Administration expenses	(3.2)	(4.4)	(4.3)
Operating profit	17.9	17.6	(40.8)
Investment and other income	4.9	5.8	7.0
Finance and other costs	(7.6)	(10.0)	(8.6)
Profit before taxes	15.2	13.4	(42.5)
Income tax expense	1.0	(4.8)	14.8
Profit/(loss) for the year	16.2	8.6	(27.7)
Profit attributable to:			
Equity holders of the parent	8.6	2.2	(17.5)
Non-controlling interest	7.6	6.4	(10.2)

Net revenue by Geographic Location

The primary markets for our products are India and China. Other markets include number of countries mostly in the Asia, Middle East and Europe. We endeavor to sell as large a quantity of our products as possible in India due to the Indian market premium that we receive on sales in India. The following table sets forth our revenue from each of our primary markets and our revenue from each of our primary markets as a percentage of our total revenue for the periods indicated:

	2013		2014		2015	
	(Rs in million)	% of revenue	(Rs in million)	% of revenue	(Rs in million)	(US dollars in millions)
India	506,264	70.1	499,064	68.8	481,451	7,726.7
China	76,992	10.6	67,825	9.4	57,846	928.4
UAE	20,872	2.9	29,469	4.1	40,705	653.3
Others ⁽¹⁾	118,175	16.4	128,885	17.7	153,577	2464.7
	722,303	100.0	725,243	100.0	733,579	11,773.1

Notes:

- (1) Other markets primarily include Belgium, South Korea, Malaysia, Mexico, Singapore, Vietnam, Indonesia, Taiwan, Saudi Arabia, Belgium, Switzerland, Netherlands, UK, Italy, Spain, Denmark, South Africa, Tanzania, Nigeria, Croatia, Kuwait, Hong Kong, Oman, Norway, Jordan, Colombia, Turkey, USA, Kenya and Nepal.

*Customer Concentration*

The following table sets forth for the periods indicated:

- the percentage of our revenue accounted for by our 10 largest customers on a consolidated basis; and
- for each of our segments, the percentage of the revenue of such business accounted for by the 10 largest customers of such business.

	Year Ended March 31,		
	2013	(%) 2014	2015
Consolidated	35.3	34.4	31.4
Zinc – India	40.2	41.2	40.5
Zinc – International	96.9	97.5	95.7
Oil & Gas	100.0	100.0	100.0
Iron Ore	39.0	42.4	52.2
Copper	39.8	30.4	32.8
Aluminium	45.5	29.4	35.5
Power	83.4	83.8	82.4

No single customer accounted for 10.0% or more of our revenue on a consolidated basis in any of the years indicated except for our oil and gas business, where, a single customer accounted for 11.3 % of our revenue on a consolidated basis in fiscal year 2014.

*Comparison of years ended March 31, 2014 and March 31, 2015**Revenue and Operating Profit**Consolidated*

Revenue increased from Rs. 725,243 million in fiscal year 2014 to Rs. 733,579 million (\$ 11,773.1 million) in fiscal year 2015, an increase of Rs. 8,336 million, or 1.1%. Revenue increased in fiscal year 2015 mainly driven by increased sales volume across our zinc, aluminium, iron ore and copper businesses, increase in daily average LME prices of zinc, increase in production in aluminium business from our new smelter in BALCO, increase in iron ore sales from Karnataka and the increased cathode production in the copper business. However, this benefit was partially offset by a significant fall in average Brent oil prices, combined with lower sales volumes impacting our oil and gas business and reduced sales from our power business.

Operating profit decreased from Rs. 127,528 million in fiscal year 2014 to operating loss of Rs. 299,215 million (\$ 4,802.0 million) in fiscal year 2015, a decrease of Rs. 426,743 million, or 334.6%. The decrease in operating profit was primarily due to impairment charge of Rs. 406,438 million (\$ 6,522.8 million) mainly in our oil and gas business. Operating profit excluding impairment (which is derived by adding impairment charge to the operating profit solely for comparability purposes) in fiscal year 2015 was at Rs. 107,223 a decrease of Rs. 20,305 million or 15.9 %. The reduction in operating profit excluding impairment was primarily due to lower sales realization in oil and gas business which was impacted by the significant fall in average oil prices. This was partially offset by an increase in the average LME prices of zinc and lower depreciation costs across all businesses. In line with its accounting policy, the Group has carried out a review of the useful life of its assets and considering the physical condition of the assets and benchmarking analysis, the Group has revised the useful life. The carrying value of the assets has been depreciated over the revised remaining useful life with effect from October 1, 2014. The impact in the fiscal year 2015 was a reduction by Rs. 4,337 million in depreciation as compared to fiscal year 2014. Operating margin excluding impairment charge decreased from 17.6% in fiscal year 2014 to 14.6% in fiscal year 2015, as the operating margins decreased in zinc and oil and gas business as a result of lower production in zinc and lower average oil prices in oil and gas business. However, operating margins improved in our copper and aluminium businesses, driven by higher average LME prices of aluminium and in our copper business on account of higher production and TcRc rates.

Contributing factors to our consolidated operating profit were as follows:

- Cost of sales increased from Rs. 557,900 million in fiscal year 2014 to Rs. 995,968 million (\$ 15,984.1 million) in fiscal year 2015, an increase of Rs. 438,068 million, or 78.5%. The increase is primarily due to impairment charge of Rs. 406,438 million (\$ 6,522.8 million). Cost of sales excluding impairment for fiscal year 2015 was Rs. 589,530 million, an increase of Rs. 31,630 million, or 5.7%. The increase was due to higher power and fuel costs across our business and higher exploration cost in oil and gas business in fiscal year 2015 as compared to fiscal year 2014.



- Other operating income increased from Rs. 4,541 million in fiscal year 2014 to Rs. 4,802 million (\$ 77.1 million) in fiscal year 2015, an increase of Rs. 261 million, or 5.7%. The increase was primarily due to higher realization from scrap sales of Rs. 184 million and higher profits on the sale of fixed assets amounting to Rs. 72 million.
- Distribution expenses decreased from Rs. 12,127 million in fiscal year 2014 to Rs. 10,078 million (\$ 161.7 million) in fiscal year 2015, a decrease of Rs. 2,049 million, or 16.9%, mainly due to reduced sales in CMT and our zinc international business. As a result, distribution expense as a percentage of revenue decreased from 1.7% in fiscal year 2014 to 1.4% in fiscal year 2015.
- Administration expenses decreased from Rs. 32,229 million in fiscal year 2014 to Rs. 31,550 million (\$ 506.4 million) in fiscal year 2015, a decrease of Rs. 679 million, or 2.1% mainly due to foreign exchange differences of Rs. 4,008 million partially offset by higher personnel and administration expenses by Rs. 3,325 million. As a percentage of revenue, administration expenses decreased from 4.4% in fiscal year 2014 to 4.3% in fiscal year 2015.

Zinc India

Revenue in the Zinc India segment increased from Rs. 131,980 million in fiscal year 2014 to Rs. 144,127 million (\$ 2,313.1 million) in fiscal year 2015, an increase of Rs. 12,147 million, or 9.2%. This increase was primarily driven by higher daily average LME prices of zinc and higher lead production, offset by lower production of zinc and silver and lower daily average LME prices of lead and silver.

Specifically:

- Zinc ingot production decreased from 749,167 tons in fiscal year 2014 to 733,803 tons in fiscal year 2015, a decrease of 2.1%, due to lower mined metal production and smelter shutdown. This is in line with our mine plan at Rampura Agucha mine (RAM), of lower mined metal production in the first half of the year as we excavated more waste than ore. Zinc ingot sales also decreased in line with the lower production, from 750,766 tons in fiscal year 2014 to 735,783 tons in fiscal year 2015, a decrease of 2%.
- Zinc ingot sales in the domestic market decreased from 557,158 tons in fiscal year 2014 to 483,361 tons in fiscal year 2015, a decrease of 13.2%. Our domestic sales as a percentage of total sales decreased from 74.2% in fiscal year 2014 to 65.7% in fiscal year 2015. We endeavor to sell large quantities of our products domestically, where we receive an Indian market premium. As a result of reduction in production being sold in the domestic market, our export sales increased from 193,607 tons of zinc in fiscal year 2014 to 252,422 tons of zinc in fiscal year 2015, an increase of 30.4%.
- The daily average zinc cash settlement price on the LME increased from \$ 1,909 per ton in fiscal year 2014 to \$ 2,177 per ton in fiscal year 2015, an increase of 14.0%.
- Lead ingot production increased from 122,596 tons in fiscal year 2014 to 127,143 tons in fiscal year 2015, an increase of 3.7% in line with mined metal production. Lead ingot sales increased from 121,120 tons in fiscal year 2014 to 128,752 tons in fiscal year 2015, an increase of 6.3%, due to increase in production.
- Silver ingot production decreased from 349,620 kilograms in fiscal year 2014 to 327,508 kilograms in fiscal year 2015 a decrease of 6.3% on account of fall in integrated production driven by reduced output from Zawar mine. Sale of silver ingots decreased from 351,825 kilograms in fiscal year 2014 to 327,230 kilograms in fiscal year 2015, a decrease of 7.0% on account of the fall in the integrated production.
- The daily average lead cash settlement price on the LME decreased from \$ 2,092 per ton in fiscal year 2014 to \$ 2,021 per ton in fiscal year 2015, a decrease of 3.4%.
- The daily average silver London Bullion Market Association prices decreased from \$ 21.4 per ounce in fiscal year 2014 to \$ 18.1 per ounce in fiscal year 2015, a decrease of 15.2%.

Operating profit in the zinc India segment increased from Rs. 61,696 million in fiscal year 2014 to Rs. 62,267 million (\$ 999.3 million) in fiscal year 2015, an increase of Rs. 571 million, or 0.9 %, whereas, operating margin decreased from 46.7% in fiscal year 2014 to 43.3% in fiscal year 2015. The increase in operating profit in fiscal year 2015 was primarily due to the higher average LME prices of zinc, increase in lead sales volume and Rupee depreciation offset by reduction in zinc and silver sales volume and lower daily average LME prices of lead and lower daily average silver London Bullion Market Association prices. Operating profit was also negatively affected by increase in the cost of production of zinc (net of by-product revenue) from Rs. 59,561 per ton in fiscal year 2014 to Rs. 67,914 per ton in fiscal year 2015 and cost of production of lead (net of by-product revenue) from Rs. 61,274 per ton in fiscal year 2014 to Rs. 63,057 per ton in fiscal year 2015. Increase in depreciation by Rs. 1,392 million in fiscal year 2015 as compared to fiscal year 2014 further impacted the operating profit. The decrease in operating margin was also due to lower daily average LME prices of lead, lower daily average silver London Bullion Market Association prices and higher cost of production in fiscal year 2015.

**Zinc International**

Revenue from external customers in the Zinc International segment decreased from Rs. 40,156 million in fiscal year 2014 to Rs. 35,886 million (\$ 575.9 million) in fiscal year 2015, a decrease of Rs. 4,270 million or 10.6%. The decrease in revenue was primarily due to lower volumes in all the units combined with fall in daily average lead LME prices offset by the increase in daily average zinc LME prices and Rupee depreciation against the US dollar. Specifically:

- Production of refined zinc metal at Skorpion registered a decrease from 124,924 tons in fiscal year 2014 to 102,188 tons in fiscal year 2015, a decrease of 22,736 tons or 18.2%. This was mainly due to an unplanned disruption due to a fire incident in the cell house resulting in a shutdown of the refinery for a period of 23 days during January 2015, followed by a gradual ramp-up.
- Production of zinc metal in concentrate from the Lisheen and BMM mines decreased from 180,020 tons in fiscal year 2014 to 157,919 tons in fiscal year 2015, a fall of 12.3%. Production of lead metal in concentrate also decreased from 58,622 tons to 51,407 tons, a decrease of 7,215 tons or 12.3%. This decrease was primarily due to the phase wise closure of the Lisheen mine which is near the end of its life, is expected to end production in mid fiscal year 2016 and in BMM due to lower ore grades and change in mining methods.
- The daily average zinc cash settlement price on the LME increased from \$ 1,909 per ton in fiscal year 2014 to \$ 2,177 per ton in fiscal year 2015, an increase of 14.0%.
- The daily average Lead cash settlement price on the LME decreased from \$ 2,092 per ton in fiscal year 2014 to \$ 2,021 per ton in fiscal year 2015, a decrease of 3.4%.

Operating profit in the Zinc International segment increased from Rs. 2,484 million in fiscal year 2014 to Rs. 4,268 (\$ 68.5 million) in fiscal year 2015, an increase of Rs. 1,784 million or 71.8%, largely on account of impairment charge of Rs. 2,873 million in fiscal year 2014. Operating profit excluding impairment charge decreased from Rs. 5,357 million in fiscal year 2014 to Rs. 4,268 million (\$ 68.5 million) in fiscal year 2015, a decrease of Rs. 1,089 million or 20.3%, largely on account of the fall in volumes driven by an unplanned shutdown at our mine in Skorpion and reduction in volumes at our mines in Lisheen and BMM and higher cost of production. Operating margin (excluding impairment charge in fiscal year 2014) decreased from 13.3% in fiscal year 2014 to 11.9% in fiscal year 2015.

Oil and Gas Business

Revenue from external customers in the oil and gas segment decreased from Rs. 187,103 million in fiscal year 2014 to Rs. 146,945 million (\$ 2,358.3 million) in fiscal year 2015, a decrease of Rs. 40,158 million or 21.5%. The decrease in revenue was primarily contributed to the significant fall in average Brent oil prices combined with lower entitlement interest sales volumes which was partially offset by depreciation of the Rupee against the US Dollar. Specifically:

- The daily average Brent oil price realization decreased from \$ 94.5 per boe, in fiscal year 2014 to \$ 75.8 per boe, in fiscal year 2015, a significant decrease of 19.7%.
- Entitlement interest sales decreased from 89,708 boepd in fiscal year 2014 to 87,560 boepd in fiscal year 2015, a decrease of 2,148 boepd or 2.4%. The fall was mainly on account of lower exploration and development spend.
- Average exchange rate increased by 0.7% to 60.9 in fiscal year 2015 from 60.5 in fiscal year 2014.

Operating profit in the oil and gas segment decreased from Rs. 53,942 million in fiscal year 2014 to an operating loss of Rs. 395,146 million (\$ 6,341.6 million) in fiscal year 2015, a decrease of Rs. 449,088 million or 832.5 %. Impairment loss of Rs. 406,144 million (\$ 6,518.1 million), lower sales realizations and higher exploration cost written off in fiscal year 2015 contributed to such operating loss of Rs. 395,146 million, which was partially offset by a decrease in the depletion charge in the same fiscal year. Exploration costs written off were higher in fiscal year 2015 as two major wells were declared dry and the well cost of these two wells were written off.

**Iron Ore**

Revenue from external customers increased from Rs. 16,516 million in fiscal year 2014 to Rs. 19,039 million (\$ 305.6 million) in fiscal year 2015, an increase of Rs. 2,523 million, or 15.3%. The increase was primarily due to higher volumes of sales from Karnataka in the comparable period and increase in pig iron and metallurgical coke production.

- Iron ore production decreased from 1.5 million tons in fiscal year 2014 to 0.6 million tons in fiscal year 2015, a decrease of 0.9 million tons or 60% due to a mining ban in the states of Karnataka and Goa during fiscal year 2014. At Karnataka, production recommenced on February 28, 2015, following receipt of all requisite clearances and approvals, at an annual capacity of 2.29 mtpa.
- The production of pig iron and metallurgical coke was higher by 19.8% and 22.6% to 610,757 tons and 499,919 tons, respectively. The increase is primarily due to the full year operations of new pig iron capacity which is now fully ramped up and further de-bottlenecking of the pig iron plant which resulted in an increase in capacity from 625,000 tons to 700,000 tons.

Operating loss in the iron ore segment decreased from Rs. 5,476 million in fiscal year 2014 to Rs. 3,422 million (\$ 54.9 million) in fiscal year 2015, a decrease of Rs. 2,054 million. The decrease in operating loss is primarily due to the increase in sales from Karnataka through e-auction and higher production of pig iron and metallurgical coke.

Copper

Revenue from external customers increased from Rs. 205,577 million in fiscal year 2014 to Rs. 225,198 million (\$ 3,614.2 million) in fiscal year 2015, an increase of Rs. 19,621 million, or 9.5%. This increase was primarily due to the increase in production of cathodes, higher TcRc and higher sales in Fujairah. Specifically:

- Copper cathode production increased from 294,434 tons in fiscal year 2014 to 362,373 tons in fiscal year 2015, an increase of 23.1%. The production in fiscal year 2014 was lower on account of temporary closure of our smelter in first quarter of fiscal year 2014. Copper cathode sales increased from 173,430 tons in fiscal year 2014 to 190,872 tons in fiscal year 2015, an increase of 10.1 %, due to higher production.
- Production of copper rods increased from 123,053 tons in fiscal year 2014 to 170,338 tons in fiscal year 2015, an increase of 38.4%, reflecting the increase in the cathode production and higher market demand. Copper rod sales increased from 122,745 tons in fiscal year 2014 to 170,742 tons in fiscal year 2015, an increase of 39.1% in line with the increase in production.
- Sales of copper in the Indian market increased from 143,849 tons in fiscal year 2014 to 194,747 tons in fiscal year 2015, an increase of 35.4%, and our exports also increased from 152,326 tons in fiscal year 2014 to 166,868 tons in fiscal year 2015, an increase of 9.5%. Our domestic sales as a percentage of total sales increased from 48.6% in fiscal year 2014 to 53.9% in fiscal year 2015.

Operating profit in the copper segment increased from Rs. 8,876 million in fiscal year 2014 to Rs. 14,344 million (\$ 230.2 million) in fiscal year 2015, an increase of Rs. 5,468 million, or 61.6%. Operating margin also increased from 4.3% in fiscal year 2014 to 6.4% in fiscal year 2015. The increase in operating profit was primarily due to an increase in volume in fiscal year 2015 as production in fiscal year 2014 was impacted by lower volumes on account of temporary smelter closure and higher costs of production and higher TcRc rates in line with the market conditions. In particular:

- TcRc rates increased from an average of 16.6¢/lb realized in fiscal year 2014 to an average of 21.4 ¢/lb realized in fiscal year 2015.
- Cost of production net of by-product and free copper revenue, which consists of cost of smelting and refining costs, decreased from 9.7 ¢/lb in fiscal year 2014 to 4.2 ¢/lb in fiscal year 2015, primarily due to higher average realization on the sale of sulphuric acid, a by-product, from Rs. 1,278 per ton in fiscal year 2014 to Rs. 2,779 per ton in fiscal year 2015.

Aluminium

Revenue from external customers in the aluminium segment increased from Rs. 107,790 million in fiscal year 2014 to Rs. 126,900 million (\$ 2,036.6 million) in fiscal year 2015, an increase of Rs. 19,110 million, or 17.7%. This increase was primarily due to an increase in production from our new smelter in BALCO and an increase in the daily average LME prices of aluminium and premium on metal, offset by higher purchased alumina prices. Specifically:

- Aluminium production increased from 794,289 tons in fiscal year 2014 to 877,259 tons in fiscal year 2015, an increase of 10.4%. Production of value added products increased from 57.7% in fiscal year 2014 to 76.4% in fiscal year 2015.



- Aluminium sales increased from 792,971 tons in fiscal year 2014 to 877,549 tons in fiscal year 2015, an increase of 10.7% in line with the increase in production from new smelter in Korba. Sales of aluminium ingots increased from 335,241 tons in fiscal year 2014 to 429,242 tons in fiscal year 2015, an increase of 28.0%. Wire rod sales were flat from 286,146 tons in fiscal year 2014 to 286,503 tons in fiscal year 2015, and rolled product sales decreased from 50,504 tons in fiscal year 2014 to 46,165 tons in fiscal year 2015, a decrease of 8.6%, reflecting the market conditions. Billets sales decreased from 121,080 tons in fiscal year 2014 to 115,639 tons in fiscal year 2015, representing a decrease of 4.5%.
- Aluminium sales in the domestic market decreased from 545,514 tons in fiscal year 2014 to 519,920 tons in fiscal year 2015, a decrease of 4.7%. Domestic sales decreased in fiscal year 2015 due to the substitution of aluminium ingots with lower priced imported aluminium scrap by the domestic customers. Our aluminium exports increased from 247,456 tons in fiscal year 2014 to 357,629 tons in fiscal year 2015. Our domestic sales as a percentage of total sales decreased from 68.8% in fiscal year 2014 to 59.2% in fiscal year 2015.
- The daily average aluminium cash settlement price on the LME increased from \$ 1,773 per ton in fiscal year 2014 to \$ 1,890 per ton in fiscal year 2015, an increase of 6.6%.

Operating profit in the aluminium segment increased from Rs. 4,979 million in fiscal year 2014 to Rs. 13,752 million (\$ 220.7 million) in fiscal year 2015, an increase of Rs. 8,773 million. Higher sales realization due to an increase in average LME prices of aluminium, higher volumes and premium and depreciation of the Indian Rupee against the US dollar contributed to the increase in operating profit which was partially offset by higher purchased alumina prices and higher e-auction coal prices.

Power

Revenue from external customers in the power segment decreased from Rs. 35,076 million in fiscal year 2014 to Rs. 33,906 million (\$ 544.2 million) in fiscal year 2015, a decrease of Rs. 1,170 million or 3.3%. The Jharsuguda 2,400 MW power plant operated at a lower Plant Load Factor (PLF) of 39% during fiscal year 2015 due to lower market demand and transmission constraints for some regions. Specifically:

- Power sales increased from 9,374 million units in fiscal year 2014 to 9,859 million units in fiscal year 2015, an increase of 5.2%. This was primarily due to the commencement of operations at our 660 MW TSPL commercial power plant during 2015. This was partially offset by reduction in power sales from Jharsuguda 2,400 MW and BALCO 270 MW. Whereas, excluding the trial runs, the net power sold increased from 9,374 million units (excluding the power generated under trial runs Nil) in fiscal year 2014 to 9,585 million units (excluding the power generated under trial runs 274 million units) in fiscal year 2015, an increase of 2.3%.
- The average power realization decreased from Rs. 3.54 per unit in fiscal year 2014 to Rs. 3.12 per unit in fiscal year 2015, a decrease of 11.9% (excluding power from 660 MW TSPL commercial power plant).
- Cost of generation at the power business decreased from Rs. 2.23 per unit in fiscal years 2014 to Rs. 2.14 in fiscal year 2015, a decrease of 4.0% on account of lower coal costs.

Operating profit in the power segment increased from Rs. 1,494 million in fiscal year 2014 to Rs. 4,484 million (\$ 72.0 million) in fiscal year 2015, an increase of Rs. 2,990 million or 200.1%, primarily as a result of sales from our 660 MW TSPL commercial power plant commissioned during 2015 and lower depreciation on account of revised estimates of useful life. Operating margin increased from 4.3% in fiscal year 2014 to 13.2% in fiscal year 2015.

Other

Operating profit in our other business segment increased from operating loss of Rs. 467 million in fiscal year 2014 to operating profit of Rs. 238 million (\$ 3.8 million) in fiscal year 2015.

Investment and Other income

Investment and other income increased from Rs. 42,165 million in fiscal year 2014 to Rs. 51,154 million (\$ 821.0 million) in fiscal year 2015 an increase of Rs. 8,989 million or 21.3%, primarily due to an increase in fair value gain on financial assets held for trading, primarily on investments held at HZL.

Finance costs

Finance costs decreased from Rs. 72,821 million in fiscal year 2014 to Rs. 63,398 million (\$ 1,017.5 million) by Rs. 9,423 million or 12.9% in fiscal year 2015. This was on account of translation loss on foreign currency borrowings as Rupee depreciation against the US dollar in fiscal year 2015 was at 4.2% as compared to 10.5% in fiscal year 2014 and reduced interest on convertible bond which was repaid in October 2014.

**Tax expense**

Tax expense/credit changed from tax expense of Rs. 34,646 million in fiscal year 2014 to tax credit of Rs. 108,320 million (\$ 1,738.4 million) in fiscal year 2015. Our effective income tax rate, calculated as tax expense/credit divided by our profit before taxes, was expense of 35.8% in fiscal year 2014 as compared to expense of 34.8% in fiscal year 2015. The effective tax rate was in line with the previous year. The tax credit in the current year includes deferred tax reversal on impairment charge of Rs. 131,340 Million.

Non-controlling interest

On account of above mentioned factors, profit for the year decreased from Rs. 62,226 million in fiscal year 2014 to loss of Rs. 203,139 million (\$ 3,260.1 million) in fiscal year 2015, a decrease of Rs. 265,365 million or 426.5%.

Profit attributable to non-controlling interest decreased from profit of Rs. 46,760 million in fiscal year 2014 to loss of Rs. 74,789 million (\$ 1,200.2 million) in fiscal year 2015, a decrease of Rs. 121,549 million or 259.9%, driven by the fall in profit during the year. Non-controlling interest as a percentage of profit or loss decreased from 75.1% in fiscal year 2014 to 36.8% in fiscal year 2015.

Comparison of years ended March 31, 2013 and March 31, 2014**Revenue and Operating Profit****Consolidated**

Revenue increased from Rs. 722,303 million in fiscal year 2013 to Rs. 725,243 million (\$ 12,087.4 million) in fiscal year 2014, an increase of Rs. 2,940 million, or 0.4%. Revenue increased in fiscal year 2014 mainly driven by increased sales volume across oil and gas, Zinc India and aluminium businesses, mainly due to record oil and gas production and increased volume of refined zinc, lead and integrated silver at Zinc India. Depreciation of Indian Rupee against the US dollar by 11.1% in fiscal year 2014 as compared to fiscal year 2013 also contributed to higher revenues. However, the benefit of volume increase and Rupee depreciation was partially offset by temporary closure of our copper smelting operations in the first quarter of fiscal year 2014, suspension of our iron ore operations in Goa and lower commodity prices.

Operating profit decreased from Rs. 129,511 million in fiscal year 2013 to Rs. 127,528 million (\$ 2,125.5 million) in fiscal year 2014, a decrease of Rs. 1,983 million, or 1.5%. The decrease in operating profit was primarily due to continued ban on iron ore mining operations, impact of lower tariff recognition from GRIDCO in the power business, and the fall in volumes in the Zinc International business and lower daily average LME prices across metals, offset by better operating performance at our aluminium, Zinc India and oil and gas business together with the impact of Rupee depreciation against the US dollar. Operating margin decreased from 17.9% in fiscal year 2013 to 17.6% in fiscal year 2014, as the operating margins decreased across the businesses as a result of lower LME prices. However, operating margin improved in our aluminium business driven by improving operating efficiencies and in our copper business on account of higher TcRc rates.

Contributing factors to our consolidated operating profit were as follows:

- Cost of sales increased from Rs. 556,663 million in fiscal year 2013 to Rs. 557,900 million (\$ 9,298.3 million) in fiscal year 2014, an increase of Rs. 1,237 million, or 0.2%. The marginal increase in the cost of sales was driven by the impact of Rupee depreciation on dollar denominated raw material costs and the impact of lower tariff recognition from GRIDCO in the power business. However, the increase has been primarily offset by the fall in LME prices and improved operational efficiencies primarily in the aluminium business. Cost of sales as a percentage of revenue decreased from 77.1% in fiscal year 2013 to 76.9% in fiscal year 2014.
- Other operating income increased from Rs. 3,791 million in fiscal year 2013 to Rs. 4,541 million (\$ 75.7 million) in fiscal year 2014, an increase of Rs. 750 million, or 19.8%. The increase was primarily due to decrease in foreign exchange losses by Rs. 577 million and higher by-product sales in the aluminium business as against fiscal year 2013, partly offset by lower profits on the sale of fixed assets by Rs.783 million, and lower income from scrap sales by Rs. 86 million.
- Distribution expenses decreased from Rs. 16,430 million in fiscal year 2013 to Rs. 12,127 million (\$ 202.1 million) in fiscal year 2014, a decrease of Rs. 4,303 million, or 26.2%, mainly due to negligible sales in the iron ore business on account of the mining ban imposed for the better part of the year. As a result, distribution expense as a percentage of revenue decreased from 2.3% in fiscal year 2013 to 1.7% in fiscal year 2014.
- Administration expenses increased from Rs. 23,490 million in fiscal year 2013 to Rs. 32,229 million (\$ 537.2 million) in fiscal year 2014, an increase of Rs. 8,739 million, or 37.2% mainly due to foreign exchange differences of Rs. 4,863 million, higher personnel and administration expenses by Rs.4,742 million and higher



provision towards receivables of Rs. 2,487 million, partially offset by a charge of Rs. 1,000 million recorded in fiscal year 2013 towards the amount paid to the District Collector, Tuticorin, for improvement of the environment, including soil and water, in the vicinity of the Tuticorin smelter, as directed by the Supreme Court. As a percentage of revenue, administration expenses increased from 3.2% in fiscal year 2013 to 4.4% in fiscal year 2014.

**Zinc India**

Revenue in the Zinc India segment increased from Rs. 123,241 million in fiscal year 2013 to Rs. 131,980 million (\$ 2,199.7 million) in fiscal year 2014, an increase of Rs. 8,739 million, or 7.1%. This increase was primarily driven by higher integrated production volumes, offset by lower daily average LME prices of zinc, lead and silver and no sales of zinc concentrate.

Specifically:

- Zinc ingot production increased from 676,923 tons in fiscal year 2013 to 749,167 tons in fiscal year 2014, an increase of 10.7%, on account of improved mined metal production in line with the mine plan, improved operational efficiencies and higher roaster availability. Zinc ingot sales also increased in line with the higher production, from 674,959 tons in fiscal year 2013 to 750,766 tons in fiscal year 2014, an increase of 11.2%.
- Zinc ingot sales in the domestic market increased from 471,032 tons in fiscal year 2013 to 557,158 tons in fiscal year 2014, an increase of 18.3%. Our domestic sales as a percentage of total sales increased from 69.8% in fiscal year 2013 to 74.2% in fiscal year 2014. We endeavor to sell large quantities of our products domestically, where we receive an Indian market premium. As a result of more of the production being sold in the domestic market, our export sales decreased from 203,926 tons of zinc in fiscal year 2013 to 193,607 tons of zinc in fiscal year 2014, a decrease of 5.1%.
- The daily average zinc cash settlement price on the LME decreased from \$ 1,948 per ton in fiscal year 2013 to \$ 1,909 per ton in fiscal year 2014, a decrease of 2.0%.
- There were no zinc concentrate sales during fiscal year 2014, in accordance with the mine plan, as compared to the sales of 119,570 dry metric tons in fiscal year 2013.
- Lead ingot production increased from 118,316 tons in fiscal year 2013 to 122,596 tons in fiscal year 2014, an increase of 3.6%, due to better utilization of our smelter capacity. Lead ingot sales increased from 117,445 tons in fiscal year 2013 to 121,120 tons in fiscal year 2014, an increase of 3.1%, due to increase in production.
- Silver ingot production decreased from 373,900 kilograms in fiscal year 2013 to 349,620 kilograms in fiscal year 2014, a decrease of 6.5% on account of a reduction in the custom production volume. The integrated production volume increased from 288,226 kilograms in fiscal year 2013 to 300,557 kilograms in fiscal year 2014, an increase of 4.3%, driven by increased output from Zawar mine. Sale of silver ingots decreased from 373,954 kilograms in fiscal year 2013 to 351,825 kilograms in fiscal year 2014, a decrease of 5.9% on account of the fall in the custom production.
- The daily average lead cash settlement price on the LME decreased from \$ 2,113 per ton in fiscal year 2013 to \$ 2,092 per ton in fiscal year 2014, a decrease of 1.0%.
- The daily average silver London Bullion Market Association prices decreased from \$ 30.5 per ounce in fiscal year 2013 to \$ 21.4 per ounce in fiscal year 2014, a decrease of 29.8%.

Operating profit in the zinc India segment increased from Rs. 58,341 million in fiscal year 2013 to Rs. 61,696 million (\$ 1,028.3 million) in fiscal year 2014, an increase of Rs. 3,355 million, or 5.8 %, whereas, operating margin decreased from 47.3% in fiscal year 2013 to 46.7% in fiscal year 2014. The increase in operating profit in fiscal year 2014 was primarily due to the higher lead and integrated silver sales volume, higher premium over LME prices and Rupee depreciation, offset by a lower daily average LME prices of zinc and lead and lower daily average silver London Bullion Market Association prices. These factors cumulatively had a positive impact of Rs. 9,640 million in fiscal year 2014. Operating profit was also negatively affected by increase in the cost of production of zinc (net of by-product revenue) from Rs. 53,446 per ton in fiscal year 2013 to Rs. 59,561 per ton in fiscal year 2014 and cost of production of lead (net of by-product revenue) from Rs. 54,869 per ton in fiscal year 2013 to Rs. 61,274 per ton in fiscal year 2014 which had an impact of Rs. 3,482 million. Increase in depreciation by Rs. 1,060 million in fiscal year 2014 as compared to fiscal year 2013 further impacted the operating profit. The decrease in operating margin was also due to lower daily average LME prices of zinc and lead, lower daily average silver London Bullion Market Association prices and higher cost of production in fiscal year 2014.

**Zinc International**

Revenue from external customers in the Zinc International segment decreased from Rs. 43,475 million in fiscal year 2013 to Rs. 40,156 million (\$ 669.3 million) in fiscal year 2014, a decrease of Rs. 3,319 million or 7.6%. The decrease in revenue was primarily due to lower volumes in all the units combined with fall in daily average zinc and lead LME prices offset by Rupee depreciation against the US dollar. Specifically:

- Production of refined zinc metal at Skorpion registered a decrease from 145,342 tons in fiscal year 2013 to 124,924 tons in fiscal year 2014, a decrease of 20,418 tons or 14.0%. This was mainly due to an unplanned maintenance shut down after a tank failure in the third quarter of fiscal year 2014.
- Production of zinc metal in concentrate from the Lisheen and BMM mines decreased from 208,063 tons in fiscal year 2013 to 180,020 tons in fiscal year 2014, a fall of 13.5%. Production of lead metal in concentrate also decreased from 72,289 tons to 58,622 tons, a decrease of 13,667 tons or 18.9%. This decrease was primarily due to the phase wise closure of the Lisheen mine and disruptions at Lisheen and BMM in the first quarter of fiscal year 2014.
- The daily average Zinc cash settlement price on the LME decreased from \$ 1,948 per ton in fiscal year 2013 to \$ 1,909 per ton in fiscal year 2014, a decrease of 2.0%.
- The daily average Lead cash settlement price on the LME decreased from \$ 2,113 per ton in fiscal year 2013 to \$ 2,092 per ton in fiscal year 2014, a decrease of 1.0%.

Operating profit in the Zinc International segment decreased from Rs. 5,078 million in fiscal year 2013 to Rs 2,484 million (\$ 41.4 million) in fiscal year 2014, a decrease of Rs. 2,594 million or 51.1%, largely on account of the fall in volumes driven by an unplanned shut down at our mine in Skorpion after a tank failure in the third quarter of fiscal year 2014, and disruptions at our mines in Lisheen and BMM in the first quarter of fiscal year 2014, higher cost of production and lower LME prices. Operating margin decreased from 11.7% in fiscal year 2013 to 6.2% in fiscal year 2014.

Oil and Gas Business

Revenue from external customers in the oil and gas segment increased from Rs. 175,518 million in fiscal year 2013 to Rs. 187,103 million (\$ 3,118.4 million) in fiscal year 2014, an increase of Rs. 11,585 million or 6.6%. The increase in revenue was primarily contributed by the Rupee depreciation against the US dollar, offset by the fall in average Brent prices realization combined with lower entitlement interest sales volumes. Specifically:

- Entitlement interest sales decreased from 90,307 boepd in fiscal year 2013 to 89,708 boepd in fiscal year 2014, a decrease of 599 boepd or 0.7%. The fall was on account of increase in profit petroleum tranche payable to the GoI according to the production sharing contracts.
- The daily average Brent price realization decreased from \$ 97.5 per boe in fiscal year 2013 to \$ 94.5 per boe in fiscal year 2014, a decrease of 3.1%.

Operating profit in the oil and gas segment increased from Rs. 50,370 million in fiscal year 2013 to Rs. 53,942 million (\$ 899.0 million) in fiscal year 2014, an increase of Rs. 3,572 million, or 7.1 %. Whereas, operating margin increased from 28.7% in fiscal year 2013 to 28.8% in fiscal year 2014. Higher sales realizations and lower exploration cost written off in fiscal year 2014 contributed to increase in operating profit by Rs. 13,754 million, which is offset by increase in the depletion charge in the current year on account of increase in the estimate of cost to complete by Rs.7,167 million, decrease in operating income in the fiscal year 2014 by Rs. 646 million due to sale of an exploration block in the Krishna Godavari basin in the fiscal year 2013, increase in production cost in the current year on account of increase in production having an impact of Rs. 1,258 million and increase in administrative cost by Rs. 1,143 million.

Iron Ore

Revenue from the iron ore segment decreased from Rs. 26,054 million in fiscal year 2013 to Rs. 16,516 million (\$ 275.3 million) in fiscal year 2014, a decrease of Rs. 9,538 million, or 36.6%. The decrease was primarily due to lower production of saleable iron ore offset by an increase in pig iron and metallurgical coke production;

- Iron ore production decreased from 3.7 million tons in fiscal year 2013 to 1.5 million tons in fiscal year 2014, a decrease of 2.2 million tons or 59.3% due to a mining ban in the states of Karnataka and Goa during fiscal year 2014. Of this production, only 27,000 tons were sold during the fiscal year 2014.
- The production of pig iron and metallurgical coke was significantly higher by 66% and 23% to 509,781 tons and 407,835 tons, respectively. The increase is primarily due to the full year operations of new pig iron capacity and the associated metallurgical coke commissioned during fiscal year 2013.



Operating loss in the iron ore segment increased from Rs. 77 million in fiscal year 2013 to Rs. 5,476 million (\$ 91.3 million) in fiscal year 2014, an increase of Rs. 5,399 million. The increase in operating loss is primarily due to the continued mining ban in the state of Karnataka as well as suspension of mining activities in the state of Goa, partially offset by higher production of pig iron and metallurgical coke.

Copper

Revenue from the copper segment decreased from Rs. 217,262 million in fiscal year 2013 to Rs. 205,577 million (\$ 3,426.3 million) in fiscal year 2014, a decrease of Rs. 11,685 million, or 5.4%. This decrease was primarily due to the decrease in production of cathodes and lower daily average LME prices of copper, offset by higher sales in Fujairah. Specifically:

- Copper cathode production decreased from 353,154 tons in fiscal year 2013 to 294,434 tons in fiscal year 2014, a decrease of 16.6%. The production in fiscal year 2014 was lower on account of temporary closure of our smelter in first quarter of fiscal year 2014. Copper cathode sales decreased from 178,817 tons in fiscal year 2013 to 173,430 tons in fiscal year 2014, a decrease of 3.0%, due to lower production.
- Production of copper rods decreased from 171,855 tons in fiscal year 2013 to 123,053 tons in fiscal year 2014, a decrease of 28.4%, reflecting the fall in the cathode production and lower market demand. Copper rod sales decreased from 171,653 tons in fiscal year 2013 to 122,745 tons in fiscal year 2014, a decrease of 28.5% in line with the decrease in production.
- Sales of copper in the Indian market decreased from 196,626 tons in fiscal year 2013 to 143,849 tons in fiscal year 2014, a decrease of 26.8%, and our exports decreased from 153,844 tons in fiscal year 2013 to 152,326 tons in fiscal year 2014, a decrease of 1.0%. Our domestic sales as a percentage of total sales decreased from 56.1% in fiscal year 2013 to 48.6% in fiscal year 2014. The decrease was largely on account of temporary closure of our smelter in first quarter of fiscal year 2014.
- The daily average copper cash settlement price on the LME decreased from \$ 7,853 per ton in fiscal year 2013 to \$ 7,103 per ton in fiscal year 2014, a decrease of 9.5%.

Operating profit in the copper segment increased from Rs. 8,517 million in fiscal year 2013 to Rs. 8,876 million (\$ 147.9 million) in fiscal year 2014, an increase of Rs. 359 million, or 4.2%. Operating margin also increased from 3.9% in fiscal year 2013 to 4.3% in fiscal year 2014. The increase in operating profit was primarily due to higher TcRc rates in line with the market conditions and a charge of Rs.1,000 million in fiscal year 2013 towards the amount paid to the District Collector, Tuticorin, for improvement of the environment, including soil and water, in the vicinity of the Tuticorin smelter as directed by the Supreme Court of India, offset by the profit in fiscal year 2014 impacted by lower volume on account of temporary smelter closure and higher cost of production. In particular:

- TcRc rates increased from an average of 12.8¢/lb realized in fiscal year 2013 to an average of 16.6 ¢/lb realized in fiscal year 2014.
- Cost of production net of by-product and free copper revenue, which consists of cost of smelting and refining costs, increased from 8.7 ¢/lb in fiscal year 2013 to 9.7 ¢/lb in fiscal year 2014, primarily due to lower average realization on the sale of sulphuric acid, a by-product, from Rs. 1,805 per ton in fiscal year 2013 to Rs. 1,278 per ton in fiscal year 2014 which had an impact of 1.8 ¢/lb in the cost of production and higher cost of consumables marginally offset by higher metal recoveries.

Aluminium

Revenue from external customers in the aluminium segment increased from Rs. 99,073 million in fiscal year 2013 to Rs. 107,790 million (\$ 1,796.5 million) in fiscal year 2014, an increase of Rs. 8,717 million, or 8.8%. This increase was primarily due to depreciation of the Indian Rupee against the US dollar, higher volumes, offset by the decline in the daily average LME prices of aluminium and reduction in metal premiums. Specifically:

- Aluminium production increased from 774,026 tons in fiscal year 2013 to 794,289 tons in fiscal year 2014, an increase of 2.6%. Whereas, production of value added products decreased from 58.4% in fiscal year 2013 to 57.7% in fiscal year 2014.



- Aluminium sales increased from 773,001 tons in fiscal year 2013 to 792,971 tons in fiscal year 2014, an increase of 2.6% in line with the increase in production. Sales of aluminium ingots increased from 313,636 tons in fiscal year 2013 to 335,241 tons in fiscal year 2014, an increase of 6.9%. Wire rod sales decreased from 295,430 tons in fiscal year 2013 to 286,146 tons in fiscal year 2014, a decrease of 3.1% and rolled product sales decreased from 58,160 tons in fiscal year 2013 to 50,504 tons in fiscal year 2014, a decrease of 13.2%, reflecting the market conditions. Billets sales increased from 98,379 tons in fiscal year 2013 to 121,080 tons in fiscal year 2014, representing an increase of 23.1%.
- Aluminium sales in the domestic market decreased from 660,533 tons in fiscal year 2013 to 545,514 tons in fiscal year 2014, a decrease of 17.4%. The domestic sales during fiscal year 2013 were higher due to lower production by Hindalco Industries Limited and National Aluminium Company Limited, the other large manufacturers in India, on account of shut down of their smelters for part of the year. Domestic sales decreased in fiscal year 2014 also due to the substitution of aluminium ingots with lower priced imported aluminium scrap by the domestic customers. Our aluminium exports increased from 112,467 tons in fiscal year 2013 to 247,456 tons in fiscal year 2014. Our domestic sales as a percentage of total sales decreased from 85.5% in fiscal year 2013 to 68.8% in fiscal year 2014.
- The daily average aluminium cash settlement price on the LME decreased from \$ 1,974 per ton in fiscal year 2013 to \$ 1,773 per ton in fiscal year 2014, a decrease of 10.2%.

Operating profit in the aluminium segment improved from Rs. 960 million in fiscal year 2013 to Rs. 4,979 million (\$ 83.0 million) in fiscal year 2014, an improvement of Rs. 4,019 million. Higher sales realization due to depreciation of the Indian Rupee against the US dollar, lower cost of production driven by operational efficiencies and marginally higher volumes contributed to increase in operating profit by Rs. 14,559 million. However, fall in daily average LME prices of aluminium and lower metal premiums resulted in the reduction in operating profit by Rs. 8,976 million. Increase in depreciation by Rs. 827 million as compared to the earlier year also contributed to the reduction in operating profit. As a result, operating margin increased from 1.0% in fiscal year 2013 to 4.6% in fiscal year 2014.

Power

Revenue from external customers in the power segment increased from Rs. 34,169 million in fiscal year 2013 to Rs. 35,076 million (\$ 584.6 million) in fiscal year 2014, an increase of Rs. 907 million or 2.7%, the increase being primarily driven by the higher generation volume from the Jharsuguda 2,400 MW plant and increase in the average power realization. Specifically:

- Power sales decreased from 10,112 million units in fiscal year 2013 to 9,374 million units in fiscal year 2014, a decrease of 7.3% on account of lower sales in BALCO 270 MW power plant, which was caused due to lower power rates and weak demand and has been partially offset by marginally higher volumes from the Jharsuguda 2,400 MW power plant. Whereas, excluding the trial runs, the net power sold increased from 9,318 million units (excluding the power generated under trial runs 795 million units) in fiscal year 2013 to 9,374 million units (excluding the power generated under trial runs Nil) in fiscal year 2014, an increase of 0.6%.
- The average power realization increased from Rs. 3.33 per unit in fiscal year 2013 to Rs. 3.54 per unit in fiscal year 2014, an increase of 6.3%.
- Cost of generation at the power business increased from Rs. 2.1 per unit in fiscal years 2013 to Rs. 2.2 in fiscal year 2014, an increase of 4.3% driven by marginal cost increase in Jharsuguda as compared to the previous year.

Operating profit in the power segment decreased from Rs. 6,393 million in fiscal year 2013 to Rs. 1,494 million (\$ 24.9 million) in fiscal year 2014, a decrease of Rs. 4,899 million or 76.6%, primarily as a result of lower tariff being recognized from the power supply company GRIDCO in Odisha, where the interpretation of the tariff agreement is subject to dispute that impacted the profit by Rs 2,331 million. Operating margin decreased from 18.7% in fiscal year 2013 to 4.3% in fiscal year 2014.

Other

Operating loss in our other business segment increased from Rs. 71 million in fiscal year 2013 to Rs.467 million (\$ 7.8 million) in fiscal year 2014.

**Investment and Other income**

Investment and other income increased from Rs. 34,931 million in fiscal year 2013 to Rs. 42,165 million (\$ 702.8 million) in fiscal year 2014 an increase of Rs. 7,234 million or 20.7%, primarily due to an increase of Rs.14,380 million on account of change in fair value gain on financial assets held for trading, primarily on investments held at HZL and Cairn India, partially offset by lower dividend income by Rs. 1,734 million and lower profit on sale of investments by Rs. 4,668 million.

Finance costs

Finance costs increased from Rs. 54,716 million in fiscal year 2013 to Rs. 72,821 million (\$ 1,213.7 million) by Rs. 18,105 million or 33.1% in fiscal year 2014 due to a one-time amortization of borrowing cost due to prepayment of Cairn India acquisition loans partially offset by favorable refinancing of these loans, cessation of interest capitalization pertaining to the Jharsuguda smelter during fiscal year 2014 and translation loss on foreign currency borrowings.

Tax expense

Tax expense/credit changed from tax credit of Rs. 7,502 million in fiscal year 2013 to tax expenses of Rs. 34,646 million (\$ 577.4 million) in fiscal year 2014. Our effective income tax rate, calculated as tax expense/credit divided by our profit before taxes, was credit of 6.8% in fiscal year 2013 as compared to expense of 35.8% in fiscal year 2014. The effective tax rate increased during fiscal year 2014, largely due to a one-time credit of Rs. 15,790 million following the internal reorganization in Cairn India during fiscal year 2013. Effective tax rate increased in fiscal year 2014, despite the impact of a tax reversal of Rs. 13,990 million on account of the Re-organization Transactions, as the benefit was largely offset by the increase in the deferred tax liability on the fair valuation of Cairn India following an increase in surcharge by 5% and other one-time provisions.

Non-controlling interest

On account of above mentioned factors, profit for the year decreased from Rs. 117,228 million in fiscal year 2013 to Rs. 62,226 million (\$ 1,037.1 million) in fiscal year 2014, a decrease of Rs. 55,002 million or 46.9%.

Profit attributable to non-controlling interest decreased from Rs. 54,865 million in fiscal year 2013 to Rs. 46,760 million (\$ 779.3 million) in fiscal year 2014, a decrease of Rs. 8,105 million or 14.8%, driven by the fall in profit during the year. Non-controlling interest as a percentage of profit increased from 46.8% in fiscal year 2013 to 75.1% in fiscal year 2014.

Liquidity and Capital Resources

The following table is derived from our selected consolidated financial data and sets forth our cash flow for the fiscal years 2011, 2012, 2013, 2014 and 2015:

	For the Year Ended March 31,					
	2011 (Rs. In millions)	2012 (Rs. In millions)	2013 (Rs. In millions)	2014 (Rs. In millions)	2015 (Rs. In millions)	2015 (US dollars in millions)
Cash Flow Data:						
Net cash provided by (used in):						
Operating activities	116,379	154,064	97,110	56,199	125,710	2,017.7
Investing activities	(157,215)	(484,939)	(153,176)	(52,631)	(43,939)	(705.2)
Financing activities	59,771	370,706	1,855	(6,280)	(86,448)	(1,387.3)

**Liquidity**

As of March 31, 2015, we had cash and short term investments (excluding restricted cash and cash equivalents) totaling Rs. 505,103 million (\$ 8,106.3 million), and near-term debt redemption obligations of Rs. 57,712 million (\$ 926.2 million), and we had, on a standalone basis, cash and short term investments (excluding restricted cash and cash equivalents) totaling Rs. 8,270 million (\$ 132.7 million). We expect that our current cash and short term investments, together with our cash flows from operations, will be our principal sources of cash to satisfy our capital requirements for the next few years. We also obtained cash from shareholder contributions to our share capital, offerings of our equity shares or ADSs and by issue of Foreign Currency Convertible Notes or FCCNs during fiscal year 2010. While we believe that our current and anticipated sources of cash will be adequate to satisfy our capital requirements, current global market and economic conditions have increased the cost of and decreased the availability of credit and adversely affected the financial markets and economy in India, the United States and most other western and emerging economies, which in turn has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations".

Capital Requirements

Our principal capital requirements include:

- capital expenditures, towards expansion of capacities in existing businesses including modernization of facilities, development of discovered oil fields and to sustain production or for enhanced recovery from reservoir and towards exploration and other ancillary business activities;
- the establishment of our commercial power generation business;
- consolidation of our ownership in our various subsidiaries; and
- acquisitions of complementary businesses that we determine to be attractive opportunities.

We continue to consider increasing capacities of our existing businesses through greenfield and brownfield projects and through acquisitions as one of our major growth strategies, though we are actively monitoring global market and economic conditions and the outlook for commodity prices, as well as our current and anticipated liquidity positions, as we constantly evaluate our desired rate of growth in pursuing this strategy.

Our business is heavily dependent on plant and machinery for the production of our copper, zinc, oil and gas, iron ore and aluminium products, as well as investments in our mining and exploration operations and our commercial power generation business. Investments to maintain and expand production facilities are, accordingly, an important priority and have a significant effect on our cash flows and future results of operations. Our capital expenditures in fiscal year 2013, 2014 and 2015 were Rs. 85,321 million, Rs 95,309 million and Rs. 103,742 million (\$ 1,665.0 million), respectively, largely due to our capacity expansion and new projects across our copper, zinc, aluminium and power businesses.

HZL has expansion projects in the amount of approximately Rs. 79,400 million (\$ 1,274.3 million) to be spent on the expansion of its existing underground mines together with the development of the underground mine at Rampura Agucha, expansion of Sindesar Khurd, Zawar, Rajpura Dariba and Kayad mines. The plan also involves the opening up of a new mine at Bamnia Kalan in the Rajpura Dariba belt. Production from these mines will be gradually enhanced through the continuous development of the mines. As of March 31, 2015, Rs. 32,600 million (\$ 523.2 million) has been spent.

We commenced exploration campaigns in Rajasthan in our oil and gas business to test prospective reserves. To unlock the potential, continued exploration drilling, seismic activities and construction activities, studies are being carried out. The estimated cost of this project is Rs. 31,045 million (\$ 498.2 million). The capital expenditure spent on this project as of March 31, 2015, is Rs. 28,279.8 million (\$ 453.9 million).

We have ongoing-projects in the amounts of approximately Rs. 235,673.6 million (\$ 3,782.3 million) set up on the existing producing fields at Mangala, Bhagyam and Aishwariya. The plan involves ramping up or sustaining the production from all the fields for which additional wells and related surface facilities are being drilled and constructed. As of March 31, 2015, Rs. 168,631.2 million (\$ 2,706.3 million) was spent.

The Mangala Development pipeline is designed to evacuate the crude oil produced from the Rajasthan assets and provide access to markets. The pipeline ends at the coastal location of Bhogat and has been completed till the area of Salaya, Gujarat. The estimated cost of developing the pipeline is Rs. 79,920.8 million (\$ 1,282.6 million). As of March 31, 2015, Rs. 64,790.9 million (\$ 1,039.8 million) has been spent.

We are investing Rs. 46,880.5 million (\$ 752.4 million) to upgrade the existing Raageshwari gas terminal to provide increased capacity and also to unlock the opportunities in Mangala and Aishwariya Barmer hill development. We are also looking at the options to construct a new gas pipeline to monetize the additional gas potential in the block. As of March 31, 2015 Rs. 10,887.3 million (\$ 174.7 million) has been spent.



We have Rs. 22,900 million (\$ 381.7 million) of ongoing expansion projects to increase our total copper capacity to 800,000 tpa with a 160 MW coal based thermal captive power plant and on October 1, 2012, the first 80 MW unit of the new captive power plant was commissioned and the second 80 MW unit was commissioned on March 7, 2014. Surplus power generated by this plant is currently sold to third parties, but the expansion of the smelter is on hold as the necessary approvals have not yet been obtained. Specifically, the proposed capacity expansion at Tuticorin had been delayed since December 2009 due to a writ petition filed before the High Court of Madras, although this petition has not prevented the continued operation of the plant. We have incurred Rs. 14,555 million (\$ 233.6 million) on these projects as of March 31, 2015.

BALCO is building a 1,200 MW coal-based captive power plant in Chhattisgarh consisting of four units of 300 MW each which is due for capitalization in a phased manner in fiscal year 2016.

BALCO is in the process of setting up a 325,000 tpa aluminium smelter and 1200 MW power facility at an estimated cost of Rs. 101,110 million (\$ 1,622.7 million) which uses pre-baked technology from the Guiyang Aluminium — Magnesium Design & Research Institute, or GAMI, of China. The first metal tapping from the 325,000 tpa aluminium smelter started in fiscal year 2014, and commence commercial production has been started during the current fiscal year. The capital expenditure spent on these projects as of March 31, 2015 is Rs. 89,135 million (\$ 1,430.5 million).

BALCO received a coal block allocation of 211 million tons for use in its captive power plants in November 2007. These allocated coal blocks are regarded as non-reserve coal deposits. BALCO has received the forest diversion clearance and the rehabilitation and resettlement approval and was working to obtain the mining lease. However, on September 24, 2014, the coal block was deallocated and an amount of Rs. 844.8 million (\$ 13.6 million) had been spent. We have assessed and may be able to recover an amount up to Rs. 294.1 million (\$ 4.7 million).

We planned to invest Rs. 106,000 million (\$ 1,701.17 million) to expand our alumina refining capacity at Lanjigarh to 5 mmtpa by (i) increasing the current alumina refinery's capacity to 2,000,000 tpa by de-bottlenecking; (ii) constructing a second alumina refinery with a capacity of 3 mmtpa; and (iii) constructing an associated 210 MW captive power plant. However, the expansion of the alumina refinery at Lanjigarh has been on hold since October 2010, the date of the MoEF's direction to us to cease further construction. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information – Legal Proceedings" for details. As of March 31, 2015, we spent Rs. 52,811 million (\$ 847.5 million) we are also investing an estimated Rs. 145,000 million (\$ 2,327.1 million) to set up a second 1,250,000 tpa aluminium smelter. Power to the new smelter will be provided by our 2,400 MW commercial power plant at Jharsuguda. As of March 31, 2015, we spent Rs. 123,520 million (\$ 1,982.3 million) on this project.

The first 660 MW unit of the Talwandi Sabo power plant was capitalized on December 01, 2014 after the successful completion of trial runs. The second unit will be synchronized in the second quarter of fiscal year 2016 and the third unit in the third quarter of fiscal year 2016. The estimated cost of this 1,980 MW project is Rs. 115,460 million (\$ 1,853.0 million). As of March 31, 2015, we spent Rs. 104,703 million (\$ 1,680.4 million) on this project.

In fiscal year 2015 and 2016, we have scheduled loan repayment obligations, denominated in a mix of Indian Rupees and US dollars of Rs. 161,512 million (\$ 2,592.1 million) and Rs. 115,549 million (\$ 1,854.4 million), respectively, for various outstanding long-term loans. We plan to finance our capital expenditures and our loan repayment obligations out of our cash flows from operations and financing activities. Our failure to make planned expenditures could adversely affect our ability to maintain or enhance our competitive position and develop higher margin products.

Consistent with our strategy to consolidate our ownership interests in our key subsidiaries, we had exercised the second call option to acquire the GoI's remaining ownership interest in HZL although the exercise is currently subject to dispute. See "Item 4. Information on the Company—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO" for more information. The option value will be the fair market value determined by an independent appraiser, and will entail significant capital requirements. Based solely on the market price of HZL's shares on the NSE on March 31, 2015 of Rs.162.15 (\$ 2.6) per share, and not including the other factors that the independent appraiser may consider, one possible estimation of the exercise price to acquire all of the GoI's 1,247,950,590 shares in HZL would be Rs. 202,355 million (\$ 3,247.6 million). If the GoI sells its remaining ownership interest in HZL through a public offer, we may look into alternative means of increasing our ownership interest in HZL.

In addition, we have exercised our option to acquire the GoI's remaining 49.0% ownership interest in BALCO, although the exercise of this option has been contested by the GoI and the GoI retains the right and has expressed an intention to sell 5.0% of BALCO to BALCO employees. See "Item 4. Information on the Company—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO" for more information.



We may in the future make acquisitions of mines, plants or minerals and metals businesses that complement or enhance our existing businesses.

We have consistently paid dividends including tax on dividend amounting to Rs. 18,472 million in fiscal year 2013, Rs. 27,057 million in fiscal year 2014 and Rs. 27,081 million (\$ 434.7 million) in fiscal year 2015.

Capital Resources

We plan to finance our capital requirements through a mix of cash flows from operating and financing activities. We do not depend on off-balance sheet financing arrangements. We believe that our working capital requirements can be sufficiently funded through our internal accruals and undrawn line of credit.

Comparison of Years Ended March 31, 2014 and March 31, 2015

Net Cash from Operating Activities

Net cash from operating activities was Rs. 125,710 million (\$ 2,017.7 million) in fiscal year 2015 compared to net cash from operating activities of Rs. 56,199 million in fiscal year 2014, an increase of Rs. 69,511 million. Net increase in cash generation from operating activities was mainly due to following reasons:

- net purchases of short term investments was Rs. 4,869 million (\$ 78.1 million) in fiscal year 2015 compared to net purchase of short term investments of Rs. 120,662 million in fiscal year 2014.
- income tax paid was Rs. 37,806 million (\$ 606.7 million) in fiscal year 2015 compared to outflow of Rs. 46,703 million in fiscal year 2014.
- the cash generated from operating assets and liabilities (working capital) in fiscal year 2015 was Rs. 3,774 million (\$ 60.6 million) compared to cash used of Rs. 7,078 million in fiscal year 2014.
- interest paid was Rs. 84,816 million (\$ 1,361.2 million) in fiscal year 2015 compared to outflow of Rs. 49,625 million in fiscal year 2014.
- interest received was Rs. 18,453 million (\$ 296.2 million) in fiscal year 2015 compared to inflow of Rs. 16,678 million in fiscal year 2014.
- dividends received was Rs. 1 million (\$ 0.0 million) in fiscal year 2015 compared to inflow of Rs. 67 million in fiscal year 2014.

We believe our current working capital is sufficient for our present capital requirements.

Net Cash Used in Investing Activities

Net cash used in investing activities was Rs. 43,939 million (\$705.2 million) in fiscal year 2015 and Rs. 52,631 million in fiscal year 2014. The net cash used in investing activities in fiscal year 2015 was lower primarily due to:

- higher cash used towards expansion projects and exploration across our zinc, oil and gas, iron ore, copper, aluminium and power businesses of Rs. 103,742 million (\$ 1,665.0 million) in fiscal year 2015 as compared to Rs. 95,309 million in fiscal year 2014.
- net cash inflow was Rs. 61,026 million (\$ 979.3 million) in fiscal year 2015 as compared to net cash inflow from short term deposits of Rs. 42,944 million in fiscal year 2014.
- net cash inflow on account of loans to related parties was Rs. 13 million (\$ 0.2 million) in 2015 as compared to net cash outflow of Rs. 3,473 million in fiscal year 2014.

Net Cash provided by Financing Activities

Net cash used in financing activities was Rs. 86,448 million (\$ 1,387.3 million) in fiscal year 2015 and Rs. 6,280 million in fiscal year 2014, primarily on account of:

- net cash inflow from long-term and short-term debts (other than working capital and related party debt) was Rs. 26,885 million (\$ 431.5 million) as compared to cash outflow of Rs. 64,832 million in 2014.
- net cash inflow from acceptances was Rs. 2,911 million (\$ 46.8 million) in fiscal year 2015 as compared to cash inflow of Rs. 10,344 million in fiscal year 2014.



- net cash outflow for payment of dividend (including deemed dividend and payment of dividend by subsidiaries to non-controlling interests) of Rs. 27,081 million (\$ 434.7 million) in fiscal year 2015 as compared to Rs. 27,056 million in fiscal year 2014.
- net cash outflow from loans from related parties was Rs. 79,733 million (\$ 1,279.6 million) in fiscal year 2015 as compared to cash inflow of Rs. 84,459 million in fiscal year 2014.
- net cash inflow from working capital loans was Rs. 1,641 million (\$ 26.3 million) in fiscal year 2015 as compared to cash outflow of Rs. 8,275 million in fiscal year 2014.
- net cash outflow for buyback of shares of subsidiary was Rs. 11,218 million (\$ 180.0 million) in fiscal year 2015 as compared to of Rs. 1,065 million in fiscal year 2014.

Comparison of Years Ended March 31, 2013 and March 31, 2014

Net Cash from Operating Activities

Net cash from continuing operating activities was Rs. 56,199 million (\$ 936.9 million) in fiscal year 2014 compared to net cash from continuing operating activities of Rs. 97,110 million in fiscal year 2013, a decrease of Rs. 40,911 million. Net decrease in cash generation from operations arose mainly due to following reasons:

- net purchases of short term investments was Rs. 120,662 million (\$ 2,011.1 million) in fiscal year 2014 compared to net purchase of short term investments of Rs. 65,871 million in fiscal year 2013.
- income tax paid was Rs. 46,703 million (\$ 778.4 million) in fiscal year 2014 compared to outflow of Rs. 60,983 million in fiscal year 2013.
- the cash used in operating assets and liabilities (working capital) in fiscal year 2014 was Rs. 7,078 million (\$ 118.0 million) compared to cash used of Rs. 2,438 million in fiscal year 2013.
- interest paid was Rs. 49,625 million (\$ 827.1 million) in fiscal year 2014 compared to outflow of Rs. 48,918 million in fiscal year 2013.
- interest received was Rs. 16,678 million (\$ 278.0 million) in fiscal year 2014 compared to inflow of Rs. 3,051 million in fiscal year 2013.
- dividends received was Rs. 67 million (\$ 1.1 million) in fiscal year 2014 compared to inflow of Rs. 1,802 million in fiscal year 2013.

We believe our current working capital is sufficient for our present capital requirements.

Net Cash Used in Investing Activities

Net cash used in investing activities was Rs. 52,631 million (\$ 877.2 million) in fiscal year 2014 and Rs. 153,176 million in fiscal year 2013. The net cash used in investing activities in fiscal year 2014 was lower primarily due to:

- cash inflow of Rs. 1,100 million (\$ 18.3 million) in fiscal year 2014 on account of proceeds from the sale of available for sale financial assets compared to cash inflow of Rs. 8,662 million in fiscal year 2013.
- higher cash used towards expansion projects and exploration across our zinc, oil and gas, iron ore, copper, aluminium and power businesses of Rs. 95,309 million (\$ 1,588.5 million) in fiscal year 2014 as compared to Rs. 85,321 million in fiscal year 2013.
- net cash inflow was Rs. 42,944 million (\$ 715.8 million) in fiscal year 2014 as compared to net cash outflow from short term deposits of Rs. 50,567 million in fiscal year 2013.
- net cash outflow on account of loans to related parties was Rs. 3,473 million (\$ 57.9 million) in 2014 as compared to net cash outflow of Rs. 25,548 million in fiscal year 2013.

Net Cash provided by Financing Activities

Net cash used in financing activities was Rs. 6,280 million (\$ 104.9 million) in fiscal year 2014 and provided by financing activities was Rs. 1,855 million in fiscal year 2013, primarily on account of:

- net cash outflow from long-term and short-term debts (other than working capital and related party debt) was Rs. 64,832 million (\$ 1,080.5 million) as compared to cash outflow of Rs. 1,427 million in 2013.



- net cash inflow from acceptances was Rs. 10,344 million (\$ 172.4 million) in fiscal year 2014 as compared to cash inflow of Rs. 29,109 million in fiscal year 2013.
- net cash outflow for payment of dividend (including deemed dividend and payment of dividend by subsidiaries to non-controlling interests) of Rs. 27,056 million (\$ 450.9 million) in fiscal year 2014 as compared to Rs. 18,472 million in fiscal year 2013.
- net cash inflow from loans from related parties was Rs. 84,459 million (\$ 1,407.7 million) in fiscal year 2014 as compared to cash outflow of Rs. 5,458 million in fiscal year 2013.
- net cash outflow from working capital loans was Rs. 8,275 million (\$ 137.9 million) in fiscal year 2014 as compared to cash outflow of Rs. 653 million in fiscal year 2013.
- net cash flow on account of acquisition of non-controlling interest in WCL was Rs. 1,835 million in fiscal year 2013, as compared to nil in fiscal year 2014.

We tap both the domestic and offshore markets for our long-term funding needs. Since we have sizeable imports and exports, we access both import and export credits, based on cost effectiveness, both in the Indian Rupee and in foreign currencies, to finance our short-term working capital requirements. We have in place both secured and unsecured borrowings, with our secured borrowings being generally Indian Rupee denominated bonds.

We have tapped different segments of borrowing resources, including banks and capital markets, both in India and overseas. We have credit ratings of above investment grade from the local rating agencies such as CRISIL Limited and ICRA Limited. We therefore have not had, and do not believe that we will have, difficulty in gaining access to short-term and long-term financing sufficient to meet our current requirements.

Outstanding Loans

See Note 17. "Borrowings" of Notes to the Consolidated financial statements.

Export Obligations

See Note 29.a.i. "Commitments, contingencies and guarantees - Commitments and contingencies - Export Obligations" of Notes to the Consolidated financial statements.

Guarantees

See Note 29.b. "Commitments, contingencies and guarantees - Guarantees" of Notes to the Consolidated financial statements.

Contractual Obligations

The following table sets out our total future commitments to settle contractual obligations as of March 31, 2015:

	Payment Due by Period (in millions)									
	Total		Less than 1 Year		1-3 Years		3-5 Years		More than 5 Years	
	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)	(Rs.)	(US Dollar)
Bank loans and borrowings	681,344	10,934.8	161,537	2,592.5	145,188	2,330.1	214,940	3,449.5	159,679	2,562.7
Interest commitment	166,167	2,666.9	43,739	702.0	65,467	1,050.7	35,342	567.2	21,619	347.0
Other non-current liabilities ⁽¹⁾	12,577	201.8	—	—	10,157	163.0	2,025	32.5	394	6.3
Capital commitments	115,741	1,857.5	64,187	1,030.1	51,407	825.0	145	2.4	2	0.0
Total	975,829	15,661.0	269,463	4,324.6	272,220	4,368.8	252,452	4,051.6	181,694	2,916.0

(1) Other non-current liabilities consist of security deposits and retentions.



Our total future commitments to settle contractual obligations as of March 31, 2015 were Rs. 975,829 million (\$ 15,661.0 million), representing a Rs. 138,188 million decrease as compared to our total future commitments to settle contractual obligations as of March 31, 2014.

We also have commitments to purchase copper concentrate for our copper custom smelting operations. These commitments are based on future copper LME prices which are not ascertainable as of the date of this Annual Report.

Off-Balance Sheet Arrangements

See “Note 29 of Notes to the Consolidated financial statements”

Capital Expenditure and Commitments

Our principal financing requirements primarily include:

- capital expenditures, towards expansion of capacities in existing businesses including modernization of facilities;
- the establishment of our planned commercial power generation business;
- consolidation of our ownership in our various subsidiaries; and
- acquisitions of complementary businesses that we determine to be attractive opportunities.

The following table shows our capital expenditures in fiscal years 2013, 2014 and 2015:

	For Year Ended March 31,			
	2013	2014 (in millions)	2015	2015 (US dollars in millions)
Capital Expenditure	85,321	95,309	103,742	1,665.0

We had significant capital commitments as of March 31, 2014 and March 31, 2015 amounting to Rs. 168,771 million and Rs. 115,741 million (\$ 1857.5 million) respectively, related primarily to capacity expansion projects, including the following commitments:

- Rs. 8,132 million (\$ 130.5 million) for commercial power generation business;
- Rs. 36,274 million (\$582.2 million) for capacity expansion at aluminium business;
- Rs. 17,989 million (\$ 288.7 million) for capacity expansion at HZL;
- Rs. 14,436 million (\$ 231.7 million) for copper business; and
- Rs. 37,732 million (\$ 605.6 million) for expansion at Cairn.

Contingencies

See Note 29.a.ii. “Commitments, contingencies and guarantees - Commitments and contingencies - Contingencies” of Notes to the consolidated financial statements.

Foreign exchange effects

See Note 23 (b). “Financial instruments - Financial risk - Foreign exchange risk” of Notes to the consolidated financial statements.

Recently issued accounting pronouncements

See Note 3.U. “Recently issued accounting pronouncements” of Notes to the consolidated financial statements.

**ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES****A. Directors and Senior Management**

Our board of directors consists of eight directors.

The following table sets forth the name, age and position of each of our directors, executive officers and significant employees as of the date hereof:

Name	Age	Position
Anil Agarwal ⁽¹⁾	63	Chairman Emeritus
Directors		
Navin Agarwal ⁽²⁾⁽³⁾	54	Executive Chairman and Whole Time Director
Naresh Chandra ⁽⁴⁾	81	Non-Executive Director
Lalita D. Gupte ⁽⁵⁾	66	Non-Executive Director
Anuradha Dutt ⁽⁶⁾	57	Non-Executive Director
Ravi Kant ⁽⁷⁾	70	Non-Executive Director
Tom Albanese ^{(3) (8)}	57	Chief Executive Officer and Whole Time Director
Tarun Jain ^{(3) (9)}	55	Whole Time Director
Din Dayal Jalan ^{(3) (10)}	58	Chief Financial Officer and Whole Time Director
Other Executive Officers		
Dilip Golani	49	Director, Group Management Assurance and Information Technology
Mansoor Siddiqi	61	Group Director, Projects
Rajesh Padmanabhan	53	President and Group Chief Human Resource Officer
Roma Balwani	63	President, Group Communications, Corporate Social Responsibility and Sustainability
G.R.Arun Kumar	44	Deputy Chief Financial Officer, Vedanta
Mukesh Bhavnani	60	Group Legal Counsel and Head of Compliance
Other Significant Employees		
<i>Zinc India</i>		
Akhilesh Joshi	61	Chief Executive Officer, HZL
Amitabh Gupta	53	Chief Financial Officer, HZL
Sunil Duggal	53	Deputy Chief Executive Officer, HZL
<i>Zinc International</i>		
Deshnee Naidoo	39	Chief Executive Officer, Zinc International Division
<i>Oil and Gas</i>		
Mayank Ashar	60	Managing Director and Chief Executive Officer, Cairn India
Sudhir Mathur	53	Chief Financial Officer, Cairn India
<i>Iron Ore</i>		
Rajagopal Kishore Kumar	52	Chief Executive Officer, Iron Ore Business
<i>Copper</i>		
P. Ramnath	56	Chief Executive Officer, Copper Operations at Tuticorin and Silvassa
Anup Agarwal	42	Chief Financial Officer, Copper Operations at Tuticorin and Silvassa
<i>Aluminium and Power</i>		
Abhijit Pati	51	President and Chief Executive Officer, Aluminium and Power Business, Orissa
Ramesh Nair	46	Chief Executive Officer, BALCO
Niranjan Kumar Gupta	43	Chief Financial Officer, Aluminium and Power Business
Ajay Dixit	55	Chief Executive Officer, Power business



Notes:

- (1) Anil Agarwal was appointed as the Chairman Emeritus of our Company with effect from April 1, 2014. He ceased to be a member of the Board with effect from April 1, 2014.
- (2) Navin Agarwal was re-appointed as Executive Chairman with effect from April 1, 2014. He is a member of the Nomination and Remuneration Committee.
- (3) A "Whole Time Director" is a director who is employed full-time in rendering services to our Company with respect to which he is a director. An individual can be a Whole Time Director with respect to only one company, although he or she may accept the position of Non-Whole Time Director in other companies.
- (4) Naresh Chandra was appointed as a Non-Executive Director with effect from March 29, 2014. Subsequently his appointment as an Independent Director has been fixed for a period of three years effective as of January 29, 2015 to January 28, 2018. This has been approved by the shareholders of the Company through postal ballot on March 30, 2015. Mr. Chandra is a member of the Audit Committee. He is also the Chairman of the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee. He ceased to be a member of the Stakeholders Relationship Committee effective as of March 26, 2015.
- (5) Lalita D. Gupte was appointed as a Non-Executive Director with effect from March 29, 2014. Subsequently her appointment as an Independent Director has been fixed for a period of three years effective as of January 29, 2015 to January 28, 2018. This has been approved by the shareholders of the Company through postal ballot on March 30, 2015. Ms. Gupte is the Chairperson of the Audit Committee and is a member of the Stakeholders Relationship Committee. She has also been appointed as a member of the Nomination and Remuneration Committee on May 28, 2015.
- (6) Anuradha Dutt was appointed as an additional director and an Independent Director for a term of three years effective as of April 27, 2015 to April 26, 2018. This has been approved by the shareholders of the Company in the Annual General Meeting on July 11, 2015. She has been appointed as the Chairperson of Stakeholders Relationship Committee and as a member of Corporate Social Responsibility Committee on May 28, 2015.
- (7) Ravi Kant was appointed as a Non-Executive Director with effect from January 28, 2014. Subsequently his appointment as an Independent Director has been fixed for a period of three years effective as of January 29, 2015 to January 28, 2018. This has been approved by the shareholders of the Company through postal ballot on March 30, 2015. Mr. Kant is a member of the Audit Committee, Nomination and Remuneration Committee and the Corporate Social Responsibility Committee.
- (8) Tom Albanese was appointed as the Chief Executive Officer and Whole Time Director with effect from April 1, 2014. Mr. Albanese ceased as a member of the Nomination and Remuneration Committee effective as of October 29, 2014 and remains a member of the Corporate Social Responsibility Committee and Risk Management Committee.
- (9) Tarun Jain was appointed as a Whole Time Director with effect from April 1, 2014. Mr. Jain ceased as a member of the Nomination and Remuneration Committee effective as of March 27, 2015 and remains a member of the Corporate Social Responsibility Committee and the Risk Management Committee.
- (10) Din Dayal Jalan was appointed as Chief Financial Officer and Whole Time Director with effect from April 1, 2014. His service contract expired on September 30, 2014. This was further extended from October 1, 2014 to September 30, 2016. Mr. Jalan is a member of the Stakeholders Relationship Committee and the Risk Management Committee. He was a member of the Share and Debenture Transfer Committee until June 2015.

Chairman Emeritus

Anil Agarwal, who founded the Vedanta group in 1976 was appointed as our Chairman Emeritus with effect from April 1, 2014. Mr. Agarwal is based in the United Kingdom. Mr. Agarwal is also the Executive Chairman of Vedanta and a Director of Sterlite Technologies Limited. Mr. Agarwal was previously our Chairman and Managing Director and Chief Executive Officer from 1980 until the expiration of his term in October 2004, and was our Non-Executive Chairman until March 2014. Mr. Agarwal was also the Chief Executive Officer of Vedanta from December 2003 to March 2005. He has over 39 years of experience as an industrialist and has been instrumental in the growth and development of the Company since its inception. He is the son of Mr. Dwarka Prasad Agarwal and is the brother of Mr. Navin Agarwal. The business address of Mr. Agarwal is 75 Nehru Road, Vile Parle (East), Mumbai, Maharashtra 400099, India.

Directors

Navin Agarwal was appointed as our Executive Chairman with effect from April 1, 2014. Prior to this he was the Executive Vice Chairman of SIIL. Mr. Agarwal plays a key role in developing strategic thinking and the governance framework of the Group, and provides leadership for long-term planning, business development and capital planning. He has been part of the Group for the last 33 years since its inception, and has been instrumental in executing the strategy of the group on a global scale. Mr. Agarwal is also the Non-Executive Chairman of Cairn India, the Deputy Executive Chairman of Vedanta and a Non-Executive Director of HZL, Sterlite Iron & Steel Company Limited, Hare Krishna Packaging Private Limited and VRHL. He has over 29 years of experience in general management and commercial matters. Mr. Agarwal has completed the Owner/President Management Program at Harvard University and is a Bachelor of Commerce from Sydenham College, Mumbai, India. Mr. Agarwal is the son of Mr. Dwarka Prasad Agarwal and is the brother of Mr. Anil Agarwal. The business address of Mr. Agarwal is 75 Nehru Road, Vile Parle (East), Mumbai, Maharashtra 400099, India.



20018GsPjMvVF3Sw6

Naresh Chandra is one of our independent directors and was appointed to our Board with effect from March 29, 2014. Subsequently his appointment as an Independent Director has been fixed for a period of three (3) years effective as of January 29, 2015 to January 28, 2018. This has been approved by the shareholders of the Company through postal ballot on March 30, 2015. He has served as India's Ambassador to the United States of America and was the Cabinet Secretary to the GoI. Mr. Chandra is a Master of Science in Mathematics from Allahabad University and a retired officer of the Indian Administrative Services. Mr. Chandra has held various senior positions such as the Chairman of the Indian Government Committee on Corporate Governance and Audit, Senior Advisor to the Prime Minister, Governor of Gujarat and Chief Secretary to the Government of Rajasthan. Mr. Chandra serves as a director on the boards of several companies including Balrampur Chini Mills Limited, EROS International Media Limited, Electrosteel Castings Limited, Bajaj Auto Limited, Bajaj Finserv Limited, Bajaj Holdings and Investment Limited, Cairn India, Gammon Infrastructure Project Limited, and EROS International Plc. The business address of Mr. Chandra is C-4/4053, Vasant Kunj, New Delhi 110070, India.

Lalita D. Gupte is one of our independent directors and was appointed to our Board with effect from March 29, 2014. She is the former Joint Managing Director of ICICI Bank and is currently the Chairperson of ICICI Venture Funds Management Company Limited. Ms. Gupte joined the Board of ICICI Limited in 1994 as the Executive Director and remained on the Board as the Joint Managing Director until 2002 when it merged with ICICI Bank. She was the Joint Managing Director of ICICI Bank from 2002 until 2006. She has more than 35 years of experience in the financial sector and has held various leadership positions in areas of leasing, planning and resources and corporate banking. She serves as a director on the Board of several companies including Alstom SA in France, Godrej Properties, Bharat Forge Limited, ICICI Venture Funds Management Company Limited, Kirloskar Brothers and India Infradebt Limited. She holds a Bachelors degree in Economics and a Masters degree in Business Management. She completed her advanced management program from INSEAD. The business address of Ms. Gupte is ICICI Venture Fund Management Company Limited, ICICI Venture House, Ground Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025, Maharashtra, India.

Anuradha Dutt is one of our independent directors appointed to our Board with effect from April 27, 2015. She is one of the founding partners of the law firm, M/s Dutt Menon Dunmorrsett and has made over 30 years of experience in corporate, commercial and tax litigation matters of national and international prominence. Beyond the field of law, Ms Dutt has played a vital role in bringing Women's cricket to national and international prominence and continues to contribute to Women's cricket as a Convener of Women's Cricket, Delhi and District Cricket Association. Ms. Dutt has completed her Masters of Law from Columbia University, New York, USA, Bachelors of Law from Delhi University, India and Bachelor of Arts (Honors) in History from St. Stephens' College, Delhi University. She serves on the Board of Lexnovum Consultaire Private Limited, Morrisett Litigators Private Limited, D&M Corporate Consultants Private Limited, Advent Corporate Services Private Limited and Barkha Dutt Media Private Limited. The business address of Ms. Dutt is 78, Golf Links, New Delhi – 110 002, India.

Ravi Kant is one of our independent directors and was appointed to our Board with effect from January 28, 2014. He was earlier the Managing Director and Vice Chairman of Tata Motors Limited. He joined Tata Motors in 1999 and has been associated with Jaguar & Land Rover, Tata Daewoo Commercial Vehicles, Korea and Tata Motors, Thailand. Prior to joining Tata Motors Limited, Mr. Ravi Kant was the Director of Phillips India Limited looking after the consumer electronics division. He is the Chairman of the Indian Institute of Management, Rohtak and is on the governing board of The National Institute of Design, Ahmedabad. He serves on the Board of Antar India Private Limited and KONE Corporation. Mr. Kant studied at Mayo College, Ajmer, the Indian Institute of Technology, Kharagpur and Aston University, Birmingham, United Kingdom, from where he completed his Masters in Management in Industry. He was conferred with an Honorary D.Sc. by Aston University in Birmingham in July 2008. He is an Honorary Industrial Professor at the University of Warwick, United Kingdom. The business address of Mr. Kant is 114 B, NCPA Apartments, Nariman Point, Mumbai – 400 021, India.

Tom Albanese was appointed as our Chief Executive Officer and Whole Time Director with effect from April 1, 2014. He is also the Chief Executive Officer of Vedanta Resources Plc and Non-Executive Chairman of Konkola Copper Mines. Prior to this, he was the Chief Executive Officer of Rio Tinto from May 2007 to January 2013. Mr. Albanese was previously appointed as the Chief Executive of the Industrial Minerals group in 2000 after which he was appointed as Director of Group Resources in July 2006. Mr. Albanese is also a member of the Board of Directors of Franco Nevada Corporation since August 2013, a Toronto based gold focused royalty and metal streaming company with assets around the world. In 2009, he joined the board of visitors for the Fuqua School of Business at Duke University in North Carolina. Tom holds a Bachelors degree in Mineral Economics and a Masters degree in Mining Engineering from the University of Alaska. The business address of Mr. Albanese is DLF Atria, Phase 2, Jacaranda Marg, DLF City, Gurgaon – 122002, Haryana, India.



Tarun Jain was appointed to our Board as a Whole Time Director with effect from April 1, 2014. He was the Director of finance of SIIL. Mr. Jain joined the Group in 1984 and has over 30 years of experience in the corporate finance, audit and accounting, tax and secretarial practice. He is responsible for our strategic financial matters, including corporate finance, corporate strategy, business development and mergers and acquisitions. Mr. Jain is a graduate of the Institute of Cost and Works Accountants of India and a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Mr. Jain is also a director of Sterlite USA, BALCO, Cairn India, Vedanta Medical Research Foundation and Rajtaru Charity Foundation. The business address of Mr. Tarun Jain is Vedanta 75, Nehru Road, Vile Parle (East), Mumbai – 400 099, India.

Din Dayal Jalan is our Chief Financial Officer and was appointed to our Board with effect from April 1, 2014. Mr. Jalan joined our Company as the President of our Australian operations and was responsible for the business and operations of CMT and Thalanga Copper Mines Proprietary Limited from January 2001 to February 2002 before becoming Chief Financial Officer (metals) of our Company. Mr. Jalan has been the Chief Financial Officer of Vedanta since October 2005. Mr. Jalan is also a Non-Executive Director of Vedanta Resources Finance Limited, Vedanta Resources Cyprus Limited, Vedanta Resources Jersey Limited, Vedanta Resources Jersey II Limited, Vedanta Jersey Investment Limited, Sesa Mining Corporation Limited (earlier Dempo Mining Corporation Private Limited), Thalanga Copper Mines Proprietary Limited, CMT, Sterlite Ports Limited, Sterlite Infraventures Limited, Paradip Multi Cargo Berth Private Limited, Vizag General Cargo Berth Private Limited, Maritime Ventures Private Limited, Twinstar Mauritius Holdings Limited, Twinstar Energy Holdings Limited, THL Zinc Ventures Limited, THL Zinc Limited and Pecvest 17 (Proprietary) Limited, South Africa, Vedanta Finance UK Limited, Konkola Copper Mines Plc, Malco Energy Limited. Mr. Jalan has over 36 years of experience in finance, accounts, audit, taxation, secretarial and legal areas. Mr. Jalan also has experience working in mining, engineering and non-ferrous metals industries. Mr. Jalan is a Bachelor of Commerce and is a member of the Institute of Chartered Accountants of India. The business address of Mr. Jalan is DLF Atria, Phase 2, Jacaranda Marg, DLF City, Gurgaon – 122002, Haryana, India.

Executive Officers

Dilip Golani is the Director of Management Assurance Services function of our Group. His current responsibilities include internal audit, risk management, Sarbanes-Oxley framework, whistle blower and ethics framework, and sustainability assurance etc. in the group. For a three years period (till end of 2014), he also had the additional responsibility of information technology in the group. Earlier, Mr. Golani headed the sales & marketing division for HZL and group performance management function. Prior to joining the group in April 2000, he was member of the Unilever corporate audit team responsible for auditing Unilever group companies in Central Asia, Middle East and Africa region. Prior to that, Mr. Golani was responsible for managing operations and marketing functions for one of the exports businesses of Hindustan Unilever Limited. Mr. Golani has over 27 years of experience and has previously worked with organizations like Ranbaxy Laboratories Limited and Union Carbide India Limited. Mr. Golani is a Bachelor in Mechanical Engineering from Motilal National Institute of Technology, Allahabad and has completed his post-graduation in Industrial Engineering and Management from National Institute of Industrial Engineering, Mumbai, India. The business address of Mr. Golani is Vedanta House, 75, Nehru Road, Vile Parle (East), Mumbai 400099, India.

Mansoor Siddiqi was appointed as the Group Director in-charge of projects in September 2011. Further, he is the Director of Vizag General Cargo Berth Private Limited, Paradip Multi Cargo Berth Private Limited and TSPL. He was a Director of Vedanta Aluminium till August 19, 2013 and its Whole Time Director till February 2011. Prior to his role in Vedanta Aluminium, he was the director (projects) for our Group and was managing expansion projects in our aluminium and power business. Mr. Siddiqi joined our Group in 1991. Prior to joining our Group, Mr. Siddiqi worked at Hindustan Copper Limited and has 38 years of experience in various areas of operations and project management. Mr. Siddiqi has a Bachelor of Technology from the Indian Institute of Technology, Delhi, and a Post Graduate Diploma in Management from the All India Management Association, Delhi. The business address of Mr. Siddiqi is Vedanta House, 75, Nehru Road, Vile Parle (East), Mumbai 400099, India.

Rajesh Padmanabhan was appointed as the President and Group Chief Human Resource Officer in June 2014. He has over 30 years of experience and has previously worked at Patni Computers, Oberoi Group, Essel Propack Limited and ICICI Group in various roles in corporate banking, leasing, structure finance, setting up new businesses, SAP consulting and global human resources. Prior to this, he was the Corporate Vice President and Chief Human Resource Officer at Capgemini, India. Mr. Padmanabhan has completed his double Masters degree in Human Resources and Finance from the University of Mumbai. He has served as a distinguished member of several national and international human resources forums. He is a member of the National board of National HRD Network and was a member of the National committee of Human Resources and Industrial Relations for Confederation of Indian Industry. The business address of Mr. Padmanabhan is DLF Atria, Phase 2, Jacaranda Marg, DLF City, Gurgaon – 122002, Haryana, India.



Roma Balwani was appointed the President – Group Communications, Corporate Social Responsibility and Sustainability in August 2014. Prior to which she was the Executive Vice President – Group Communications and Corporate Social Responsibility since April 2014. Prior to joining us, she was the Chief Group Communications Officer at Mahindra & Mahindra. She carries more than three decades of experience in corporate communications having led corporate communication in companies such as UTV Software Communications, APTECH Limited and Mahindra & Mahindra. She holds a Bachelors degree in Economics from Jai Hind College and a Masters degree in Marketing Management from The University of Mumbai. She has completed leadership programs at Harvard Business School and Michigan Ross Business School. The business address of Ms. Balwani is Vedanta House, 75, Nehru Road, Vile Parle (East), Mumbai 400099, India.

G.R. Arun Kumar is the Deputy Chief Financial Officer of Vedanta since December 2013. He joined as the Chief Financial Officer of Vedanta Aluminium in May 2013. He has around 20 years of experience in finance having worked in companies like General Electric and Hindustan Unilever Limited. Prior to joining Vedanta Aluminium, he was the Chief Financial Officer—Asia Pacific (Appliances and Lighting) for General Electric, based out of Shanghai. Mr. Arun Kumar is a Bachelor of Commerce from Loyola University, Chennai and is a fellow member of the Institute of Chartered Accountants of India. The business address of Mr. Arun Kumar is DLF Atria, Phase 2, Jacaranda Marg, DLF City, Gurgaon – 122002, Haryana, India.

Mukesh Bhavnani was appointed as Group Legal Counsel and Head of Compliance in April 2015. Prior to joining the Group, he was Group General Counsel and Company Secretary at Bharti Enterprises. He has over 37 years of senior management experience in legal, compliance, company secretarial and corporate affairs within organizations including Essar Group and Sony Entertainment where he was Executive Vice President Legal and Head Regulatory affairs, Max New York Life, Coca Cola India and Godrej. He has experience in advising, implementing and monitoring strategic decisions on legal matters in India, North America, Asia, Africa and the Middle East including experience in overseeing business and governance matters. Mr. Bhavnani is commerce and law graduate from the University of Bombay and a member of the Institute of Company Secretaries of India. The business address of Mr. Mukesh Bhavnani is DLF Atria, Phase 2, Jacaranda Marg, DLF City, Gurgaon – 122002, Haryana, India.

Other Significant Employees

Zinc India Business

Akhilesh Joshi was appointed as the Chief Executive Officer of HZL in February 2012. He has 40 years of experience in the mining industry and joined HZL in 1976 and worked in various capacities at both the underground and opencast mines of HZL. In October 2008, he became Chief Operating Officer and Whole Time Director of HZL. Prior to this, he was the Senior Vice President (Mines), responsible for the overall operations at all mining units. He was the recipient of the ‘National Mineral Award’ from the government in 2006 for his outstanding contribution in the field of mining technology and received the “Lifetime Achievement Award” from the Indian Mining Engineering Journal in the year 2013. In the same year Mr. Joshi received “Mining Engineer of the year” award from Mining Engineers Association of India and “HZL Gold Medal award 2013” from Indian Institute of Metals for his significant contribution to the non-ferrous metal sector in India. He has also been honored with “Business Today Best CEO Award (Core Sector)” by Business Today Group in the year 2013. Mr. Joshi also has life membership from institutions including Mining Engineers Association of India and Mining Geological and Metallurgical Institute of India. Moreover he is also a fellow member of the Institution of Engineers India. He is also the Director of Madanpur South Coal Company Limited. Mr. Joshi is a Bachelor of Engineering (Mining) from M.B.M. Engineering College, Jodhpur and a Post Graduate Diploma in Economic Evaluation of Mining Projects from School of Mines, Paris. He also has a first class Mine Manager’s Certificate of Competency.

Amitabh Gupta was appointed as the Chief Financial Officer of HZL in November 2011 and is responsible for its finance and accounting, legal and secretarial, treasury and investor relations, direct and indirect tax and information technology. Prior to this, he was the Chief Financial Officer of Moser Baer Solar Limited. He has over 28 years of experience in finance and has worked at companies including Cargill India, TeleTech India (Bharti Group) and Ranbaxy Laboratories Limited. He is a Bachelor of Commerce from Shriram College of Commerce, New Delhi. He was awarded the Best Chief Financial Officer in the metal sector in India by CNBC-TV18 in 2014. Mr. Gupta is a cost accountant and a member of the Institute of Chartered Accountants of India.

Sunil Duggal was appointed as the Deputy Chief Executive Officer of HZL in April 2014. In a career span of over 32 years. Mr. Duggal has worked in cement industries for over 27 years and in non-ferrous metal industry for 5 years. He joined HZL in 2010 as an Executive Director and in September 2012, he was promoted to Chief Operating Officer. Prior to this, he was the President of Ambuja Cement Limited. He has extensive experience in project management, operations, HR, supply chain and has worked in leadership positions for more than 18 years. He was the recipient of the ‘Rajiv Gandhi Award’ for environment excellence in 1998. He has presented series of papers on utilization of waste like fly ash, jarosite, slag and others, and on environment practices and concrete technology in various national and international forums. He designed and executed the construction of India’s first high volume fly ash concrete road with 60 % fly ash. Mr. Duggal is a Bachelor of Engineering (Electrical) from Thapar Institute of Engineering and Technology, Patiala. He has participated in leadership development and management development program at International Institute for Management Development, Lausanne, Switzerland and Indian Institute of Management, Kolkata.

Zinc International Business

Deshnee Naidoo was appointed Chief Executive Officer of Zinc International and Copper Mines of Tasmania (CMT) in February 2015. Deshnee has over 16 years of experience in the resources industry including platinum, thermal coal and manganese. Prior to joining the Group, she was with Anglo American as Chief Financial Officer - Thermal Coal in South Africa. She had previously held various technical and commercial positions across Anglo American. She was awarded the JCI/Anglo Platinum bursary in 1994 to study Bachelor of Science (Chemical Engineering) at University of Natal, Durban, South Africa. She joined Anglo American in 1998 as a trainee metallurgist at the Precious Metals Refinery and over a 15 year span she held various roles including Process Engineering (Corporate Office), Process Control, Strategic Long Term Planning, Corporate Finance, Chief Executive Officer's Office and Chief Financial Officer - Thermal Coal at Anglo American in which her responsibilities entailed management of two commodity groupings (thermal coal and manganese) across three regions (South Africa, South America and Australia).

Oil & Gas

Mayank Ashar was appointed as the Managing Director and Chief Executive Officer of Cairn India in November 2014. Mr. Ashar has over 36 years of experience in the international oil and gas industry. This includes various leadership positions in global organizations like British Petroleum, Petro-Canada Inc., Suncor Energy and the most recent assignment as President of Irving Oil. In recognition of his operational excellence and large-scale project management leadership in the oil sands project with Suncor Energy, Mr. Ashar was named the 'Operations Executive of the Year' by the Canadian Business Magazine in 2003. Mr. Ashar holds a master's degree in Business Administration and a master's degree in Engineering, both from University of Toronto, Canada.

Sudhir Mathur was appointed as the Chief Financial officer of Cairn India in September 2012. He has over 29 years of experience working in various industries such as telecommunications, manufacturing, infrastructure and consulting. In addition to his role in the finance function, Mr. Mathur is also responsible for commercial, legal, procurement and supply chain management, new business and program office at Cairn India. He began his career with PricewaterhouseCoopers in 1986. He joined Cairn India in 2012 as the Chief Financial Officer, prior to which he was the Chief Financial Officer and Head, Netco Business of Aircel Cellular Limited. Mr. Mathur holds a Masters degree in Business Administration from Cornell University and a Bachelors degree in Economics from Sri Ram College of Commerce.

Iron Ore

Rajagopal Kishore Kumar was appointed as the Chief Executive Officer of our iron ore business with effect from February 2, 2015. Prior to this, he was appointed as the Chief Executive Officer (Base Metals) Africa with Konkola Copper Mines Plc, Zinc International business and CMT since August 2013. He was earlier appointed as the Chief Executive Officer of our Zinc International Division with effect from February 2011. Prior to this, Mr. Kumar headed our copper business at Konkola Copper Mines Plc since 2008 and Sterlite Copper India Limited since 2006. He has more than 30 years of experience in accounting, marketing, supply chain management, merger and acquisitions and business turnaround. Mr. Kumar joined our Company in April 2003 as Vice President of marketing for HZL and became senior Vice President of marketing for our copper division from June 2004 to December 2006, where he was responsible for copper marketing and concentrate procurement. Prior to joining our Company, Mr. Kumar was employed by Hindustan Unilever Limited for 12 years. Mr. Kumar has a Bachelor of Commerce from Kolkata University and is a member of the Institute of Chartered Accountants of India.

Copper Business

P. Ramnath was appointed the Chief Executive Officer of our copper operations in Tuticorin and Silvassa in September 2011 and has over 32 years of experience in chemicals, manufacturing and paper industries. Mr. Ramnath joined our Group in September 2011. Prior to joining our Group, he worked at Jubilant Life Sciences, Praxair India, SNF Ion Exchange, Bakelite Hylam Limited and Reliance Industries Limited. Prior to joining us, he was the Chief Operating Officer of JK Paper Limited. He is also a Director of Malco Energy Limited, Sterlite Infra Limited (formerly known as Sterlite Paper Limited), Sterlite Ports Limited and Sterlite Infraventures Limited. Mr. Ramnath is a Bachelor of Technology from Osmania University, Hyderabad and a Post Graduate Diploma from the Indian Institute of Management, Bengaluru.

Anup Agarwal was appointed as the Chief Financial Officer of our copper operations in Tuticorin and Silvassa in January 2015. Mr. Agarwal is a member of the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India. He has 18 years of post-qualification experience in the manufacturing industry and joined Vedanta group in 2002. He has handled various roles in our Group including leadership positions in finance verticals at BALCO, Jharsuguda and Talwandi Sabo Power Limited before moving to our copper operations in Tuticorin and Silvassa.



20018GsPnWmqsmMgD

Aluminium and Power Business

Abhijit Pati was appointed as Chief Executive Officer of our aluminium business in March 2015. Prior to this role, he was the President and Chief Operating Officer of our aluminium and power business at Orissa since April 2012. He has over 27 years of experience in aluminium industry. Prior to joining us, he was the Vice President with Hindalco Industries Limited. He started his career as a budding engineer with Indian Aluminium Company in the year 1989. He was awarded with the 'Exceptional Contributor Award' from the Aditya Birla Group Chairman, Mr. Kumar Mangalam Birla for significant contribution to turn around Hirakud Aluminium Smelter in the year 2006 and won the prestigious British Sword of Honor for the Hirakud Smelter in the year 1999. He is a member of the National Energy Commission, GoI. He is a two times gold medalist from The Calcutta University and International Management Institute, New Delhi, Mr. Pati is a first class honors Bachelor in Chemical Engineering from The Calcutta University and Masters in Business Administration from International Management Institute, New Delhi.

Ramesh Nair was appointed the Chief Executive Officer of our aluminium operations at BALCO in June 2013. Prior to joining BALCO, he worked at Jindal Stainless Limited as its President and Executive Director. Mr. Ramesh Nair has over 25 years of experience in the metals industry and has worked with the Group for 12 years in multiple functions. He had earlier joined the Vedanta Group's copper business in the year 2000 and has varied experience in smelter operations. He was appointed as the Chief Operating Officer of our copper units at Tuticorin and Silvassa in the year 2008. Prior to joining us, Mr. Ramesh Nair worked at Essar Steel Limited. Mr. Ramesh Nair is a Bachelor of Technology (Electrical) from the National Institute of Technology, Kurukshetra.

Niranjan Kumar Gupta was appointed the Chief Financial Officer of our aluminium and power business in July 2014. Prior to this, Niranjan worked at Unilever, London, where he was the Global Finance Director – Household Care Category and at PricewaterhouseCoopers. He has over 20 years of experience in business finance, supply chain, commercial, accounting and procurement in Unilever. Prior to this, he was associated with PricewaterhouseCoopers for 3 years. He is a qualified Chartered Accountant, Cost Accountant and Company Secretary.

Ajay Dixit was appointed the Chief Executive Officer of our power business in May 2015. He has 35 years of experience in the power industry and joined Vedanta Limited in May 2015. Prior to this, he was the Chief Executive Officer – Energy with Siemens, responsible for the overall operations of South Asia. He has wide experience in the field of entire energy chain comprising of power generation, automation, transmission and distribution. He also has experience in manufacturing and setting up plants in South Asia, Middle East and Africa. Mr. Dixit is a Bachelor of Engineering (Electrical) from Delhi College of Engineering.

B. Compensation**Compensation of Directors and Executive Officers**

The aggregate compensation we paid our executive directors, executive officers and other significant employees for fiscal year 2015 was Rs. 933.2 million (\$ 15.0 million), which includes Rs. 725.8 million (\$ 11.6 million) paid towards salary, bonuses, allowances and other cash payments, Rs. 151.7 million (\$ 2.4 million) paid and payable by us to Vedanta for the fair value of share options granted to our executive directors and executive officers under the Vedanta LTIP, and Rs. 55.6 million (\$0.9 million) paid towards benefits such as contributions to the provident fund and superannuation fund. The total compensation paid to our most highly compensated executive director or executive officer during fiscal year 2015 was Rs. 176.5 million (\$ 2.8 million) of which Rs. 129.6 million (\$ 2.1 million) comprised salary, bonuses and allowances, Rs. 34.0 million (\$ 0.5 million) comprised payment by us and payable to Vedanta for the fair value of share options granted under the Vedanta LTIP and Rs. 12.8 million (\$ 0.2 million) comprised benefits such as contribution to the provident fund and superannuation fund.



The following table sets forth the compensation paid to our executive directors, executive officers and significant employees in fiscal year 2015, where the disclosure of compensation is required on an individual basis in India or is otherwise publicly disclosed by us:

Name	Salary, Bonuses, Allowances and Perquisites	Fair Value of Share Options granted (Rs. in millions)	Contribution to Provident and Superannuation Funds
Navin Agarwal	129.61	34.05	12.84
Tom Albanese	53.10	6.10	4.90
Din Dayal Jalan	39.80	10.66	1.51
Tarun Jain	82.86	23.83	7.42
A.Thirunavukkarasu	22.82	5.96	3.57
Dilip Golani	25.68	7.16	1.66
Mansoor Siddiqi	27.04	6.01	—
Rajesh Padmanabhan	11.05	0.72	0.79
Roma Balwani	9.35	0.47	—
G. R. Arun Kumar	20.27	3.03	1.17
Mukesh Bhavnani ⁽¹⁾	—	—	—
Akhilesh Joshi	28.26	8.12	—
Amitabh Gupta	19.09	5.03	1.33
Sunil Duggal	24.07	5.84	1.63
Deshnee Naidoo	7.79	—	1.12
Mayank Ashar	37.74	1.34	2.77
Sudhir Mathur	34.24	7.88	1.00
Rajagopal Kishore Kumar	63.49	9.68	8.21
Neelesh Talathi ⁽²⁾	11.04	0.59	0.72
P. Ramnath	18.66	4.34	1.28
Anup Agarwal	8.40	1.37	0.52
Abhijit Pati	21.70	5.35	1.28
Ramesh Nair	18.16	3.48	1.11
Niranjan Kumar Gupta	11.62	0.75	0.77
Ajay Dixit ⁽¹⁾	—	—	—

(1) Appointed after March 31, 2015

(2) Resigned in August 2015

The aggregate compensation paid or payable to our non-executive directors for fiscal year 2015 was Rs. 22.9 million (\$ 0.4 million), which comprised Rs. 1.8 million (\$ 0.03 million) in sitting fees and Rs. 21.1 million (\$ 0.3 million) in commissions.

We adopted the Vedanta LTIP in February 2004. Under the Vedanta LTIP, our directors and executive officers will be granted share awards which will entitle them to acquire the ordinary shares of Vedanta based on the performance of Vedanta's total shareholder return against a peer group of companies comprising the FTSE Worldwide Mining Index (excluding precious metals) measured over a three-year performance period and Vedanta's financial performance. Vedanta adopted two new ESOP schemes in September 2012 and May 2013. The ESOPs granted under these two schemes will vest based on the achievement of certain performance targets. The vesting schedule is staggered over a period of three years.

Outstanding Awards or Options

As of March 31, 2015, our directors, executive officers and significant employees as a group held options under the Vedanta LTIP to acquire an aggregate of 1,417,500 ordinary shares of Vedanta representing approximately 0.47% of Vedanta's share capital. The awards are exercisable at the end of the three-year performance period commencing from the date of each grant at an exercise price of \$ 0.10 per ordinary share. The awards expire six months after their date of grant. For more information, see "- Vedanta Long-Term Incentive Plan."

Employee Benefit Plans

We maintain employee benefit plans in the form of certain statutory and welfare schemes covering substantially all of our employees. As of March 31, 2014 and March 31, 2015, the total amount set aside by us to provide pension, retirement or similar benefits was Rs. 2,009 million and Rs. 2,508 million (\$ 40.3 million), respectively.

**Provident Fund**

In accordance with Indian law, all of our employees in India are entitled to receive benefits under the provident fund, a defined contribution plan to which both we and the employee contribute monthly at a pre-determined rate (currently 12.0% of the employee's base salary). These contributions are made to the provident fund and we also participate in defined contribution schemes in Australia, Namibia, South Africa and Ireland. We have no further obligation under these schemes apart from our regular contributions. We contributed an aggregate of Rs. 1,205 million and Rs. 1,073 million (\$ 17.2 million) to all these schemes in fiscal years 2014 and 2015, respectively.

Gratuity

In accordance with Indian law, we provide for gratuity pursuant to a defined benefit retirement plan covering all of our employees in India. The gratuity plan provides a lump sum payment to vested employees at retirement, disability or termination of employment, in an amount based on the employee's last drawn salary and the number of years of employment with us. The assets of the plan, to the extent the plan is funded, are held in separate funds managed by the Life Insurance Corporation and a full actuarial valuation of the plan is performed on an annual basis. Our liability for the gratuity plan was Rs. 1,685 million and Rs. 2,163 million (\$ 34.7 million) as at the end of fiscal years 2014 and 2015, respectively.

Superannuation Fund

It is our current policy for all of our non-unionized employees in a managerial position and above to pay into a superannuation fund a sum equal to 15.0% of their annual base salary which is payable to the employee in a lump sum upon his retirement or termination of employment. We contributed an aggregate of Rs. 295 million and Rs. 340 million (\$ 5.5 million) in fiscal years 2014 and 2015, respectively.

Compensated Absence

Our liability for compensated absences is determined on an undiscounted basis for short term liabilities and on an actuarial basis for long term liabilities, for the entire unused vacation balance standing to the credit of each employee at each calendar year-end. Contributions to such liability are charged to income in the year in which they accrue. Liability for the compensated absences was Rs. 2,154 million and Rs. 2,501 million (\$ 40.1 million) as at the end of fiscal years 2014 and 2015, respectively.

Vedanta Long-Term Incentive Plan ("Vedanta LTIP") and Employee Share Ownership Plan ("ESOP")

We are a participating company in the Vedanta LTIP and ESOP which was adopted by Vedanta to grant share options to its employees or employees of its subsidiaries. Awards under the plan may be granted to any employee of Vedanta or any of its subsidiaries who is not within six months of such employee's normal retirement date. Additionally, the shareholders of the Company by way of postal ballot on March 30, 2015 approved the Vedanta Limited Employees Stock Option Scheme ("ESOS") and issue of securities to the employees of the Company and its holding or subsidiary companies. No options have been granted to the employees under the scheme till date.

The awards are indexed to and settled by Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta's functional currency at 10 US cents per share. Vedanta is obligated to issue the shares. In accordance with the terms of agreement between Vedanta and us, the grant date fair value of the awards is recovered by Vedanta from us. The amount recovered by Vedanta has been recognized as compensation expense over the requisite service period of three years.

The Vedanta LTIP and ESOP is consistent with our reward philosophy, which aims to provide superior rewards for outstanding performance, and to provide a high proportion of "at risk" remuneration for executive directors and senior employees. The maximum value of Vedanta ordinary shares which may be conditionally awarded in any financial year to a participant in the Vedanta LTIP and ESOP who is an executive director is restricted to 140% of that executive director's annual base salary.

The performance target which applies to vesting of awards under the Vedanta LTIP is our performance as measured against comparative total shareholder return against a peer group of companies comprising the FTSE Worldwide Mining Index (excluding precious metals). Vedanta LTIP 2014 shall vest after three years from the date of the grant based on the Group's relative Total Shareholder Return performance against the peer group of resource companies and continued employment with the Group. These options will be awarded to employees under the Performance Share Plan effective November 15, 2014 for which the vesting condition will be the performance period of 36 months from April 1, 2014 to March 31, 2017. The performance target which applies to vesting of awards under the ESOP is our business performance set against business plan for the financial year comprising operational deliverables, enabler parameters and sustainability performance specific to each company.

**ESOP Schemes**

Vedanta adopted two new ESOP schemes on (i) September 24, 2012 pursuant to which a total of 4,652,550 options can be granted (“2012 ESOP Scheme”) and (ii) May 16, 2013 pursuant to which a total of 3,973,750 options can be granted (“2013 ESOP Scheme” and together with the 2012 ESOP Scheme, the “ESOP Schemes”). According to the 2012 ESOP scheme, 50% of the shares vested on September 24, 2013 based on performance conditions from April 1, 2012 to March 31, 2013. The next 30% of the shares vested on September 24, 2014, the second anniversary from the date of grant based on performance conditions from April 1, 2012 to March 31, 2013 and the remaining 20% of the shares will vest on the third anniversary from the date of grant. According to the 2013 ESOP Scheme, 40% of the shares vested on May 16, 2014 based on performance conditions from April 1, 2013 to March 31, 2014. The next 30% of the shares will vest on the second anniversary from the date of grant and the remaining 30% of the shares will vest on the third anniversary from the date of grant irrespective of business performance. The exercise price is 10 cents for the ESOP Schemes.

As of March 31, 2015, our executive directors, executive officers and significant employees as a group held options under the Vedanta LTIP and the ESOP Schemes to acquire an aggregate of 1,417,500 equity shares of Vedanta representing approximately 0.47% of Vedanta’s share capital. The following table summarizes, as of March 31, 2015, the options granted to our directors, executive officers and significant employees under the Vedanta LTIP and the ESOP Schemes:

Shares Underlying the Vedanta LTIP and the ESOP Schemes

Name	Grant date			Total
	September 24, 2012 ⁽¹⁾	May 16, 2013 ⁽²⁾	November 17, 2014 ⁽³⁾	
Navin Agarwal	85,000	85,000	140,000	310,000
Tom Albanese	—	—	170,000	170,000
Tarun Jain	60,000	60,000	95,000	215,000
Din Dayal Jalan	25,000	25,000	50,000	100,000
Dilip Golani	18,000	18,000	27,500	63,500
A Thirunavukkarasu	15,000	15,000	15,000	45,000
Mansoor Siddiqi	15,000	15,000	16,500	46,500
Rajesh Padmanabhan	—	—	20,000	20,000
Roma Balwani	—	—	13,000	13,000
G.R.Arun Kumar	—	10,000	16,500	26,500
Mukesh Bhavnani	—	—	—	—
Akhilesh Joshi	18,000	20,000	30,000	68,000
Amitabh Gupta	13,000	12,000	16,500	41,500
Sunil Duggal	16,000	15,000	22,000	53,000
Deshnee Naidoo	—	—	—	—
Mayank Ashar	—	—	—	—
Sudhir Mathur	—	—	—	—
Rajagopal Kishore Kumar	22,000	22,000	30,000	74,000
Neelesh Talathi	—	—	13,000	13,000
P. Ramnath	14,000	12,000	22,000	48,000
Anup Agarwal	6,000	5,000	8,500	19,500
Abhijit Pati	12,500	15,000	22,000	49,500
Ramesh Nair	—	10,000	15,000	25,000
Niranjan Kumar Gupta	—	—	16,500	16,500
Ajay Dixit	—	—	—	—
Total	319,500	339,000	759,000	1,417,500

- (1) The underlying shares vest in the following manner: 50% on September 24, 2013, 30% on September 24, 2014 and the remaining 20% on September 24, 2015. The shares shall expire after 6 months from the date of vesting.
- (2) The underlying shares vest in the following manner: 40% on May 16, 2014, 30% on May 16, 2015 and the remaining 30% on May 16, 2016. The shares shall expire after six months from the date of vesting.
- (3) The underlying shares shall vest after three years from date of grant i.e. on November 17, 2017, based on the achievement of performance conditions and completion of tenure with the Group. The shares shall expire after six months from the date of vesting.

Limitations on Liability and Indemnification Matters

The Companies Act, 2013 provides an enabling provision for providing indemnity to directors and officers. The terms of the service contract with the Whole Time Directors provides that the Company shall indemnify and keep the director indemnified from and against all claims, demands, actions, suits and proceedings, penalties and punitive damages, attorney’s fees and such reasonable expenses arising out of any claim / litigation whatsoever that may be brought or made against the Director in relation to performance of duties assigned or arising out of natural course of the business of the Company.



The Companies Act, 2013 also provides that where any insurance is taken by a company on behalf of its Managing Director, Whole Time Director, Manager, Chief Executive Officer, Chief Financial Officer or Company Secretary for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel; provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

**C. Board Practices*****Compensation of the Board***

Under the Indian Companies Act, our shareholders must approve the salary, bonus and benefits of all directors at an annual general meeting of the shareholders or through a postal ballot.

Mr. Navin Agarwal is entitled to be paid a basic salary, performance incentives to be determined by our Board and perquisites including a housing allowance, medical and insurance reimbursement, club membership fees reimbursement and leave travel concessions for himself and his family and also a commission based on our net profits for a particular fiscal year as determined by our Board, subject to a maximum allowable under Indian Law.

Mr. Jalan is entitled to be paid a basic salary, performance incentives and/or commission based on profits to be determined by our Board and perquisites including a housing allowance, medical and insurance reimbursement, club membership fees reimbursement and leave travel concessions for himself and his family. Mr. Jalan is entitled to receive a bonus equal to 20% of his basic salary.

Mr. Albanese is entitled to be paid a basic salary, annual bonus of up to a maximum of 50% of his base pay for fiscal year 2016 and 2017, annual incentive bonus and/or commission based on profits to be recommended by the Nomination and Remuneration Committee and determined by our Board of Directors and perquisites including rent free accommodation, club membership, travel trip with spouse, medical and other benefits as per the executed service agreement.

Mr. Jain is entitled to be paid a basic salary, performance incentives and/or commission based on profits to be determined by our Board of Directors and perquisites including a housing allowance, medical and insurance reimbursement club membership fees reimbursement and leave travel concessions for himself and his family. Mr. Jain is entitled to receive a bonus equal to 20% of his respective basic salary.

Composition of the Board

Our Board currently consists of eight directors. Four of our eight directors, namely, Ravi Kant, Lalita D. Gupte, Naresh Chandra and Anuradha Dutt satisfy the "independence" requirements of the NYSE rules. Gurudas D. Kamat another Independent Director ceased to be member of the Board on his demise effective January 27, 2015.

Mr. Navin Agarwal entered into a service contract with us which will expire on July 31, 2018. With effect from April 1, 2014, Mr. Albanese, Mr. Jain and Mr. Jalan were appointed on our Board. Mr. Albanese and Mr. Jain have entered into service contracts with us, which will expire on March 31, 2017 and March 31, 2018 respectively. The service contract entered into by Mr. Jalan with us expired on September 30, 2014. This service contract was further extended from October 1, 2014 to September 30, 2016. However, either we or the director may terminate the respective service contract upon 90 days' notice to the other party or payment in lieu of the notice period. None of their service contracts provide for benefits upon termination of their employment. Mr. Chandra, Mr. Kant and Ms. Gupte have been appointed for a fixed term of three years effective as of January 29, 2015 to January 28, 2018 which has been approved by the shareholders through postal ballot on March 30, 2015. Ms. Dutt has been appointed for a fixed term of three years effective as of April 27, 2015 to April 26, 2018 which has been approved by the shareholders in the Annual General Meeting on July 11, 2015. They serve as directors on our Board until their resignation or removal from office by a resolution of our shareholders, until they cease to be directors by virtue of the provision of law or they are disqualified by law or under our articles of association from being directors. Mr. Kant, Ms. Gupte, Mr. Chandra and Ms. Dutt do not have any service contracts with the Company.

Committees of the Board

Our equity shares are currently listed and traded on the NSE and the BSE, and our ADSs are currently listed and traded on the NYSE. In addition to compliance with the NYSE corporate governance rules applicable to us as a foreign private issuer, we maintain our corporate governance arrangements in accordance with the Listing Agreement with BSE and NSE and the Indian regulations as per the requirements of Companies Act, 2013. In particular, we have established an Audit Committee, a Nomination and Remuneration Committee, a Corporate Social Responsibility Committee, a Stakeholders Relationship Committee, Risk Management Committee and a Share and Debenture Transfer Committee in accordance with the Indian corporate governance requirements. The composition and general responsibilities of each of these committees are described below.

*Audit Committee*

The Audit Committee currently consists of Ms. Gupte as the Chairperson and Messrs. Kant and Chandra as members. Mr. G. D. Kamat ceased as a member of the Committee effective January 27, 2015 on his demise. The Audit Committee held 5 meetings during fiscal year 2015.

Ms. Lalita D. Gupte was appointed the Chairperson of the Audit Committee with effect from March 29, 2014. Messrs. Kant and Chandra were appointed as members of the Audit Committee with effect from March 29, 2014.

Each of Ms. Gupte, Messrs. Kant and Chandra satisfy the “independence” requirements of Rule 10A-3 of the Exchange Act and the NYSE rules.

The principal duties and responsibilities of our Audit Committee are as follows:

- to serve as an independent and objective party to monitor our financial reporting process and internal control systems;
- to review and appraise the audit efforts of our independent accountants and exercise ultimate authority over the relationship between us and our independent accountants; and
- to provide an open avenue of communication among the independent accountants, financial and senior management and the board of directors.

The Audit Committee has the power to investigate any matter brought to its attention within the scope of its duties. It also has the authority to retain counsel and advisors to fulfill its responsibilities and duties. Ms. Gupte is designated as our “audit committee financial expert”, within the requirements of the rules promulgated by the SEC relating to listed-company audit committees.

Nomination and Remuneration Committee

During fiscal year 2015, the Nomination and Remuneration Committee held 5 meetings.

The Nomination and Remuneration Committee comprises of Mr. Chandra as the Chairman and Messrs. Kant and Agarwal as members. Mr. Naresh Chandra was appointed as the Chairman of the Nomination and Remuneration Committee with effect from March 29, 2014. Messrs. Kant, Albanese and Jain were appointed as members of the Nomination and Remuneration Committee with effect from March 29, 2014, April 1, 2014 and April 1, 2014, respectively.

During fiscal year 2015, Messrs. Albanese and Jain ceased as a member of the Committee effective October 29, 2014 and March 27, 2015, respectively. Mr. Kamat ceased as a member on his demise effective January 27, 2015 and Mr. Agarwal was appointed as a member effective October 29, 2014. The Nomination and Remuneration Committee was re-constituted on May 28, 2015 with Mr. Chandra as Chairman and Ms. Gupte, Messrs. Kant and Agarwal as members of the Committee.

Effective from April 1, 2015, Section 178 of the Companies Act 2013 and the listing agreement with the NSE and the BSE requires the Nomination and Remuneration Committee to be comprised of at least three non-executive directors, out of which not less than one-half shall be independent directors. Our Nomination and Remuneration Committee complies with this requirement as three of the four members on this committee are independent directors, namely, Messrs Kant, Chandra and Ms. Gupte. Pursuant to changes in regulations during fiscal year 2015, the Company reconstituted the Nomination and Remuneration Committee with three Independent Directors and one whole-time director. During fiscal year 2015, Mr. Albanese and Mr. Jain stepped down from the Nomination and Remuneration Committee in October 2014 and March 2015 respectively.

Under the NYSE listing standards, listed companies must have a remuneration committee composed entirely of independent board members as defined by the NYSE listing standards. However, foreign private issuers such as us, are permitted to follow their respective home country rules in this regard. As a foreign private issuer, we are permitted to follow home country corporate governance practices and since we comply with the Indian regulations in relation to the independence requirements of the remuneration committee, we are not required to follow the NYSE listing standards for an all independent remuneration committee. The broad terms of reference of the Nomination and Remuneration Committee are to appraise the performance of Managing and/or Executive Directors, determine and recommend to the Board, the compensation payable to them. This committee is responsible for recommending the fixation and periodic revision of remunerations (including commissions and/or incentives, etc.) of whole-time directors and executive directors. This is done after taking into account our profits and performance, external competitive environment and our growth plans and the company policy on rewarding achievements and performance. Payment of remuneration to the Executive Chairman, Managing Director and Whole Time Director is governed by the respective agreements executed between them and the Company and are governed by the board and shareholder resolutions. The remuneration structure comprises of salary, commission linked to profits, perquisites and allowances and retirement benefits (pension, superannuation and gratuity).



Share and Debenture Transfer Committee

The transfer of equity shares of the Company is approved by the Share Transfer Committee, which meets regularly to approve share transfers. The Share and Debenture Transfer Committee members were Messrs. Jalan, Arun Kumar and Choubey. The Committee was re-constituted in June 2015 with Messrs. Bhavnani, Arun Kumar and Choubey as members of the Committee. There were 25 meetings held during fiscal year 2015.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee held 1 meeting in fiscal year 2015. Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 mandates companies with revenue, net worth or profitability beyond a prescribed limit to form a corporate social responsibility committee. This committee should comprise of three or more directors with at least one of them being an independent director. Our Corporate Social Responsibility Committee was constituted at the Board meeting held on March 29, 2014. Mr. Chandra was the Chairman of this committee, and Messrs. Kant, Albanese and Jain were members of this committee with effect from April 1, 2014. The committee was re-constituted on May 28, 2015 with Mr. Naresh Chandra as Chairman and Ms. Dutt, Messrs. Kant, Albanese and Jain as members. We comply with this rule as three of the five members of this committee (all of whom are directors on the Board) are independent directors.

The principal duties and responsibilities of our Corporate Social Responsibility Committee are as follows:

- formulate and recommend to the Board a corporate social responsibility policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;
- recommend the amount of expenditure to be incurred on the activities referred above; and
- monitor the corporate social responsibility policy of the company from time to time.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee held 3 meetings during fiscal year 2015.

The Stakeholders Relationship Committee consisted of Mr. Kamat as Chairman of the Committee until his demise on January 27, 2015, Mr. Chandra who ceased as a member effective March 26, 2015, Ms. Gupte and Mr. Jalan as members. The Committee was re-constituted on May 28, 2015 with Ms. Dutt as Chairperson and Ms. Gupte and Mr. Jalan as members.

Two of the members are Independent Directors and the other member is a Whole Time Director. The principal duties and responsibilities of the Stakeholders Relationship Committee are to oversee the reports received from the registrar and transfer agent and to facilitate the prompt and effective resolution of complaints from our shareholders and investors.

Risk Management Committee

Pursuant to Clause 49 of the Listing Agreement and the Companies Act, 2013, the Company has constituted a Risk Management Committee. The Risk Management Committee held one meeting during fiscal year 2015. The Risk Management Committee currently consists of Messrs. Albanese, Jain, Jalan and Golani.

The purpose of the Risk Management Committee is to assist the Audit Committee and the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation, and mitigation of operational, strategic and external environment risks. The RMC has overall responsibility for monitoring and approving the risk policies and associated practices of the Company.

The principal duties and responsibilities of our Risk Management Committee are as follows:

- annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.



20018GsPjMvNZ3QH

- ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.
- evaluate significant risk exposures of the Company and assess management's action to mitigate the exposures in a timely manner.

D. Employees

See "Item 4. Information on the Company—B. Business Overview—Our Business—Employees."

E. Share Ownership for Directors and Executive Officers:

The following table sets forth information with respect to the beneficial ownership of our equity shares as of July 31, 2015 by each of our directors and all our directors, executive officers and significant employees as a group. As used in this table, beneficial ownership means the sole or shared power to vote or direct the voting or to dispose of or direct the sale of any security. A person is deemed to be the beneficial owner of securities that can be acquired within 60 days upon the exercise of any option, warrant or right. Equity shares subject to options, warrants or rights that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding the options, warrants or rights. The amounts and percentages as of July 31, 2015 are based on an aggregate of 2,964,694,239 equity shares outstanding as of that date.

<u>Name of the Beneficial owner</u>	Number of Shares Beneficially Owned As of July 31, 2015	
	Number	Percent
Anil Agarwal ⁽¹⁾	1,863,458,132	62.85%
Navin Agarwal	—	—
Tom Albanese	—	—
Din Dayal Jalan	—	—
Ravi Kant	—	—
Naresh Chandra	—	—
Lalita D. Gupte	—	—
Tarun Jain	—	—
Anuradha Dutt	—	—
A. Thirunavukkarasu	—	—
Dilip Golani	600	*
Mansoor Siddiqi	—	—
Rajesh Padmanabhan	—	—
Roma Balwani	—	—
G.R.Arun Kumar	1,500	*
Mukesh Bhavnani	—	—
Akhilesh Joshi	—	—
Amitabh Gupta	—	—
Sunil Duggal	—	—
Deshnee Naidoo	—	—
Mayank Ashar	—	—
Sudhir Mathur	—	—
Rajagopal Kishore Kumar	—	—
Neelesh Talathi	800	*
P. Ramnath	60	*
Anup Agarwal	235	*
Abhijit Pati	—	—
Ramesh Nair	1,788	*
Niranjan Kumar Gupta	—	—
Ajay Dixit	1,000	*
All our directors and executive officers as a group	1,863,464,115	62.86%

Notes:

* Represents beneficial ownership of less than 1.0%.

(1) Vedanta is the beneficial owner of 1,863,458,132 equity shares of the Company, consisting of:

- 1,280,084,749 equity shares and 24,823,177 ADSs held by Twin Star representing 99,292,708 underlying equity shares;
- 401,496,480 equity shares held by Finsider;



- (iii) 44,343,139 equity shares held by Westglobe; and
- (iv) 38,241,056 equity shares held by Welter Trading.

Volcan is the majority shareholder of Vedanta, which in turn is the sole shareholder of VRHL, which in turn is the sole shareholder of each of Twin Star and VRFL. VRFL is the sole shareholder of VRCL, which in turn is the sole shareholder of each of Welter Trading and Richter. Richter is the sole shareholder of Westglobe and the majority shareholder of Finsider.



Volcan is wholly beneficially owned by the Trust. Conclave is the trustee of the Trust and the sole registered shareholder of Volcan. Mr. Anil Agarwal, the Executive Chairman of Vedanta, as protector of the Trust, may be deemed to have beneficial ownership of securities that are beneficially owned by the Trust and with effect from October 16, 2014, Mr. Anil Agarwal is one of the beneficiaries of the Trust. Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement that is intended to ensure that Volcan, as Vedanta's controlling shareholder, complies with the independence provisions of the UK Financial Conduct Authority's listing rules. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Related Parties—Vedanta."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding beneficial ownership of our equity shares as of July 31, 2015 held by each person who is known to us to have 5.0% or more beneficial share ownership based on an aggregate of 2,964,694,239 equity shares outstanding as of that date.

Beneficial ownership is determined in accordance with the SEC rules and includes shares over which the indicated beneficial owner exercises voting and/or investment power or receives the economic benefit of ownership of such securities. Equity shares subject to options currently exercisable or exercisable within 60 days are deemed outstanding for the purposes of computing the percentage ownership of the person holding the options but are not deemed outstanding for the purposes of computing the percentage ownership of any other person.

<u>Name of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percentage Beneficially Owned</u>
Vedanta ⁽¹⁾	1,863,458,132	62.85%

Note:

(1) Vedanta is the beneficial owner of 1,863,458,132 equity shares of the Company, consisting of:

- (i) 1,280,084,749 equity shares and 24,823,177 ADSs held by Twin Star representing 99,292,708 underlying equity shares;
- (ii) 401,496,480 equity shares held by Finsider;
- (iii) 44,343,139 equity shares held by Westglobe; and
- (iv) 38,241,056 equity shares held by Welter Trading.

Volcan is the majority shareholder of Vedanta, which in turn is the sole shareholder of VRHL, which in turn is the sole shareholder of each of Twin Star and VRFL. VRFL is the sole shareholder of VRCL, which in turn is the sole shareholder of each of Welter Trading and Richter. Richter is the sole shareholder of Westglobe and the majority shareholder of Finsider. Volcan is wholly beneficially owned by the Trust. Conclave is the trustee of the Trust and the sole registered shareholder of Volcan. Mr. Anil Agarwal, the Executive Chairman of Vedanta and protector of the Trust, may be deemed to have beneficial ownership of securities that are deemed beneficially owned by the Trust and with effect from October 16, 2014, Mr. Anil Agarwal is one of the beneficiaries of the Trust. Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement that is intended to ensure that Volcan, as Vedanta's controlling shareholder, complies with the independence provisions of the UK Financial Conduct Authority's listing rules. See "B. Related Party Transactions—Related Parties—Vedanta."

Significant Changes in Percentage of Ownership

The following table sets forth the significant changes in the shareholding interests of our Company by our principal shareholders in our equity shares in the last three fiscal years. Except as disclosed below, there were no significant changes in the percentage of ownership in our Company in the last three fiscal years. Percentages set forth below are based on the number of equity shares outstanding as of the dates set forth below.

Name and Type of Shares	As of March 31,						As of July 31,	
	2013		2014		2015		2015	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Vedanta Equity shares	1,956,383,435	58.20%	1,728,034,417	58.29%	1,863,458,132	62.85%	1,863,458,132	62.85%



As of July 31, 2015, there were approximately 368,860 holders of our equity shares of which 178 shareholders have registered addresses in the US. As of the same date, 222,695,072 equity shares representing 55,673,768 of our ADSs, representing 7.51% of our outstanding equity shares were held by a total of 8 registered holders of record with addresses in and outside of the US. Since certain of these equity shares and ADSs were held by brokers or other nominees, the number of record holders in the US may not be representative of the number of beneficial holders or where the beneficial holders are resident. Each of our equity shares is entitled to one vote on all matters that require a vote of shareholders, and none of our shareholders has any contractual or other special voting rights.

B. Related Party Transactions

The following is a summary of the material transactions we have engaged with our controlling shareholder, Vedanta, and its subsidiaries and other related parties, including those where our management or we have a significant equity interest. In addition, the following contains a discussion of how we intend to handle conflicts of interest and allocations of business opportunities between us and our affiliates, directors and executive officers. For a further discussion of related party transactions, See Note 32 to our consolidated financial statements included elsewhere in this Annual Report.

Related Parties

Volcan and the Agarwal Family

Volcan holds 62.47% of the share capital and 69.69% of the voting rights of Vedanta. Volcan is 100% beneficially owned and controlled by the Trust. Conclave is the trustee of the Trust and sole registered shareholder of Volcan, and consequently controls all voting and investment decisions of the Trust. Mr. Anil Agarwal, the Executive Chairman of Vedanta and our Chairman Emeritus, is the protector of the Trust and with effect from October 16, 2014, is one of the beneficiaries of the Trust. Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement that is intended to ensure that Volcan, as Vedanta's controlling shareholder, complies with the independence provisions of the Financial Conduct Authority's listing rules in the UK. See "- Vedanta."

Vedanta

As of July 31, 2015, Vedanta is the beneficial owner of 1,863,458,132 equity shares of the Company, consisting of:

- (i) 1,280,084,749 equity shares and 24,823,177 ADSs held by Twin Star representing 99,292,708 underlying Equity shares;
- (ii) 401,496,480 equity shares held by Finsider;
- (iii) 44,343,139 equity shares held by Westglobe; and
- (iv) 38,241,056 equity shares held by Welter Trading.

Volcan is the majority shareholder of Vedanta, which in turn is the sole shareholder of VRHL, which in turn is the sole shareholder of each of Twin Star and VRFL. VRFL is the sole shareholder of VRCL, which in turn is the sole shareholder of each of Welter Trading and Richter. Richter is the sole shareholder of Westglobe and the majority shareholder of Finsider.

Volcan is wholly beneficially owned by the Trust. Conclave is the trustee of the Trust and the sole registered shareholder of Volcan. Mr. Anil Agarwal, the Executive Chairman of Vedanta and protector of the Trust, may be deemed to have beneficial ownership of securities that are deemed beneficially owned by the Trust and with effect from October 16, 2014, Mr. Anil Agarwal is one of the beneficiaries of the Trust. Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement that is intended to ensure that Volcan, as Vedanta's controlling shareholder, complies with the independence provisions of the Financial Conduct Authority's listing rules in the UK.

Vedanta, Volcan, the Trust, Conclave and Mr. Anil Agarwal are parties to a relationship agreement. The principal purpose of the relationship agreement is to facilitate the carrying on of Vedanta's business independently of Volcan and its direct and indirect shareholders, and their respective associates, or the "Volcan Parties" as required by the listing rules of the Financial Conduct Authority of the United Kingdom, and to ensure that transactions between the parties to the agreement are conducted at arm's length and on a normal commercial basis. The relationship agreement will terminate in respect of Volcan at such time as each of the Volcan Parties, acting individually or jointly by agreement, cease to be a controlling shareholder of Vedanta for the purposes of the listing rules of the Financial Conduct Authority or if Vedanta is de-listed from the London Stock Exchange ("LSE"). In addition, the relationship agreement will terminate in respect of Conclave and Mr. Anil Agarwal if either of them individually or acting jointly ceases to be a controlling shareholder of Vedanta or Volcan. Currently, a controlling shareholder of a company for the purposes of the listing rules of the UK Financial Conduct Authority is any person (or persons acting jointly by agreement whether formal or otherwise) who is entitled to exercise, or to control the exercise of 30.0% or more of the rights to vote at general meetings of such company or is able to control the appointment of directors who are able to exercise a majority of the votes at Board meetings of such company.



Under the relationship agreement:

- Volcan and Conclave undertake with Vedanta that:
 - (a) no member of the Volcan Group nor any of their associates will take any action that would have the effect of preventing Vedanta from complying with its obligations under the listing rules of the UK Financial Conduct Authority; and
 - (b) no member of the Volcan Group nor any of their associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the listing rules of the UK Financial Conduct Authority.
- the parties agree to ensure that Vedanta is capable, at all times, of carrying on its business independently of the Volcan Parties as required by the listing rules of the Financial Conduct Authority;
- Vedanta's board of directors and nominations committee and any other committee of Vedanta's Board of directors (other than the audit committee or the remuneration committee or any committee which may be established by the board of directors in connection with a specific transaction, the constitution of which is approved by the board of directors) to which significant powers, authorities or discretions are delegated shall at all times comprise a majority of directors who are independent of the Volcan Parties and who are free from any business or other relationship with the Volcan Parties which could materially interfere with the exercise of the director's judgment concerning Vedanta;
- Vedanta's remuneration committee and audit committee shall at all times consist only of non-executive directors;
- Volcan is entitled to nominate for appointment to the board of directors of Vedanta such number of persons as is one less than the number of directors who are independent of the Volcan Parties and who are free from any business or other relationship with the Volcan Parties which could materially interfere with the exercise of the director's judgment concerning Vedanta;
- neither Mr. Anil Agarwal nor any non-independent directors shall be permitted, unless the independent directors agree otherwise, to vote on any resolutions of Vedanta's board of directors or of a committee of the board to approve the entry into, variation, amendment, novation or abrogation or enforcement of any contract, arrangement or transaction with any of the Volcan Parties;
- Volcan shall not exercise voting rights attaching to its shares in Vedanta or any resolution to approve the entry into, variation, amendment, novation or abrogation of any transactions or arrangements between Vedanta and the Volcan Parties;
- the Volcan Parties represented and warranted to Vedanta that at the time of the execution of the relationship agreement they did not own, directly or indirectly, any interests in the smelting, refining, mining or sale of any base metals or mineral otherwise than through Vedanta or any member of the Vedanta group;
- the Volcan Parties agreed to, directly or indirectly, acquire or otherwise invest in any company, business, business operation or other enterprise which engages in the smelting, refining or mining of base metals or minerals only through Vedanta or other member of the Vedanta group. However, this agreement does not prevent, restrict or limit:
 - (a) the acquisition or ownership by the Volcan Parties of not more than 5.0% in aggregate of any class of shares, debentures or other securities in issue from time to time of any company which engages in the smelting, refining or mining of base metals or minerals which is for the time being listed on any stock exchange; or
 - (b) the acquisition or ownership, directly or indirectly, by the Volcan Parties of any interest in, a base metal or mineral property or asset (together with any associated property, plant and equipment), which is not adjacent or geographically proximate to an existing property or operation of Vedanta group so as to give them operational synergies, where the acquisition cost (including assumed indebtedness), including any related capital expenditures committed at the date of acquisition for the following 12 months, is equal to \$ 50 million or less, for which purpose any acquisitions of two or more related or adjacent base metal or mineral properties or assets shall be aggregated when calculating the acquisition cost, provided that the relevant interested party (i) is not an officer or director of a Vedanta group company; and (ii) before acquiring such property or asset, first made the opportunity to acquire such property or asset available to the Vedanta group, with a reasonable period for the independent directors of Vedanta to consider the opportunity, on terms no less favorable than those on which they are proposed to be acquired by the interested party and a majority of the independent directors has determined that the Vedanta group should not make the acquisition; and
- all transactions, arrangements and relationships between Vedanta and the Volcan Parties must be conducted at arm's length and on a normal commercial basis.

**Key Management Personnel**

See “Note 31. Related Party Transactions of Notes to the consolidated financial statements.”

Related Party Transactions

SIIL entered into a (i) representative office agreement; (ii) consultancy agreement; and (iii) a service agreement with Vedanta on various dates. Pursuant to the effectiveness of the Re-organization Transactions, these agreements have been renewed and are now valid until March 2018. For more information, please see “Item 10. Additional Information – C. Material Contracts.”

Relationship agreement between Cairn India and Vedanta

Vedanta and Cairn India entered into a relationship agreement on December 8, 2011. This relationship agreement requires each of Vedanta and Cairn India to exercise all of their respective powers and, so far as they are respectively able to do so, procure that the directors of Cairn India exercise their respective powers to ensure that: (i) the business of Cairn India is at all times carried on independently of any other member of Vedanta; (ii) all dealings between Cairn India and the rest of Vedanta are approved by the Cairn India audit committee; and (iii) the business of Cairn India is managed for the benefit of its shareholders as a whole. The parties also agreed to use their reasonable endeavors to ensure that they can comply with their respective obligations under applicable law or under the rules of the stock exchanges on which their securities are traded. This relationship agreement requires Cairn India to provide Vedanta with such information as it may require in order to comply with its legal, regulatory and reporting obligations for so long as Vedanta’s holding in Cairn India is of a level that requires Vedanta to account for the holding as its subsidiary or associated undertaking under IFRS. Further, until Vedanta holds at least 10% of the issued equity share capital of Cairn India, it is agreed between the parties that, subject to certain limitations and subject to applicable law, Vedanta has the right to require Cairn India to take such steps as may be reasonably required by it in connection with a proposed sale or disposal of Cairn India shares by any member of Vedanta. Cairn India is required to comply with such best practices, principles, standards, policies and provisions that Vedanta reasonably requires and has approved from time to time.

Loans assigned to Vedanta Resources Jersey II Limited

During fiscal year 2014, loan receivables of \$ 916.2 million including the loans described below from (i) to (vii) were assigned by Monte Cello, THL Zinc Holding B.V and THL Zinc Limited to Vedanta Resources Jersey II Limited in exchange for the loan payables to Vedanta Resources Jersey II Limited by TMHL. As a result, there are no amounts outstanding under these agreements as of March 31, 2015.

A Memorandum of Understanding was entered into between Vedanta Resources Jersey II Limited, TMHL and Monte Cello, THL Zinc Holding B.V and THL Zinc Limited and assignment agreements wherein the loans aggregating to \$ 916.2 million provided by Vedanta Resources Jersey II Limited to TMHL have been assigned to Montecello BV, THL Zinc Holding B.V and THL Zinc Limited and hence that Montecello BV, THL Zinc Holding B.V and THL Zinc Limited are the new lenders to TMHL.

(i) Loan Agreement—Vedanta Jersey Investment Limited and Monte Cello

Monte Cello entered into agreement with Vedanta Jersey Investment Limited on April 1, 2010 to make available a loan facility for one year which shall not exceed \$ 150 million. The loan facility has been, upon maturity, renewed each year, on fresh terms and conditions, for a further period of one year. Accordingly, the loan has been renewed for a period of one year until April 2014, with an interest rate of 2.56% per annum.

(ii) Loan Agreement—Welter Trading and Monte Cello

Monte Cello entered into agreement with Welter Trading on November 3, 2010 to make available a loan facility which shall not exceed \$ 100 million. The limit was further increased up to \$ 105 million during 2012. In fiscal year 2013, the loan balance together with accrued interest amounting to \$ 103.3 million was renewed into a fresh loan at an interest rate of LIBOR plus 120 basis points for a further period of one year.

During fiscal year 2013, Monte Cello also entered into an agreement with Welter Trading for a loan facility of \$ 50 million for a period of one year. The loan was renewed for a period of one year until August 2014 with an interest rate of 2.13%.

**(iii) Loan Agreement—Welter Trading and THL Zinc Holding BV**

THL Zinc Holding B.V entered into an agreement with Welter Trading on August 6, 2012 for a loan facility of \$ 100 million at an interest rate of 1.35% per annum for a period of one year. The loan was renewed for a period of one year until August 2014 with an interest rate of 2.13%.

(iv) Loan Agreement—Twin Star and THL Zinc Limited

During fiscal year 2013, THL Zinc Limited further entered into an agreement for a loan facility of \$ 100 million at an interest rate of LIBOR plus 100 basis points.

(v) Loan Agreement—Richter and THL Zinc Holding B.V

THL Zinc Holding B.V entered into an agreement with Richter on December 24, 2012, further amended on January 11, 2013 for a loan facility of \$ 240 million at an interest rate of LIBOR plus 115 basis points for a period of one year.

(vi) Loan Agreement—VRHL and THL Zinc Holding B.V

During fiscal year 2014, THL Zinc Holding B.V entered into an agreement for a loan facility of \$ 30 million at an interest rate of 1.72%.

(vii) Loan Agreement—VRHL and THL Zinc Limited

During fiscal year 2014, THL Zinc Limited entered into an agreement for a loan facility of \$ 108 million at an interest rate of 1.67%.

Vedanta Resources Jersey II Limited and TMHL

During fiscal year 2014, pursuant to executing a deed of assignment between Vedanta and Vedanta Resources Jersey II Limited, all the existing rights of the loan agreements mentioned below from (i) to (iii) were assigned to Vedanta Resources Jersey II Limited and the new lender in the place of Vedanta is Vedanta Resources Jersey II Limited.

- (i) During fiscal year 2011, TMHL entered into a loan facility agreement with Vedanta of \$ 100 million which was extended until November 2012 and further extended until November 2013 with amended facility up to \$ 350 million. During fiscal year 2014 the amount under this facility agreement has been extended until November 19, 2017 with an interest rate of LIBOR plus 362 basis points. The outstanding balance under this facility at March 31, 2015 is \$ 203.3 million.
- (ii) During fiscal year 2012, TMHL entered into two loan facility agreements of \$ 750 million each with Vedanta. The loan proceeds were used to meet the funding requirements for acquisition of an initial 10% of the outstanding share capital of Cairn India in July 2011. The final repayment dates of the loans are May 24, 2016 and June 24, 2021 respectively, or on demand from the lender with 30 days notice. The loans are unsecured. Interest rates for the two loan facility agreements of \$ 750 million are 7.95% and 9.45% per annum. During fiscal year 2015, TMHL repaid \$ 750 million bearing an interest rate of 9.45% to Vedanta Resources Jersey II Limited and the outstanding balance under this facility at March 31, 2015 was \$ 750 million.
- (iii) During fiscal year 2012, TMHL entered into a loan facility agreement of \$ 1,625 million with Vedanta. The final repayment date is November 28, 2018 or on demand from the lender with 30 days notice. The loan is unsecured. The interest rate on this loan is 8.15% per annum. During fiscal year 2015, TMHL repaid \$ 281.06 million to Vedanta Resources Jersey II Limited and the outstanding balance under this facility at March 31, 2015 was \$ 424.6 million.

During fiscal year 2014, TMHL entered into a loan agreement with Vedanta Resources Jersey II Limited for \$ 1,200 million and \$ 300 million at an interest rate of 7.25% and 8.375% per annum respectively to meet funding requirements for refinancing of a loan for the acquisition of 38.68% of the outstanding share capital of Cairn India. The final repayment dates are January 31, 2019 and May 31, 2023 or on demand from the lender with 30 days notice. The loans are unsecured. During fiscal year 2015, TMHL repaid the outstanding balance of \$ 285 million under the \$ 300 million loan agreement to Vedanta Resources Jersey II Limited. The outstanding balances of these loans as of March 31, 2015 are \$ 1,200 million and nil, respectively.



During fiscal year 2015, TMHL entered into a loan agreement with Vedanta Resources Jersey II Limited for \$ 100 million at an interest rate of 3 months LIBOR plus 301 basis points per annum. The final repayment date is August 20, 2016 or on demand from the lender with 5 days notice. The loan is unsecured. The outstanding balance under this facility as of March 31, 2015 is \$ 11.9 million.

Acquisition of shareholding in Cairn India

Pursuant to the share purchase agreement, dated February 25, 2012 between BFL, a wholly owned subsidiary of Sesa Goa and VRHL, BFL acquired 38.68% shareholding in Cairn India and an associated debt of \$ 5,998 million by acquiring TEHL, for a nominal cash consideration of \$ 1. Subsequently with effect from August 26, 2013, TEHL, TMHL and Cairn India (including all its subsidiaries) are now the subsidiaries of Vedanta Limited.

Cairn production sharing contract guarantee to Government

Vedanta has provided parent company financial and performance guarantees to the GoI for Cairn India's obligation under the production sharing contracts. The guarantee provides for making available financial resources equivalent to Cairn India's share for its obligation under production sharing contracts, personnel and technical services in accordance with industry practices and any other resources in case Cairn India is unable to fulfill its obligations under production sharing contracts.

Conflicts of Interest and Allocations of Business Opportunities

From time to time, conflicts of interest have in the past and will in the future arise between us and our affiliates, including our controlling shareholder, Vedanta, and other companies controlled by Vedanta, our directors and our executive officers. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Relationship with Vedanta." With respect to transactions between us and our affiliates, directors and executive officers that involve conflicts of interests, we have in the past undertaken and will continue in the future to undertake such transactions in compliance with the rules for interested or related party transactions of the London Stock Exchange on which Vedanta is listed, the NYSE on which our ADSs are listed and the NSE and BSE.

The rules applicable to London Stock Exchange companies, which would apply to transactions between us and the controlling shareholders of Vedanta, namely Volcan and the Agarwal family, require that the details of a related party transaction be notified to a regulatory information service and disclosed to the Financial Conduct Authority as soon as possible after the terms of the transaction are agreed upon. There is also a requirement that a circular containing information about the related party transaction must be sent to all shareholders and that their approval of the related party transaction must be obtained either before the transaction is entered into or, if the transaction is conditional on shareholder approval, before the transaction is completed. The related party and its associates must be excluded from voting on the related party transactions. The requirement of shareholder approval does not apply to transactions where the gross assets of the transaction as a percentage of the gross assets of the listed company, the profits attributable to the assets of the transaction as a percentage of the profits of the listed company, the consideration for the transaction as a percentage of the aggregate market value of all the ordinary shares (excluding treasury shares) of the listed company and the gross capital of the company or business being acquired as a percentage of the gross capital of the listed company, does not exceed 5%. However, the listed company must, before entering into the related party transaction, inform the Financial Conduct Authority of the details of the proposed related party transaction, provide the Financial Conduct Authority with a written confirmation from an independent adviser acceptable to the Financial Conduct Authority that the terms of the proposed related party transaction with the related party are fair and reasonable as far as the shareholders of the listed company are concerned and undertake in writing to the Financial Conduct Authority to include details of the related party transaction in the listed company's next published annual accounts, including, if relevant, the identity of the related party, the value of the consideration for the transaction or arrangement and all other relevant circumstances. Related party transactions where all the above percentage ratios are 0.25% or less have no requirements under the rules applicable to London Stock Exchange companies. Where several separate transactions occur between a company and the same related party during a 12-month period, the transactions must be aggregated for the purpose of applying the percentage ratio tests.

As part of our listing with the NYSE, we were required to confirm to the NYSE that we will appropriately review and oversee related party transactions on an ongoing basis. These related party transactions include transactions between us and our controlling shareholder, Vedanta, and its affiliates. The NYSE reviews the public filings of its listed companies as to related party transactions. Under the rules of the NYSE, we are required to have an independent audit committee comprised entirely of independent directors. We have had an independent audit committee comprised entirely of independent directors since our ADS offering in June 2007. One of the functions of the independent audit committee is to review any related party transactions by us or any of our subsidiaries or affiliates. In addition, under the rules of the NYSE, we are required to obtain shareholder approval for any issuance of our equity shares, or securities convertible into or exercisable for our equity shares, to any related party, except that such approval would not be required for sales of our equity shares to our controlling shareholder or its affiliates in an amount not to exceed 5% of the number of our equity shares outstanding prior to such issuance and at a price equal to or greater than the higher of the book or market value of our equity shares.



Under the listing agreements we have entered into with the NSE and BSE, we are required to ensure that our disclosures in relation to material and significant related party transactions in our Annual Reports are in compliance with Indian GAAP. Specifically, we are required to place before the audit committee and publish in our Annual Reports a statement in summary form of the related party transactions entered into by us during the previous fiscal year, providing details of whether such transactions were undertaken in the ordinary course of business and details of material individual transactions with related parties or others which were not on an arm's length basis, together with our management's justification for such transactions. Under the listing agreements, our audit committee is required to review and discuss with the management the disclosures of any related party transactions, as defined under Indian GAAP, in our annual financial statements.

Under the Companies Act, 2013, a company needs approval of the Audit Committee on all related party transactions and any amendments. This is irrespective of whether they are in the ordinary course of business and consummated at arm's length or they do not breach the share capital or transaction value thresholds prescribed in the board rules.

If the transaction is entered into the ordinary course of business, and is also at arm's length, neither a board approval nor a special resolution of a disinterested shareholder is required. For transactions which are neither in the ordinary course of business nor at arm's length, the company will need an approval of the board, irrespective of the share capital or transaction value.

The company needs to pass a shareholders' special resolution at a general meeting, if the criteria below mentioned are satisfied. Members of the company, who are related parties, are not permitted to vote on the special resolution.

- (i) Related party transactions are neither in the ordinary course of business nor at arm's length, and
- (ii) The Company's paid-up share capital is not less than the prescribed limit, or transaction(s) amount exceed a specified threshold.

We also have used and will continue to use independent appraisers in appropriate circumstances to help determine the terms of related party transactions. We have had and will continue to have an audit committee comprised entirely of independent directors which is responsible for reviewing any related-party transaction by us or any of our subsidiaries or affiliates.

We are continually seeking to identify and pursue business opportunities. However, Vedanta, as our controlling shareholder, has the power to determine in its sole discretion what corporate opportunities we may pursue and whether to pursue a corporate opportunity itself or through one of its other subsidiaries, which may benefit such companies instead of us and which could be detrimental to our interests. See "Item 3. Key Information—D. Risk Factors—Risks Relating to Our Relationship with Vedanta—Vedanta may decide to allocate business opportunities to other members of the Vedanta group instead of to us, which may have a material adverse effect on our business, results of operations, financial condition and prospects." Vedanta has in the past allocated and expects in the future to allocate corporate opportunities among itself and its various subsidiaries based on a number of factors, including the nature of the opportunity, the availability of funds at the relevant subsidiary to pursue the opportunity and which subsidiary it believes can most successfully take advantage of the opportunity.

C. Interest of Experts and Counsel

Not applicable

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Please see Item 18 for a list of the financial statements filed as part of this Annual Report.

Legal Proceedings

Except as described below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which we are aware) which we believe could reasonably be expected to have a material adverse effect on our results of operations, cash flows or financial position. See Note 29 to our consolidated financial statements included elsewhere in this Annual Report for more information.

***Proceedings against the GoI which has disputed our exercise of the call option to purchase its remaining ownership interest in BALCO***

There are certain proceedings that are currently ongoing with respect to the exercise of a call option to acquire the remaining shares of BALCO held by the GoI, in accordance with the terms of the shareholders' agreement between the GoI and us. The amount claimed under this proceeding is presently unquantifiable. The arbitration tribunal formed under the directions of the High Court of Delhi pronounced an award rejecting our claim regarding the exercise of the option on January 22, 2011. According to the award, certain clauses of the shareholders' agreement were held to be void, ineffective and inoperative as being in violation of sub section (2) of Section 111A of the Companies Act, 1956. We filed an application before the High Court of Delhi to set aside this award under Section 34 of the Arbitration and Conciliation Act, 1996. Our application is scheduled for hearing on November 23, 2015. See "Item 4. Information on the Company—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO."

Proceedings against the GoI which has disputed our exercise of the call option to purchase its remaining ownership interest in HZL

We commenced arbitration proceedings against the GoI with respect to exercise of our call option to acquire the remaining shares of HZL held by the GoI, in accordance with the terms of the shareholders' agreement between the GoI and us. The GoI denied our right to exercise the option on the basis that the shareholders' agreement contravenes the provisions of Section 111A of the Companies Act, 1956 and is therefore void. The next date of hearing by the arbitral tribunal is on January 16, 2016. See "Item 4. Information on the Company—B. Business Overview—Our Business—Options to Increase Interests in HZL and BALCO."

Legal proceedings related to mining operations in the State of Goa

Pursuant to findings in the Justice M.B. Shah Commission Report dated March 15, 2012 on the allegations of illegal mining in the State of Goa, the state government had banned iron ore mining operations in Goa on September 10, 2012 and the Ministry of Environment and Forest ("MOEF") had suspended environmental clearances of all mining leases within the State of Goa. A writ petition was filed before the Supreme Court of India to initiate action based on the Justice M.B. Shah Commission Report and an interim order was passed by the Supreme Court of India on October 5, 2012 suspending mining operations within Goa.

The Supreme Court of India passed an interim order on November 11, 2013 directing that the inventory of the excavated mineral ores be verified by the Directorate of Mines and Geology ("DMG") and the Monitoring Committee was constituted to sell the materials through an e-auction. The Monitoring Committee is e-auctioning the ore to the steel industries and the proceeds from the auction will go to the state government.

On April 21, 2014, the Supreme Court passed judgment in the matter lifting the ban with certain stipulations including directions on mining by the lessees after November 22, 2007 as being illegal, dumping outside the leased area as being impermissible; interim buffer zone fixed at one kilometer from the boundaries of National Parks and Sanctuaries, cap on annual excavation at 20 million tons other than from dumps until the final report of Expert Committee is submitted, appropriation of the sale value of e-auctioned inventorized ores by the state government as per stipulated conditions, payment of 10% of the sale proceeds to the Goan Iron Ore Permanent Fund. The Supreme Court has held that all mining leases in the State of Goa, including those of the Company, had expired in 2007 and consequently, no mining operations can be carried out until renewal/execution of mining lease deeds by the State government. The petition filed by us in May 2014 for the review of the aforesaid judgment in the Supreme Court of India on certain limited issues was subsequently withdrawn by us in September 2014.

On August 13, 2014, the High Court of Bombay, Goa Bench passed a common order directing the State of Goa to renew the mining leases for which stamp duty was collected in accordance with the Goa Mineral Policy (2013) and to decide the other applications for which no stamp duty was collected within three months thereof. Goa Foundation challenged the High Court order directing the renewal of mining by way of Special Leave Petition before the Supreme Court of India challenging the Judgment of the High Court directing renewal of mining leases. No stay has yet been granted by the Supreme Court.

The lease deeds have been executed for all our 9 working mining leases and are pending registration. The government of Goa in January 2015 revoked the order suspending mining operations in the State of Goa and MOEF has revoked suspension of environmental clearances in March 2015. Registration of mining leases in Goa has been completed and the Goa State Pollution Control Board in their meeting held on July 10, 2015 has considered renewal of consent to operate under the Air (Prevention of Pollution) Act and Water (Prevention of Pollution) Act. Further, we have filed application for approval of mining plan for 15 mine leases, of which we have received approval for six mines. On August 10, 2015, operations at the Codli mine commenced and operations at the remaining mines are likely to restart from the second half of fiscal year 2016 after receiving the consent to operate and the approval of mining plans.

***Certain prosecution proceedings brought by SEBI against us, Mr. Anil Agarwal and Mr. Tarun Jain***

In April 2001, SEBI ordered that prosecution proceedings be brought against us, alleging that we have violated the regulations prohibiting fraudulent and unfair trading practices and it also passed an order prohibiting us from accessing the capital markets for a period of two (2) years. This SEBI order was overruled by the SEBI Appellate tribunal on October 22, 2001 on the basis of lack of sufficient material evidence to establish that we had, directly or indirectly, engaged in market manipulation and that SEBI had exercised its jurisdiction incorrectly in prohibiting us from accessing the capital markets. On November 9, 2001, SEBI appealed to the High Court of Bombay. The next date of hearing has not yet been fixed.

In addition to the prosecution proceedings, SEBI also initiated criminal proceedings in 2001 before the Court of the Metropolitan Magistrate, Mumbai, against us, Mr. Anil Agarwal and Mr. Tarun Jain (who was the chief financial officer of MALCO at the time of the alleged price manipulation). When SEBI's order was overruled on October 22, 2001, we filed a petition before the High Court of Bombay to stay those criminal proceedings on the grounds that the SEBI Appellate tribunal had overruled SEBI's order on price manipulation. An order was passed by the High Court of Bombay in our favor, granting an interim stay of the criminal proceedings.

Investigation by the Serious Fraud Investigation Office of India

In October 2009, the Ministry of Corporate Affairs ordered the Serious Fraud Investigation Office of India to investigate into erstwhile Sesa Goa's and Sesa Industries Limited's (which has subsequently been merged with Sesa Goa) affairs in respect of alleged mismanagement, malpractices, financial and other irregularities, including the alleged siphoning and diversion of funds, which allegedly occurred primarily in the period prior to our acquisition of Sesa Goa in 2007. The Serious Fraud Investigation Office of India report made certain allegations relating to under-invoicing the export of iron ore, over-invoicing the import of coal, over-invoicing of sale of iron ore from Sesa Goa to Sesa Industries Limited, commission paid to Mitsui and other violations under the Companies Act, 1956 during the period from 2001 to 2007. The report has recommended that action be taken against the directors of Sesa Goa during the aforementioned period. The allegations in the Serious Fraud Investigation Office of India report were dropped and subsequently, the GoI through the Ministry of Corporate Affairs filed complaints in Judicial Magistrate, First Class, Panaji against Sesa Goa and certain of its directors and officers, for violation of certain sections of the Companies Act, 1956, including, dealing with publication of name outside the premises, form of balance sheet and inducing persons to invest money. The foreign directors remain unserved till date. The Ministry of Corporate Affairs filed an application in the Court for the separation of trial against the unserved accused. The other directors and offices have been exempted from personal appearance. With respect to violation dealing with publication of name outside the premises, on December 2, 2014, the counsel to the Ministry of Corporate Affairs submitted to Judicial Magistrate, First Class, Panaji that they would be seeking instructions whether the matter can be compounded or withdrawn. The application filed by the Ministry of Corporate Affairs for separation of trial against the unserved accused was dismissed on November 11, 2014 and the Ministry of Corporate Affairs has taken steps to serve the unserved accused. The Ministry of Corporate Affairs has filed application for sending summons to the accused as per guidelines issued by the Ministry of Home Affairs to which we have to submit our reply. On July 14, 2015 the matter was adjourned to August 13, 2015 on which we will submit a response to the application filed by the Ministry of Corporate Affairs.

Criminal proceedings against certain directors and employees of BALCO

Criminal proceedings were initiated by Mr. Ajay Padia before the Court of the Judicial Magistrate First Class, Pune against Mr. Anil Agarwal, Mr. Navin Agarwal, Mr. Tarun Jain and certain of our other former directors and employees in 2002 alleging that an assurance that was given by the above mentioned directors regarding payment of all amounts owed to him for the damaged material supplied by BALCO was not honored. An application under Section 482 of the Indian Criminal Procedure Code was filed in the High Court of Bombay for quashing the proceedings in the Judicial Magistrate First Class and to dispose the matter directing that alternative remedies were available before the Sessions Court, Pune, which was the appropriate Court. The High Court of Bombay stayed the criminal proceedings and the application was listed for disposal. The next date of hearing has not been fixed.

Penalties levied by the Enforcement Directorate on certain of our directors and us

The Enforcement Directorate levied penalties on certain of our directors and us aggregating to Rs.347 million (\$ 5.7 million). It was alleged that we transferred an amount equivalent to \$ 49 million to Twinstar Holdings Limited and invested in Sterlite and MALCO through Twinstar Holdings Limited without the permission of the RBI. We have submitted that Twinstar Holdings Limited obtained the required approvals from the Foreign Investment Promotion Board ("FIPB") for the investment.



20018GsPnWMLFqBg?

We appealed against this order of the Enforcement Directorate to the appellate tribunal for foreign exchange seeking a waiver of the pre-deposit amount, which is equal to 100% of the penalty levied, which was allowed by the tribunal. The Enforcement Directorate appealed against this decision of the tribunal to the High Court of Delhi, which referred the matter back to the tribunal to consider the issue afresh. The next date of hearing is scheduled for September 24, 2015.

Criminal proceedings against Sesa Goa and its directors

Ms. Krishna Bajaj filed a complaint against the former directors of Sesa Industries Limited (which has since been amalgamated with Sesa Goa) before the Magistrate at Mumbai in 2000, in relation to shares issued on a preferential basis by Sesa Industries Limited in 1993 to Sesa Goa's shareholders, alleging that the shares of Sesa Industries Limited were not listed within 12 to 18 months of the offer as stated in the offering document. The four directors appeared before the court on June 16, 2009 and pleaded not guilty to the charges. The four directors filed a criminal application in the High Court of Bombay challenging the Magistrate's order of framing charges before the High Court of Bombay. The High Court of Bombay admitted the criminal application and stayed the proceedings pending before Magistrate at Mumbai.

Ms. Krishna Bajaj also filed another complaint against Sesa Industries Limited (which has subsequently been merged with Sesa Goa), Sesa Goa and their directors in 2003 alleging that when Sesa Goa had offered in 2003 to buy back shares issued on a preferential basis by Sesa Industries Limited in 1993 from Sesa Industries Limited's minority shareholders, Sesa Goa had committed the same offence alleged against the then directors of Sesa Industries Limited described in the preceding paragraph and accordingly, Sesa Industries Limited, Sesa Goa and their directors should also be liable for the failure to list Sesa Industries Limited's shares. The Chief Judicial Magistrate at Mumbai issued an order for process in October 2006 against Sesa Industries Limited, Sesa Goa and its directors, against which a criminal writ petition was filed by Sesa Industries Limited, Sesa Goa and their former directors before the High Court of Bombay, which stayed further proceedings in August 2007. The High Court of Bombay subsequently passed an order in December 2008 in favor of Sesa Industries Limited, Sesa Goa and their directors, quashing Ms. Bajaj's complaint. The Supreme Court of India subsequently issued notices to all the parties in the special leave petition of Ms. Krishna Bajaj challenging the order of the High Court of Bombay. Ms. Krishna Bajaj submitted an application to implead the Serious Fraud Investigation Office as a party to the proceedings which was allowed by the Supreme Court of India in November 2011. The matter is listed for final hearing and will be taken up as per the directions of the Supreme Court of India.

Writ petitions filed against us alleging violation of certain air, water and hazardous waste management regulations at our Tuticorin plant.

Various writ petitions were filed before the High Court of Madras alleging that sulphur dioxide emissions from our copper smelting operations at Tuticorin were causing air and water pollution and hazardous waste and sought a cancellation of our permits and environmental approval to operate our smelter.

A writ petition was filed in December 2009 before the High Court of Madras challenging the grant of environmental clearance for the expansion of our copper smelter at Tuticorin. But no order or direction for injunction was granted. The next date of hearing for the writ petition is not yet fixed.

Separately, in March 2013, the TNPCB ordered the closure of the copper smelter at Tuticorin due to complaints regarding a noxious gas leak by local residents. On April 1, 2013 we filed a petition with the National Green Tribunal challenging the order of the TNPCB on the basis that the plant's emissions were within permissible limits. The National Green Tribunal passed an interim order in May 2013 allowing the smelter to recommence operations subject to certain conditions. We recommenced operations on June 16, 2013. The expert committee constituted by the National Green Tribunal submitted a report on the operation of the plant on July 10, 2013 stating that the plant's emissions were within the prescribed standards and based on this report, the National Green Tribunal, on July 15, 2013 ordered that the smelter could re-commence its operations. On August 8, 2013, the National Green Tribunal confirmed its May 31, 2013 order and held that there was no health impact owing to the operations with directions to comply with the recommendations made by the committee to further improve the working of the plant within a time bound schedule. We have implemented all the recommendations during fiscal year 2013. However, the TNPCB filed a notice of appeal against the orders of the National Green Tribunal. The appeals are pending before the Green bench of the Supreme Court of India.



The MoEF has rejected the forest clearance granted to the Niyamgiri mining project and our expansion plans of refinery in Lanjigarh are on hold.

In 2004, a writ petition was filed against us, the Government of Odisha, the Republic of India, the Orissa Mining Corporation, and others by a private individual before the High Court of Orissa, alleging that the grant of a mining lease by the Orissa Mining Corporation to us to mine bauxite in the Niyamgiri Hills at Lanjigarh, in the State of Orissa, would violate the provisions of the Forest (Conservation) Act, 1980 of India. The petition alleges that the felling of trees, construction of the alumina refinery by us and the development of the mine is in violation of the Forest (Conservation) Act, 1980 and would have an adverse impact on the environment. The petition sought, among other things, to restrain the grant of the mining lease to mine bauxite, to declare the joint venture agreement entered into between us and the Orissa Mining Corporation void, a court direction for the immediate cessation of construction of the Lanjigarh alumina refinery and an unspecified amount of compensation from us for damage caused to the environment. This petition was also filed before the Supreme Court of India by certain non-governmental organizations and individuals. The Supreme Court granted us the clearance to mine in and around the Niyamgiri Mines on terms and conditions as specified in the Court order. Consequent to the order of the Supreme Court of India, the proceedings before the High Court of Orissa became redundant as the issues were already determined.

Thereafter, the MoEF on August 24, 2010 declined to grant the forest clearance for the Niyamgiri Mines to Orissa Mining Corporation, and rendered the environmental clearance non-operational. On March 8, 2011, the Orissa Mining Corporation challenged the order of the MoEF by a special leave petition in the Supreme Court of India. On April 1, 2011, the Court admitted the corporation's plea against the MoEF. The Supreme Court in its order dated April 18, 2013 directed the Government of Odisha to place any unresolved issues and claims of the local communities under the Forest Rights Act and applicable rules before the Gram Sabha, the council representing the local community. The Gram Sabha was directed to consider these claims and communicate its decision to the MoEF through the Government of Odisha within three months of the order. The Government of Odisha completed the process of conducting Gram Sabha meetings and submitted its report on the proceedings to the MoEF.

Further the MoEF, based on the report submitted by the Government of Odisha rejected the grant of stage II forest clearance for the Niyamgiri project of Orissa Mining Corporation on January 8, 2014, which is one of the sources of supply of bauxite to the Alumina refinery at Lanjigarh in terms of the joint venture agreement with the government of Odisha (through Orissa Mining Corporation ("OMC")). Under the terms of the joint venture agreement, 150 million tons of bauxite is required to be made available to us. We are considering to source bauxite from alternate sources to support the existing and the expanded refinery operations. Assets under construction as at March 31, 2015 is after an impairment charge of Rs. 668 million (\$10.7 million) which relates to impairment of mining assets of Jharsuguda Aluminium at Lanjigarh as the MoEF has rejected the Stage II forest clearance for the Niyamgiri mining project. The OMC has issued a show cause notice dated February 20, 2015 on Vedanta to show reason for why the joint venture agreement for the supply of 150 million tons of bauxite will not be cancelled in view of the failure to achieve certain milestones set out in the joint venture agreement. We have replied to the notice substantiating all facts on the project followed by an in-person meeting. We have stated that Vedanta has achieved all its milestones and that the joint venture agreement should not be terminated. The matter is pending with the OMC for decision.

On October 20, 2010, the MoEF directed us to maintain the status quo on the expansion of our refinery at Lanjigarh. Against this order, we filed a writ petition in the High Court of Orissa and the Court dismissed our petition. We made an application to the MoEF to reconsider the grant of the environmental clearance for our alumina refinery. The MoEF by its letter dated February 2, 2012, issued fresh terms of reference to us for preparation of the environment impact assessment report. We submitted this report to the Orissa Pollution Control Board and parallelly submitted various representations to the MoEF as well as the Project Monitoring Group established under the Cabinet Committee on Investments. The Expert Appraisal Committee of the MoEF reconsidered the project and revalidated the terms of reference for 22 months effective January 2014. Therefore the suspension imposed on the expansion of our alumina refinery was lifted and we are pursuing the matter with the state government. The public hearing was held on July 30, 2014 and the expansion of our Lanjigarh refinery has been considered by the Expert Appraisal Committee in its meeting dated January 9, 2015 for grant of environmental clearance. As per revised minutes of the meeting of Expert Appraisal Committee, the recommendation of the project for environmental clearance is subject to stipulation of the following specific conditions and mitigating measures.

1. The environmental clearance has been considered in phases i.e. for Phase I for 1 to 2 million tons per annum, Phase II for 2 - 4 million tons per annum and for Phase III for 4 to 6 million tons per annum.
2. For Phase I and Phase II for enhancement of capacity from 1 to 4 million tons per annum, it has been advised to obtain stage I forest diversion approval of 26.244 hectare of Gramya Jungle Jogya (Revenue Forest) land lying inside the lease area of the alumina refinery. For Phase II expansion, it has been advised to acquire three villages, namely Rengopali, Bandhaguda and Kothduar for 53.4 hectare land. The acquisition of the above three villages has progressed substantially after the notification under section 4 of the Land Acquisition Act. Further, declaration under section 6 of the Land Acquisition Act has been made for these villages and land acquisition is expected to complete in one year. The environmental clearance for expansion from 1 to 4 million tons per annum will be granted after submission of Stage I forest clearance of above 26.244 hectares. For Phase III expansion from 4-6 million tons per annum, environmental clearance can be granted as an amendment to the original approval after ascertaining the land acquisition details of 666.03 hectares and without the requirement of having to repeat the environmental impact assessment process.

Compliance of the above stipulations is in the process of environmental clearance.

***Proceedings against us challenging environmental consents received for our expansion project of pig iron, metallurgical coke, sinter plants and power plant in Goa***

On March 6, 2012, the High Court of Bombay dismissed a public interest litigation filed by Mr. Ramachandra Vaman Naik and others for quashing an approval issued by the MoEF and the Goa State Pollution Control Board for the expansion project of a pig iron plant, sinter plant, metallurgical coke plant and power plant in Goa. Mr. Naik challenged this order of the High Court of Bombay by filing a special leave petition before the Supreme Court on July 26, 2012 for an interim stay of the operations of the High Court of Bombay order and for a stay on the construction and operation of the Plants in Goa. No stay has been granted in these matters and all respondents have filed their counter-affidavits. The matter will be heard in due course.

Separately, an application was filed by the village panchayat head of Navelim, Goa before the National Green Tribunal against the Goa State Pollution Control Board, MoEF, State of Goa, others and us alleging that (i) Goa State Pollution Control Board had issued its approval in a piecemeal manner to us, even though the environmental clearance order issued by the MoEF and the approval are for all four plants thereby violating the MoEF order, (ii) the no-objection certificate issued in relation to this project in 2007 was forged and fabricated, and (iii) the CN5 bridge at Maina-Navelim junction falls outside the notified industrial area, and crosses a public road belonging to the village panchayat. The application sought cancellation of the approval and the order of the MoEF. On March 1, 2013, the National Green Tribunal gave directions to issue notices to all the parties. We replied on April 11, 2013, denying all contentions and submissions made by the village head and requested that the application be dismissed. Pleadings in the matter have been completed. Subsequently on February 10, 2014 the matter was transferred from the Principal Bench of the National Green Tribunal at New Delhi to the Western Bench of the National Green Tribunal at Pune. The National Green Tribunal on July 31, 2014 held that owing to an identical issue pending before the Supreme Court of India, the proceeding before the National Green Tribunal is adjourned and directed us to inform the National Green Tribunal of the determination of the Supreme Court of India.

Closure of certain proceedings against us alleging illegal mining activities

Seventeen applications were filed before the National Green Tribunal by a local body in Goa claiming compensation from us and other mine lessees for causing environmental destruction and degradation due to illegal mining activity. The applications had alleged that environmental clearances obtained by us specifically required us to obtain prior approval of the Chief Wild Life Warden which had not been adhered to and that the extraction during the period when the Chief Wild Life Warden permission was pending was illegal. It was further alleged that the government authorities and officials acted in connivance with us and assisted us in procuring the lease/concessions. These applications state that the MoEF orders obtained by us required that no mining be undertaken without taking prior permission from a competent authority as specified under the Wildlife Protection Act, 1972 and that, we excavated the mines in violation of the MoEF order and other environmental laws. The local body was asked that the area be restored and assessment be undertaken regarding the actual damage caused to the original property.

Further, an interim relief was filed by the local body to seek removal of waste dump and protection of environment in and around the mining lease areas until final disposal of the main applications. We replied denying all the allegations in the applications and asked that the applications be rejected. On January 13, 2015, the National Green Tribunal dismissed the applications observing that it would not be appropriate for the National Green Tribunal to proceed with the hearing of applications on merits on the ground of judicial propriety.

Certain proceedings with respect to renewal of our environmental consents

The Goa State Pollution Control Board ("GSPCB") on December 7, 2012 informed us that in light of the order given by the Supreme Court of India on October 5, 2012 and the decision of the GSPCB given on November 1, 2012, applications filed by us for renewal of consent to operate under the Water Act and the Air Act cannot be processed and therefore, such applications were returned to us. On December 28, 2012, we applied to the GSPCB for grant of consent to operate under these legislations which was subsequently denied on March 5, 2013. On April 9, 2013, we appealed against the GSPCB's order before the Administrative tribunal at Goa. On April 15, 2015, the Tribunal set aside the March 5, 2013 order of the GSPCB and directed the GSPCB to hear and decide the matter. The GSPCB in their meeting held on July 10, 2015 considered the application under the Air Act and the Water Act. The formal consent to operate under the Air Act and the Water Act is yet to be received.

***Shenzhen Shandong Nuclear Power Construction Co. Limited has commenced arbitration proceedings against us***

On February 19, 2012, Shenzhen Shandong Nuclear Power Construction Co. Limited (“SSNP”) filed a petition under section 9 of the Arbitration and Conciliation Act, 1996 before the Bombay High Court alleging non-payment of their dues towards construction of a 210 MW co-generation power plant for a refinery expansion project at Lanjigarh, and filed a claim of Rs. 15,530 million (\$ 249.2 million). This was subsequent to SSNP’s notice for termination of the contract dated February 25, 2011 and legal notice dated February 23, 2012 for recovery of its alleged dues. SSNP also requested for an interim relief. Under the petition, SSNP sought for a restraining order on encashment of the advance bank guarantee, injunction from disposing or creating third party right over plant and machinery at the project site and security for the amount due under the contract. The High Court of Bombay on April 25, 2012 dismissed SSNP’s petition. SSNP appealed against this order and the High Court of Bombay by its order of December 12, 2012 directed us to deposit a bank guarantee for an amount of Rs. 1,870 million (\$ 30.0 million) until the arbitration proceedings are completed.

We also filed a counterclaim for delays caused for which SSNP is responsible. SSNP had filed an application for interim award of Rs. 20.2 million (\$ 0.3 million) before the Arbitral Tribunal which was not allowed. The proceedings are ongoing and the next hearing is from September 18, 2015 to September 20, 2015.

Proceedings against TSPL relating to its delay in commissioning various units of the power plant

TSPL entered into a long term power purchase agreement with the Punjab State Power Corporation Limited (“PSPCL”) for supply of power. TSPL has a contractual obligation to complete the commissioning of various units of the power plant according to the scheduled timelines agreed in terms of the agreement. According to the terms of the agreement, there are obligations and performances to be met by both PSPCL and TSPL. PSPCL was obligated to fulfil certain conditions including procuring interconnection and transmission facilities, arranging supply of adequate quantity of fuel for the project etc. However due to delay in fulfilment of certain obligations and other force majeure reasons, there has been delay in implementing the project as compared to the scheduled timelines under the agreement.

TSPL received letter from PSPCL seeking payment of liquidated damages of Rs.3,176.4 million (\$ 50.9 million) for each delay in commissioning of unit I, II and III totaling Rs. 9,529.2 million (\$ 152.9 million).

Subsequently, PSPCL invoked the bank guarantee of Rs. 1,500 million (\$ 24.1 million) towards payment of the liquidated damages on account of delay in completion of the commissioning of Unit I. TSPL filed a petition with the Punjab State Electricity Regulatory Commission (“PSERC”) for quashing of the wrongful claim of liquidated damages and grant of extension of time to complete the commissioning of various units of the power plant. On October 22, 2014, PSERC directed the matter to be settled through arbitration and allowed the stay on encashment of the bank guarantee until the matter is finally adjudged by Arbitrator. PSPCL submitted an appeal in Appellate Tribunal for Electricity (APTEL) against the PSERC order and on May 12, 2015, APTEL had disposed the appeal by directing that the matter will be adjudicated by an Arbitral Tribunal.

Proceedings against TSPL relating to mega power project benefits

TSPL submitted its bid for setting up a 1980 MW thermal power plant in the state of Punjab under a tariff based international competitive bidding process under a Case-2 Model bidding mechanism on June 2008, which was ultimately awarded to Sterlite Energy Limited (now Vedanta Limited). A Power Purchase Agreement (the “PPA”) was entered between TSPL and PSEB on September 2008, which is now known as PSPCL. According to the PPA, any increase or decrease in the capital cost of the project on the occurrence of any “Change in Law” (as defined therein) after the cut-off date of June 16, 2008, had to be passed on to PSPCL.

Because TSPL intended to sell all of the generated electricity to the state of Punjab, it did not meet one of the requirements for the mega power project at the time of bidding, namely that the project had to sell electricity to more than one state. However, the said requirement was amended towards the end of 2009, making TSPL eligible for the mega power project status. Accordingly, TSPL was given the mega power project status in 2010 and thereafter has been receiving the customs and excise exemption. As TSPL had become entitled to the mega power project status after the cut-off date, according to PSPCL, the mega power project benefits received by TSPL had to be passed on to PSPCL pursuant to the PPA’s “Change in Law” clause. TSPL’s position was that as of the cut-off date, similar benefits were available to it under India’s the foreign trade policy as a non-mega power project and accordingly, that its economic position had not altered pursuant to the grant of mega power project status to warrant the passing on of such benefits to PSPCL. TSPL has also produced a number of approval letters issued by various Director General of Foreign Trade offices across India, which extended such benefits to non-mega power projects including government power projects or other public sector undertakings.



PSERC passed an order dated December 2, 2014, holding against TSPL. TSPL thereafter filed an appeal on January 2015 along with a stay application before the APTEL, challenging the order of PSERC. The stay application was rejected by APTEL without considering the submissions of TSPL. TSPL then filed a stay application before the Supreme Court, appealing against APTEL's order on the stay application, and subsequently on July 28, 2015, the Supreme Court granted and ordered the stay to continue until given any further orders.

Petitions filed against BALCO in relation to the alleged encroachment of land on which our Korba smelter is located.

BALCO has 1,804.67 acres of government land out of which 1,751 acres is forest land which were given on lease by the state government. The lease deed has not been executed till date. The High Court of Chhattisgarh on February 2010 held that BALCO is in legal possession of 1,804.67 acres of government land based on which the Cabinet of Chhattisgarh recommended the execution of lease deed in favor of BALCO but after approvals for forest land were sought.

With respect to the approvals for forest land, petitions have been filed in public interest before the Supreme Court of India by various individuals and Sarthak, a non-governmental organization alleging that BALCO is using forest land for non-forest activities. The Supreme Court of India referred the matter to the Central Empowered Committee, which recommended a post-facto diversion of forest land with payment of net present value on land for which forest compensation was not paid prior to the year 1980. Subsequently, it was alleged that BALCO had cut trees in violation of the Court order and the petitioner filed a contempt petition and the matter was again referred to the Central Empowered Committee. The Central Empowered Committee submitted its report on June 30, 2012 to the Court recommending that a detailed survey should be conducted through Forest Survey of India (MoEF) using high quality remote sensing technique to find out whether any tree felling and/or non-forest use has taken place after February 29, 2008 in the revenue forest land and/or deemed forest in possession of BALCO. In order to expedite the proceedings, BALCO filed an application in the Court seeking direction to pay the net present value on forest land as per the recommendation of the Central Empowered Committee providing an ex-post facto diversion of the 1,751 acres forest land held by BALCO. The date of hearing for this matter has not yet been fixed.

Petition against BALCO seeking cancellation of the environmental clearance provided in relation to its coal block

Certain citizens challenged the environmental clearance granted by MoEF to BALCO for the Durgapur-II Taraimar opencast (3MMTPA)-cum-underground (1MMTPA) coalmine project and captive coal washery (4MMTPA) before the National Green Tribunal alleging that the decision to grant the environmental clearance was illegal, arbitrary and without application of mind, and that the environment impact assessment report was inadequate and misleading with several inaccuracies and not in line with environment impact assessment, 2006. Owing to the Supreme Court of India order dated August 25, 2014 and September 1, 2014 holding that the coal block allocations were illegal and de-allocated, and thus that the coal mine allotted in favor of BALCO was also cancelled, this appeal was dismissed by the National Green Tribunal.

Proceedings by BALCO relating to direction by GoI not to declare us as the successful bidder in the e-auction of Gare Palma IV/1 coal mine

BALCO participated in the e-auction for Gare Palma IV/1 coal mine and being the highest bidder during the auction and attained preferred bidder status. Per the Coal Mines (Special Provisions) Act, 2015, following the determination of preferred bidder status, the Coal Ministry was to confirm the status based on Nominated Authority's recommendation. The Nominated Authority based on the Coal Ministry's recommendation issued an order dated March 20, 2015 stating that BALCO should not be declared the successful bidder in respect of Gare Palma IV/1 Coal Mine since the final price did not reflect fair value. The Gare Palma IV/1 coal mine was allotted to Coal India Limited instead on March 23, 2015. BALCO filed a writ petition before the Delhi High Court challenging the orders dated March 20, 2015 and March 23, 2015, arguing that the price bid by the company was ten times the floor price. The matter was heard on March 27, 2015 from which an interim order was passed stating that any action in respect of this coal mine will be subject to the outcome of the Court's orders and that no equity or vested interest may be claimed by any third party in the mine. In the meantime, Coal India Limited was designated as the custodian of the mine. On May 25, 2015, the Delhi High Court disposed the petition with a direction to GoI, and with GoI's agreement, to reassess the declaration of BALCO within 4 weeks as unsuccessful bidder even though it was the preferred bidder. By way of letter dated July 29, 2015, the GoI rejected the representation of BALCO to accept its bid for the Gare Palma IV/1 coal mine. BALCO retains the liberty to re-file the writ in the High Court of Delhi.

***Forest development tax levied by the Government of Karnataka***

In October 2008, we filed a writ petition in the High Court of Karnataka against the Government of Karnataka and others, challenging the imposition of forest development tax at a rate of 8.0% (a subsequent demand was made for the payment of tax at the rate of 12.0%) on the value of iron ore sold by us from the mining leases in the forest area, pursuant to the notification by the Government of Karnataka and the memorandum/common order issued by the Deputy Conservator of Forests. In August 2009, the High Court of Karnataka permitted the Government of Karnataka to levy forest development tax and directed that the demand be restricted to 50.0% of the forest development tax as an interim arrangement pending disposal of the writ petition.

An application was filed by us before the High Court of Karnataka, seeking modification of the order in August 2009. However, the application was not taken up for hearing. Subsequently, we filed a special leave petition before the Supreme Court of India, against the order of the High Court of Karnataka. In November 2009, the Supreme Court of India directed the High Court of Karnataka to dispose the application for modification of the order given in August 2009 and directed us to furnish a bank guarantee towards payment of the forest development tax. In April 2010 we were directed by the High Court of Karnataka to pay 25.0% of the demand in cash and furnish a bank guarantee for the remaining 25.0%. Subsequently, the Government of Karnataka argued before the High Court of Karnataka and we filed our written submission dated July 25, 2012 requesting for the writ petition to be allowed and the notification issued by the Government of Karnataka be set aside. The matter is in final argument stage and is partly heard. The next date of hearing for this matter has not yet been fixed.

Demands against HZL by Department of Mines and Geology

The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006, aggregating Rs. 3,339 million (\$ 53.6 million) to HZL, claiming unlawful occupation and unauthorized mining of associated minerals other than zinc and lead at HZL's Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan, during the period from July 1968 to March 2006. HZL filed a writ petition against all the show cause notices issued by the Department of Mines and Geology in the High Court of Rajasthan. The High Court issued an order in October 2006 granting a stay and restrained the Department of Mines and Geology from undertaking any coercive measures to recover the penalty. In January 2007, the High Court issued another order granting the Department of Mines and Geology more time to file their reply and the High Court also directed the Department of Mines and Geology not to issue any orders canceling the lease. The next date of hearing has not yet been fixed.

Demand against BALCO for electricity duty

We received a notice in February 2010 from the Chief Electrical Inspector, Government of Chhattisgarh demanding that BALCO is required to pay Rs. 2,404 million (\$ 38.6 million) from June 2005 to March 2009, towards duty on electricity for the generation of power by BALCO's 540 MW power plant. It alleged that BALCO did not submit the eligibility certificate required for exemption from payment of electricity duty. The said exemption is claimed pursuant to a memorandum of understanding entered with the state government and according to the industrial policy 2001-2006. The state level committee recommended that an eligibility certificate be issued to us that will exempt us from paying duty on electricity. The application is filed before Directorate of Industries for granting us exemption from electricity duty and is currently under review. The amount of duty on electricity payable for the period subsequent to March 31, 2009 until March 31, 2015 is Rs. 4,137.7 million (\$ 66.4 million).

Demand against BALCO for electricity dues for power allocated from Central quota

BALCO in the year 1983-84 being a public sector undertaking was allocated 45 MW power by the GoI from the Central Quota. Upon disinvestment of BALCO in 2001, the Central Quota of 45 MW power allocated to BALCO was withdrawn on January 12, 2001 as it was no longer a public sector undertaking. Based on representation by BALCO to the GoI, the Ministry of Power on January 13, 2003 passed a specific order restoring Central Quota Power to BALCO on the terms and conditions as existed before withdrawal of power for a period of two years that is April 1, 2001 to March 31, 2003. Despite such order, The Chattisgarh State Power Distribution Company Limited raised an electricity bill for period of September 2002 to November 2002 and unilaterally adjusted an amount of Rs. 70.4 million (\$ 1.1 million) on December 23, 2010 from the security deposit lying with it. BALCO has challenged this action by filing a writ petition with High Court of Chhattisgarh to declare the order dated December 23, 2010 as illegal and void, since the adjustment has been done without prior notice to the company, even though the allotted quota had been restored to BALCO. The Chattisgarh State Power Distribution Company Limited by way of letter dated June 19, 2012 has demanded Rs. 629 million (\$ 10.1 million) as outstanding and BALCO was given interim relief of producing solvent security for 50% of the demand. The aforesaid interim order dated July 23, 2012 stands complied. The matter is expected to be listed in due course.

***Claim against HZL for environment and health cess by the State of Rajasthan***

The State of Rajasthan issued a notification in June 2008 notifying the Rajasthan Environment and Cess Rules, 2008, imposing environment and health cess on major minerals including lead and zinc. HZL and other mine operators resisted this notification and the imposition thereunder before the High Court of Rajasthan on the ground that the imposition of such cess and all matters relating to the environment fall under the competence of the Central Government as opposed to the state government. In October 2011, the High Court of Rajasthan disposed the writ petitions and held the Rajasthan Environment and Cess Rules, 2008 that imposes a levy of cess on mineral as being constitutionally valid. An amount of Rs.80 per metric ton of ore produced would be attracted under the Statute if it is held to be valid. HZL challenged this order by a special leave petition in December 2011 before the Supreme Court of India. The Supreme Court of India issued a notice for stay. Further direction was issued by the Supreme Court on March 23, 2012 not to take any coercive action against HZL for recovery of cess. The matter is still pending and is not yet listed for hearing.

Claim against BALCO for energy development cess

The High Court of Chhattisgarh in December 2006 on a writ filed by BALCO quashed the provisions relating to imposition of energy development cess of Rs. 4,379 million (\$ 70.3 million) on our captive power plants and directed refund of the cess already collected by the state government. The State of Chhattisgarh filed a special leave petition in the Supreme Court against the order of the High Court. The Supreme Court has issued notice and stayed the refund of the cess already collected pending the disposal of the special leave petition. The matter is not yet listed for hearing.

Closure of Proceedings against us and Sterlite USA in the US Bankruptcy Court

Asarco filed a complaint on March 17, 2010 in the US Bankruptcy Court for the Southern District of Texas, Corpus Christi Division, against us and Sterlite USA alleging that we and Sterlite USA had breached an agreement dated May 30, 2008 (the "May 2008 Agreement") by, among other things, refusing to pay the \$ 2.6 billion purchase price and refusing to assume the liabilities and contractual obligations required under the May 2008 Agreement. Asarco claimed these damages to be in the range of \$ 533 million to \$ 1,509 million and also claimed applicable pre-judgment interest. Further, Asarco terminated the agreement it entered with us on March 6, 2009 (the "March 2009 Agreement"). This agreement superseded the May 2008 Agreement in its entirety. The March 2009 Agreement provided for the settlement and release of any potential claims against us arising out of the May 2008 Agreement. Asarco drew the \$ 50 million provided as deposit under the March 2009 agreement. We filed an application to the US Bankruptcy Court for the return of the \$ 50 million which was subsequently rejected. The US Bankruptcy Court, by its order dated February 13, 2012 and February 27, 2012 ruled that Asarco is entitled to a gross amount of \$ 132.8 million in incidental damages. This amount was to be reduced by \$ 50 million drawn by Asarco under the March 2009 Agreement, making Asarco entitled for a net amount of \$ 82.8 million. We had provided for the amount of \$ 82.8 million in our consolidated statement of profit or loss as part of our administration expenses for fiscal year 2012. Asarco and us filed a notice of appeal against this judgment to the United States District Court for the Southern District of Texas Brownsville Division in May 2012. All proceedings in relation to this matter have been finally settled by way of agreement entered into by the parties on October 17, 2014 under which we paid Rs. 5,159 million (\$ 82.8 million) post approval from the RBI, under the applicable regulations in India.

We received a show cause notice from the Indian tax authorities for not withholding tax on payments made while acquiring a subsidiary

In March 2014, Cairn India Limited received a notice from the Indian Tax Authorities ("Tax Authorities") alleging failure by Cairn India Limited to withhold tax on the consideration paid to Cairn UK Holdings Limited ("CUHL") on a transaction in the year 2006-07. The said transaction relates to the acquisition of the shares of Cairn India Holdings Limited ("CIHL"), a 100% subsidiary of Cairn India Limited, from CUHL during the financial year 2006-2007 as a part of group reorganization by the then ultimate parent company Cairn Energy Plc. Based upon the retrospective amendment(s) made in the year 2012 by inserting explanation 5 of section 9(1)(i) of the Income Tax Act, 1961, the Tax Authorities vide its order dated March 11, 2015, raised a demand of approximately Rs. 204,947.3 million (comprising tax of approximately Rs.102,473.6 million and interest of an equivalent amount) for not withholding tax on the consideration paid to CUHL, for shares of CIHL. The Tax Authorities have stated in the said order that a short term capital gain of Rs. 245,035 million accrued to CUHL on transfer of the shares of CIHL to Cairn India Limited in financial year 2006-2007, on which tax should have been withheld by Cairn India Limited. Cairn India Limited understands that a tax demand has also been raised by the Tax Authorities on CUHL with respect to taxability of alleged capital gain earned by CUHL.

In this regard, Vedanta Resources Plc. filed a Notice of Claim against the GoI under the UK-India bilateral investment treaty in order to protect its legal position and shareholder interests. Management has been advised that Vedanta Resources Plc. has a good case to defend as per provisions of UK-India bilateral investment treaty, the benefit of which would ultimately accrue to Cairn India Limited.



Further, Cairn India Limited has sought independent advice on this issue and has been advised that there could be no liability on Cairn India Limited for the failure to withhold the taxes in the year 2006-07 based on provisions of law prevailing at the time of transaction as the aforesaid retrospective amendment has cast an impossible obligation on Cairn India Limited to deduct tax by having to predict and anticipate that the retrospective amendment will be made by the legislature on a future date. Cairn India Limited has approached the Hon'ble Delhi High Court against the said order and also filed an appeal before the Commissioner of Income Tax (Appeals) to defend its position. The next hearing date is August 20, 2015.

The Amalgamation and Re-organization Scheme has been challenged by the Indian tax authorities and others

Subsequent to the effectiveness of the Amalgamation and Re-organization Scheme, a special leave petition challenging the orders of the High Court of Bombay at Goa has been filed before the Supreme Court of India by the Commissioner of Income Tax, Goa and the Ministry of Corporate Affairs in July 2013 and in April 2014, respectively. Further, a creditor and a shareholder have challenged the Amalgamation and Re-organization Scheme in the High Court of Madras in September 2013. These petitions are pending for hearing and admission.

Arbitration proceedings on issues related to the cost recovery of the Ravva block

We along with other joint operation partners (the "Contractor Parties") are involved in a dispute against GoI relating to the recovery of contractual costs in terms of calculation of payments that the Contractor Parties were required to make in connection with the Ravva field.

The Ravva production sharing contract obliges the Contractor Parties to pay a proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to construction and other activities it conducted in Ravva prior to the effective date of the Ravva production sharing contract (the "ONGC Carry"). The question as to how the ONGC Carry is to be recovered and calculated, along with other issues, was submitted to an international arbitration tribunal in August 2002 which rendered a decision on the ONGC Carry in favor of the Contractor Parties whereas four other issues were decided in favor of GoI in October 2004 (the "Partial Award").

The GoI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia adjudicated the matter on October 11, 2011 and upheld the Partial Award. Per the decision of the arbitral tribunal with regards to Partial Award, the Contractor Parties and the GoI were required to arrive at a quantification of the sums relating to each of the issues under the Partial Award. Also, the arbitral tribunal retained the jurisdiction for determination of any remaining issues in the matter.

Pursuant to the decision of the Federal Court, the Contractor Parties approached the Ministry of Petroleum and Natural Gas ("MoPNG") to implement the Partial Award while reconciling the statement of accounts as outlined in the Partial Award. GoI failed to implement the Partial Award by way of reconciling accounts as provided in the Partial Award ever since the Federal Court of Malaysia adjudicated in the Contractor Parties' favor.

However, on July 10, 2014 MoPNG issued a show cause notice alleging that since the Partial Award has not been enforced the profit petroleum share of the GoI has been short-paid. MoPNG threatened to recover that amount from the sale proceeds payable by the oil marketing companies to the Contractor Parties. The Contractor Parties replied to the show cause notice taking various legal contentions. On March 9, 2015, a personal hearing took place between MoPNG and the Contractor Parties whereby the Contractor Parties expressed their concerns against such alleged unilateral recoveries and filed further written submissions on March 12, 2015.

Because the Partial Award did not quantify the sums, the Contractor Parties approached the same arbitral tribunal to pass a final award in the subject matter since it had retained the jurisdiction to do so. The arbitral tribunal has been reconstituted and the determination of the final award is *sub judice* before it. The reconstituted tribunal commenced hearings at the Hague on February 23, 2015 and the next hearing is due on September 24, 2015. Meanwhile, the claimants approached the tribunal for interim relief to maintain the status quo against the MoPNG's show cause notice and alleged unilateral recoveries directly through Ravva crude oil and gas buyers and the tribunal granted the interim-relief on June 26, 2015. While the Company does not believe the GoI will be successful in its challenge, if the arbitral award is reversed and such reversal is binding, we could be liable for approximately \$ 63.9 million (Rs. 3,981.6 million).

***Proceedings, notices and enquires initiated by the Central Excise***

The Central Excise department of the GoI had issued in July 2010 an ex-parte notice for reversal of Cenvat credit of Rs. 3,150 million (\$ 50.6 million) along with interest of Rs. 88 million (\$ 1.4 million) for the non-compliance of Rules 4(5a) and 4(6) of the Cenvat Credit Rules, in respect of non-return of job work challans for the period March 1, 2009 to September 30, 2009 within a stipulated time. In addition, it also alleged that we violated the advance license conditions from 2005 to 2009. We filed four writ petitions WP No. 8123, 8135, 9744 and 9755 in 2010 in the High Court of Madras against the Central Excise department. An associated contempt petition was also filed by us. All the above petitions were heard on July 29, 2010 and the High Court of Madras in relation to WP No. 8123 remanded the matter to be heard and determined afresh by a new set of officers of the Central Excise department. The High Court of Madras granted a stay in relation to WP No. 8135 in so far as relates to job work challan matter and until a fresh enquiry was made. Further, the High Court of Madras dismissed WP No. 9744, 9755 and the contempt petition.

The Central Excise department deputed the Assistant Commissioner of Central Excise to conduct an enquiry for the alleged non-compliance of Rules 4(5a) and 4(6) of the Cenvat Credit Rules in respect of non-return of job work challans. The Assistant Commissioner of Central Excise served a show cause notice on September 9, 2011. We filed a reply before the Assistant Commissioner of Central Excise. After conducting personal hearing Assistant Commissioner of Central Excise has passed a favorable order on January 1, 2012 and dropped the entire demand for duty and interest. The department went into appeal before the Commissioner (Appeals) against this order, but the appeal was restricted only to the demand of interest. The Commissioner (Appeals) allowed the appeal on February 25, 2013 on the condition that interest would become applicable only in those cases where goods have not been sent back or cleared from the premises within 180 days from the date of dispatch from the Tuticorin unit. The verification whether any interest is payable or not, is under process and not yet completed.

We have filed two writ appeals WP No. 704 and 705 of 2011 in the High Court of Madras challenging the orders passed with respect to the writ petitions 8135 and 9744 of 2010. The writ petitions were admitted on August 1, 2011 and the Court directed other party to maintain status quo. In the meanwhile, the Commissioner of Customs Tuticorin issued a show cause notice in January, 2015 based on alleged violation of advance license conditions from 2005 to 2009 expressly mentioning that this show cause notice shall be kept pending and not be adjudicated unless and until directions are obtained from the High Court enabling such adjudication. We filed Writ Petition No. 626/2015 against this show cause notice which were tied up with writ appeals Nos. 704 and 705 of 2011 and heard together. Thereafter regular hearings have taken place in the High Court, and on March 12, 2015 the High Court gave an interim order by allowing one of the prayer in writ in form of injunction to the Directorate General of Foreign Trade actions in pursuance of the show cause notice received from customs department. During the course of hearings, writ appeal no. 704 has been withdrawn as it has become infructuous as it relates to the job work challan matter which has already been concluded. Now Writ Appeal No. 705 of 2011 and Writ petition No. 626 of 2015 is lying before High Court for which regular hearings are going on. All these proceedings have been adjourned and are pending as to date.

Petitions have been filed in the Rajasthan High Court relating to sales tax

We have filed two writ petitions before Rajasthan High Court seeking to quash the two letters issued by Finance (Tax) department, Jaipur and to set aside the show cause notice issued by the Rajasthan Sales Tax Department, demanding Rajasthan VAT on sales of crude oil alleging that the sales are intra-state sale (as opposed to an inter-state sale). Vide its interim order, Rajasthan High Court directed us to appear before the Commissioner of Commercial Tax. The Commissioner confirmed the sales as intra-state sale. A 2% central states tax is currently being paid. Vide order dated July 2, 2012, the Rajasthan High Court has stayed the order of the Commissioner and show cause notices till disposal of writ petition. The potential liability for tax and related interest for all periods until March 31, 2015 is approximately Rs. 30,746 million (\$ 493.4 million). The next hearing in the matter will come up in due course of time.

Proceedings related to the Imposition of Entry Tax

BALCO challenged the constitutional validity of a local statute levying entry tax on the entry of goods brought into the State of Chhattisgarh, India from outside and other notifications, as being in violation of certain provisions of the Indian Constitution. BALCO paid the entry tax of Rs. 1,903.9 million (\$ 30.6 million) under protest to the state government of Chhattisgarh until March 31, 2015. The matter was referred to the Supreme Court of India. The next date of hearing has not been fixed.

We challenged the constitutionality of the Orissa Entry Tax Act. The Orissa High Court on February 18, 2008 held that (i) the Orissa Entry tax is not compensatory, (ii) there should not be any entry tax on goods coming into Orissa which is not manufactured in Orissa and (iii) that the Orissa Entry Tax Act is valid. We challenged the High Court order before the Supreme Court of India. The Supreme Court of India on February 3, 2010, directed us to deposit a sum of Rs. 35 million (\$ 0.6 million) and to deposit Rs. 0.1 million per month from October 2009 till the matter is actually disposed. These amounts have been paid under protest. In a related matter in respect of challenging the levy of entry tax on imported goods, the Supreme Court of India on April 9, 2013 directed 50.0 % of the entry tax amount accrued until September 30, 2012 amounting to Rs. 768 million (\$ 12.3 million) to be deposited as entry tax. The amounts were paid barring the levy on operations in the special economic zone. Subsequently, the Supreme Court of India on August 4, 2014 directed us to pay, within 8 weeks of the order, 50% of the entry tax amount being Rs. 233 million (\$ 3.7 million) related to the operations in the special economic zone. The amount of Rs. 597.5 million (\$ 9.6 million) has been deposited in accordance with the order of the Supreme Court. The next date of hearing has not been fixed.



In respect of the demand for entry tax imposed on imported goods, after the department had raised a demand on March 26, 2012 for Rs. 727 million (\$ 11.6 million) and an interest of Rs. 492 million (\$ 7.9 million) for the period from August 2007 to January 2012, we filed a writ petition on June 21, 2013 before the High Court of Odisha after withdrawing our existing petition from the Supreme Court of India on April 29, 2013. The High Court of Odisha quashed the demand on the basis that we were not given time to file returns as directed and asked us to file returns within a stipulated time. In the meantime, the department issued a notice on January 6, 2014 for Rs. 554 million (\$ 8.9 million) with interest and penalty. We have filed a department appeal with the additional commissioner, Cuttack on March 1, 2014. The additional commissioner disposed of the stay petition directing us to further deposit Rs. 600 million (\$ 9.6 million), which was challenged before the commissioner, who then disposed of the case directing us to deposit Rs 190 million (\$ 3.04 million). Aggrieved with the commissioner's order, a writ petition was filed before the High Court of Odisha which passed an interim order directing us to deposit Rs. 80 million (\$ 1.3 million) pending disposal. Accordingly Rs. 80 million (\$ 1.3 million) has been deposited in compliance with the High Court of Odisha's order. The appeal before additional commissioner was heard on April 8, 2015 and the final order is pending.

Legal actions by Indian Income tax Authorities for additional income tax

Income tax returns submitted by companies are subject to a comprehensive review and challenge by the tax authorities. There are appellate procedures available to both the tax authorities and taxpayers and it is not uncommon for significant or complex matters in dispute to remain outstanding for several years before they are finally resolved by the High Court or the Supreme Court of India. There are certain income tax legal proceedings which are pending against us. Potential liabilities, if any have been adequately provided for and we do not currently estimate any material incremental tax liability in respect of these matters. The total claims on account of the disputes with income tax authorities is Rs.31,759 million (\$ 509.7) as of March 31, 2015, of which Rs. 142 million (\$ 2.3 million) has been recorded as liabilities as of March 31, 2015.

Legal actions by third parties, Indian sales tax, excise and related tax authorities for additional sales tax, excise and indirect duties

Certain of our operating subsidiaries have been named as parties to legal actions by third party claimants, and by the Indian sales tax, excise and related tax authorities for additional sales tax, electricity cess, excise and indirect duties. These claims primarily relate either to the assessable values of sales and purchases or to incomplete documentation supporting the subsidiaries' tax returns. As of March 31, 2014 and 2015, the total claim related to these liabilities is Rs. 19,108 million and Rs. 21,661 million (\$ 347.6 million) respectively. We have evaluated these contingencies and estimated that some of these claims are probable of resulting in a loss and hence has recorded Rs. 263 million and Rs. 283 million (\$ 4.5 million) as current liabilities as of March 31, 2014 and 2015 respectively.

The claims by third party claimants amounted to Rs. 35,567 million and Rs. 46,694 million (\$ 749.4 million) as of March 31, 2014 and 2015 respectively. The Group has evaluated these contingencies and estimated that some of these claims are probable of resulting in a loss and hence has recorded Rs. 1,408 million and Rs. 7,441 million (\$ 119.4 million) as current liabilities as at March 31, 2014 and 2015 respectively.

Dividend Policy

Under Indian law, a company declares dividends (including interim dividends) upon a recommendation by its board of directors and approval by a majority of the shareholders at the annual general meeting of shareholders held within six months of the end of each fiscal year. However, while final dividends can be paid out by a company only after such dividends have been recommended by the board of directors and approved by shareholders, interim dividends can be paid out with only a recommendation by the board of directors, though such action is subject to subsequent sanction by the shareholders at the annual general meeting held within six months from the end of the fiscal year. The shareholders have the right to decrease but not to increase the dividend amount recommended by the board of directors.



Under the Companies Act 2013, dividends in respect of a fiscal year may be paid out of the profits of a company in that fiscal year or out of the undistributed profits of previous fiscal years or both, after providing for depreciation in the manner provided for in the Companies Act, 2013. The Companies Act, 2013 and the Companies (Declaration and Payment of Dividend) Rules, 2015 provide that in the event of adequacy or absence of profits in any year, a company may declare dividends out of its reserves subject to the following conditions:

- i) If profits for that year are insufficient to declare dividends (including interim dividends), the dividends for that year may be declared and paid out from accumulated profits on the following conditions:
 - The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year;
 - The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement;
 - The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared;
 - The balance of reserves after such withdrawal shall not fall below 15.0% of its paid up share capital as appearing in the latest audited financial statement; and
- ii) No company shall declare dividends unless carried over previous losses and depreciation not provided in previous year or years are set off against profits of the company of the current year.

The Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company.

Dividends (including interim dividends) must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days from the date of expiry of the said period of thirty (30) days to a special unpaid dividend account held at a scheduled bank. We must transfer any money which remains unpaid or unclaimed for seven years from the date of such transfer to the Investor Education and Protection Fund established by the GoI.

The tax rates imposed on us in respect of dividends paid in prior periods have varied. According to the Finance Act, 2014, dividend distribution tax is to be levied on gross distributable surplus amount instead of amount paid net of taxes. This has resulted in an increase in the dividend distribution tax to more than 20% from 16.995% from October 2014. The Finance Act 2015 has increased the surcharge from 10% to 12%, and the applicable tax rate for fiscal year 2016 is 20.358%. Taxes on dividends are not payable by our shareholders and are not withheld or deducted from the dividend payments set forth above. Under Section 115 O (1A) of the Finance Act, 2009, effective April 1, 2009, an Indian company, subject to certain conditions, can set off the dividend income received from its subsidiaries against the amount of dividend income declared by it to its shareholders, thereby reducing the dividend distribution tax to the extent of such set-off.

Future dividends will depend on our revenue, cash flows, financial condition (including capital position) and other factors. ADS holders will be entitled to receive dividends payable in respect of the equity shares represented by the ADSs. Cash dividends in respect of the equity shares represented by the ADSs will be paid to the depository in Indian Rupees and, except as otherwise described under the deposit agreement governing the issuance of our ADSs, will be converted by the depository into US dollars. The depository will distribute these proceeds to ADS holders. The equity shares represented by the ADSs will rank equally with all other equity shares in respect of dividends. ADS holders will bear all of the currency exchange rate risk of the conversion of any dividends from Indian Rupees to US dollars, and a decline in the value of the Indian Rupee as compared to the US dollar would reduce the US dollar value of any dividends we pay that are received by ADS holders.

B. Significant Changes

On June 14, 2015, Vedanta Limited and Cairn India Limited announced a merger through a Scheme of Arrangement under Indian law. On completion, minority shareholders of Cairn India Limited will receive for each equity share held one equity share in Vedanta Limited of face value Rs. 1 each and one 7.5% Redeemable Preference Share in Vedanta Limited with a face value of Rs. 10 each. No shares will be issued to Vedanta Limited or any of its subsidiaries for their shareholding in Cairn India Limited. The transaction is conditional on Vedanta Limited, Cairn India Limited and Vedanta Resources Plc. shareholder approvals, as well as approval from the Indian High Court and stock exchange and other customary approvals. Vedanta Limited will continue to be listed on the BSE and NSE, with ADSs listed on the NYSE.



20018GsPnWMrWah6

ITEM 9. THE OFFER AND LISTING**A. Offer and Listing Details**

The ADSs of SIIL evidenced by American Depositary Receipts, or ADRs, commenced trading on the NYSE on June 20, 2007 at an initial offering price of \$13.44 per ADS. The ADRs evidencing ADSs were issued by our Depositary, Citibank, N.A., pursuant to a deposit agreement. Our ADSs evidenced by ADRs, commenced trading on the NYSE, on September 9, 2013 at a price of \$ 10.25 per ADS, after the Re-organization Transactions became effective on August 17, 2013.

In July 2009, in connection with the offering of ADSs, each representing one equity share of par value Rs.2, SIIL issued 131,906,011 new equity shares in the form of ADSs, at a price of \$ 12.15 per ADS, aggregating approximately \$ 1,602.7 million. Out of 131,906,011 equity shares, 41,152,263 equity shares were issued to Twin Star, which is a wholly-owned subsidiary of Vedanta.

As of March 31, 2015, 2,964,694,239 of our equity shares were outstanding (including the 221,331,788 equity shares underlying our 55,332,947 ADSs outstanding as of such date) after giving effect to the bonus issue and share split. All our equity shares are registered shares.

We have entered into listing agreements with the NSE and BSE, pursuant to which we are required to comply with certain regulations in addition to the requirements under the Companies Act 2013. Our outstanding equity shares are currently listed and traded on the NSE and BSE. The equity shares of SIIL were previously listed on the Calcutta Stock Exchange Association Limited and were voluntarily delisted on May 9, 2008. For information regarding conditions in the Indian securities markets, see "Item 3. Key Information – D. Risk Factors – Risks Relating to Investments in Indian Companies, Global Economic Conditions and International Operations."

The following table shows:

- the reported high and low trading prices for our ADSs in US dollars on the NYSE;
- the imputed high and low trading prices for our equity shares, translated into US dollars, based on the Indian Rupee prices for such equity shares as quoted in the official list of each of the NSE and BSE and the noon buying rate of the Federal Reserve Bank of New York on the last business day of each period presented; and
- the average of the aggregate trading volume of our ADSs on the NYSE and our equity shares on the NSE and BSE, all as adjusted to reflect the five for two stock split on May 5, 2006.



Fiscal Year	NYSE Price Per ADS		Average NYSE Daily ADS Share Trading	NSE Price Per Equity Share		Average NSE Daily Equity Share Trading	BSE Price Per Equity Share		Average BSE Daily Equity Share Trading
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
2011 ⁽¹⁾	19.92	12.58	1,317,081	18.72	3.38	5,627,526	18.78	3.38	1,149,373
2012	16.60	6.64	1,161,246	4.28	1.64	6,479,436	4.27	1.63	994,973
2013	9.06	6.42	642,788	2.26	1.59	6,169,332	2.26	1.63	664,307
2014 ⁽²⁾	13.59	4.76	537,824	3.56	1.17	6,757,850	3.55	1.17	947,611
2015	21.36	11.43	197,421	5.11	2.86	6,112,054	5.11	2.86	778,407
2014									
1 st Quarter	7.44	5.16	646,827	1.68	1.27	4,733,427	1.68	1.28	579,116
2 nd Quarter ⁽²⁾	12.05	4.76	897,361	3.19	1.12	10,167,354	3.18	1.12	1,444,753
3 rd Quarter ⁽²⁾	13.35	10.94	338,590	3.38	2.78	7,249,853	3.38	2.79	1,112,130
4 th Quarter ⁽²⁾	13.59	11.01	268,518	3.56	2.81	4,880,768	3.55	2.83	654,446
2015									
1 st Quarter	21.36	11.71	285,556	5.30	2.96	9,494,590	5.30	2.96	1,422,298
2 nd Quarter	20.86	17.21	162,256	5.11	4.30	5,728,458	5.09	4.30	655,298
3 rd Quarter	17.46	11.43	192,198	4.38	3.02	4,793,720	4.39	3.03	488,441
4 th Quarter	14.38	11.79	149,562	3.62	2.95	4,461,696	3.61	2.95	547,922
2016									
1 st Quarter	14.43	10.63	180,191	3.67	2.67	4,932,104	3.67	2.67	479,437
Last Six Months									
January 2015	14.07	11.90	118,344	3.63	3.00	5,174,040	3.63	3.01	558,326
February 2015	14.34	12.87	166,769	3.65	3.20	4,051,225	3.64	3.20	559,920
March 2015	14.38	11.79	165,136	3.61	2.95	4,140,276	3.61	2.95	526,661
April 2015	13.57	12.31	129,397	3.41	2.94	4,567,983	3.41	2.95	577,358
May 2015	14.43	11.65	186,478	3.66	2.99	5,708,163	3.66	3.00	550,143
June 2015	12.66	10.63	224,984	3.17	2.67	4,541,064	3.17	2.69	330,590
July 2015	11.01	7.80	218,417	2.78	1.98	6,199,898	2.78	1.98	625,770

Notes:

- (1) Post share split and bonus, with effect from June 25, 2010.
- (2) The first trading day on the NYSE was September 9, 2013 and on the BSE and the NSE was August 27, 2013 since the Re-organization Transactions became effective. Since this date, the information relating to the high and low market prices and the average daily trading volumes of the ADSs and the shares are of Vedanta Limited.

B. Plan of Distribution

Not applicable

C. Markets

Our ADSs are listed on the NYSE under the symbol VEDL. Our equity shares are listed on the NSE with stock code VEDL and on the BSE with stock code 500295. Prior to the change of name to Vedanta Limited, the ADSs were listed on the NYSE under the symbol "SSLT" and equity shares were listed on the NSE with stock code SSLT/EQ and on the BSE with stock code 500295.

D. Selling Shareholders

Not applicable

**E. Dilution**

Not applicable

F. Expenses of the Issue

Not applicable

ITEM 10. ADDITIONAL INFORMATION**A. Share Capital**

Not applicable

B. Memorandum and Articles of Association**General**

Our Company identification number is L13209GA1965PLC000044. Our registered office is presently situated at Sesa Ghor, 20, EDC Complex, Patto, Panaji, Goa 403001, India. The register of members is maintained at the office of the registrar and share transfer agent, Karvy Computer Share Private Limited in Hyderabad.

The legal framework governing companies in India is now subject to the Companies Act, 2013, which replaces some of the provisions of the Companies Act, 1956. The sections of the Companies Act, 2013 are being notified in a phased manner. While some provisions of the Companies Act, 2013 have been notified as law, other provisions of the Companies Act, 2013 are yet to be notified as effective by the GoI. Pending notification of the Companies Act, 2013 in its entirety, certain provisions of the Companies Act, 1956, which have not ceased to be effective by enactment of the corresponding provisions of the Companies Act, 2013 continue to be effective, along with the notified provisions of the Companies Act, 2013. Accordingly, the legal framework governing us is the Companies Act, 1956 read with the notified sections of the Companies Act, 2013, as amended (the "Indian Companies Act").

Our activities are regulated by our Memorandum and Articles of Association. Our current Memorandum and Articles of Association were amended following the enactment of Companies Act, 2013. In addition to our Memorandum and Articles of Association, our activities are regulated by certain legislation, including the Indian Companies Act, the Securities Contract Regulation Act and the Securities Contracts (Regulation) Rules, 1957, as amended.

Subsequent to the enactment of applicable sections of Companies Act 2013 which became effective as of April 1, 2014, the Company was required to align its Memorandum and Articles of Association as per the respective forms specified in 'Table F' of Schedule I of Companies Act 2013. Pursuant to Section 13 of the Companies Act 2013, the Company may, by special resolution and after complying with the procedures specified in this section, amend the provisions of its Memorandum of Association. Further pursuant to provisions of Section 14 of the Companies Act 2013, the Company may, by special resolution amend its Articles of Association, subject to the provisions of the act and the conditions contained in the Memorandum of Association. The amendment of the Memorandum and Articles of Association requires shareholders' approval through a postal ballot or through a General Meeting, and such approval was obtained through postal ballot on March 30, 2015.

Our Memorandum of Association permits us to engage in a wide variety of activities, including all of the activities that we are currently engaged in or intend to be engaged in, as well as other activities that we currently have no intention of engaging in. Our objects are set out at clause 3 of our Memorandum of Association.

Share Capital

Our authorized share capital is Rs.51,270 million divided into 51,270 million equity shares of par value Re. 1 per equity share. As of March 31, 2015 our issued share capital was Rs. 2,965.0 million, divided into 2,965,004,871 equity shares of par value Re. 1 per equity share. 310,632 equity shares of our total issued capital has not be issued and allotted by us as they are under dispute.

As of March 31, 2015, 2,964,694,239 equity shares, par value Re. 1 per equity share, were issued and outstanding, of which 221,331,788 equity shares were held in the form of 55,332,947 ADSs. Each ADS represents four equity shares.



On October 29, 2009, we completed an offering of \$ 500 million aggregate principal amount of convertible senior notes (“Convertible Notes”). The Convertible Notes were convertible into ADSs at a conversion price of approximately \$ 38.88 per ADS pursuant to the effectiveness of the Re-organization Transactions, subject to adjustment in certain events. The conversion price prior to the effectiveness of the Re-organization Transactions was \$ 23.33 per ADS. These Convertible Notes had a maturity date of October 30, 2014 and were repaid on the maturity date.

On October 30, 2009, we issued an additional \$ 500 million convertible notes. These convertible notes were convertible, at the option of the holder, into ordinary shares of Sesa Sterlite at a conversion price of 13,837.64 ordinary shares per \$ 100,000 principal amount of convertible notes, which is equal to a conversion price of approximately \$ 7.23 per ordinary share. These convertible notes were due for maturity on October 31, 2014 and they have been repaid on the maturity date.

Changes in Capital or our Memorandum of Association and Articles of Association

Subject to the Indian Companies Act and our Articles of Association, we may, by passing an ordinary resolution or a special resolution, as applicable, at a general meeting or through postal ballot:

- increase our share capital with such rights and privileges, or modify the rights and privileges associated with the existing shares, as directed in the general meeting, or as determined by the Board;
- issue shares with a preferential right to dividends, and in repayment of paid-up share capital on the winding up of the Company, and with a right to vote only on resolutions placed before the Company which directly affect the rights attached to such preference shares owned and any resolution for the winding up of the company or for the repayment or reduction of its equity or preference share capital and his voting right on a poll shall be in proportion to the share in the paid-up preference share capital of the Company;
- sub-divide or consolidate our shares, or any of them, and the resolution whereby any share sub-divided or consolidated may determine that, as between the holders of the shares resulting from such sub-division or consolidation, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others;
- issue preference shares which are redeemable, which are to be redeemed on or within the expiry of a period of 20 years from the date of their issue;
- split all or any part of our shares into a larger number of shares each with a smaller par value;
- convert any of our paid-up shares into stock, and reconvert any stock into any number of paid-up shares of any denomination;
- issue sweat equity shares of a class of shares already issued subject to the terms and conditions prescribed in Section 54 of the Companies Act, 2013;
- cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of the authorized share capital by the amount of the shares so cancelled;
- reduce our issued share capital; or
- alter our Memorandum of Association or Articles of Association.

Under our Articles of Association and pursuant to the applicable provisions of the Indian Companies Act, the shares (including any shares forming part of any increased share capital of the company) shall be under the control of the Board of directors of the company, who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions and at such times as the directors think fit and subject to the sanctions of the company in general meeting with full power, to give any person the option to call for or be allotted shares of any class of the company either (subject to the provisions of Section 52 and 53 of the Companies Act, 2013) at a premium or at a par such option being exercisable for such time and for such consideration as the directors thinks fit.

Directors

Under our Articles of Association, a director is not required to hold any qualification shares. According to the Indian Companies Act, the age limit for retirement of whole time directors is 70 years. There is no age limit requirement for the retirement of non-executive directors.



Any director who is directly or indirectly interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into by us or on our behalf is required to disclose the nature of his interest at a meeting of the Board and such interested director shall not participate in any discussion of, or vote on, any contract, arrangement or proposal in which he is interested. In addition, we are prohibited from making loans, directly or indirectly, or providing any guarantee or security, directly or indirectly, in connection with any loans made by a third party, to our directors.

General Meetings of Shareholders

There are two types of general meetings of shareholders, an annual general meeting and an extraordinary general meeting. We must convene our annual general meeting within 9 months from the date of closing of the first financial year of the Company and in any other case within a period of 6 months from the date of closing of the financial year. and must ensure that the intervening period between two annual general meetings does not exceed 15 months. The Registrar of Companies may extend this period in special circumstances at our request. Extraordinary general meetings may be convened at any time by our directors at their discretion or at the request of our shareholders holding in the aggregate not less than 10.0% of our paid-up capital as on that date which carries voting rights. A notice in writing or through electronic mode to convene a general meeting must set out the date, time, place and agenda of the meeting and must be provided to shareholders at least 21 days prior to the date of the proposed meeting. The requirement of the 21 days' notice in writing may be waived if consent to shorter notice in writing or electronic mode is received from not less than 95.0% of the members entitled to vote at such meeting. Under the Indian Companies Act, general meetings are to be held either at the registered office or at another place within the city, town or village in which the registered office is situated. Business may be transacted at a general meeting only when a quorum of shareholders is present. Thirty members personally present, entitled to attend and to vote on the business to be transacted, will constitute a quorum.

The annual general meetings deal with and dispose of all matters prescribed by our Articles of Association and by the Indian Companies Act, including the following ordinary business matters:

- the consideration of our annual financial statements and report of our directors and auditors;
- the election and re-appointment of directors;
- the appointment of auditors and the fixing of their remuneration;
- the approval of dividends; and
- the transaction of any other business of which notice has been given.

Division of Shares

The Indian Companies Act provides that a company may sub-divide its share capital if its Articles of Association authorize the company to do so by adopting an ordinary resolution in its general meeting.

Our Articles of Association allow us in a general meeting to alter our Memorandum of Association and subdivide all or any of our equity shares into a larger number of shares with a smaller par value than originally fixed by the Memorandum of Association.

Voting Rights

Subject to any special terms as to voting on which any shares may have been issued, every shareholder entitled to vote who is present in person (including any corporation present by its duly authorized representative) shall on a show of hands have one vote and every shareholder present in person or by proxy shall on a poll have one vote for each share of which he is the holder. In the case of joint holders, only one of them may vote and in the absence of election as to who is to vote, the vote of the senior of the joint holders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names appear in the register of members.

According to the Companies Act, 2013 and the listing agreement entered with stock exchanges, for listed companies, voting at general meetings has to be done by electronic voting ("e-voting"). For those shareholders who are unable to vote through this facility, the facility of physical voting through ballot papers is provided at the meeting. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy shall be proportionate to the capital paid-up on each share against our total paid-up capital. In the case of a tie vote, the chairman of the meeting, who is generally the chairman of our Board of directors, has the right to cast a tie-breaking vote.



A shareholder may appoint any person (whether or not a shareholder) to act as his proxy to vote on polls conducted at any meeting of shareholders (or of any class of shareholders) in respect of all or a particular number of the shares held by him. A shareholder may appoint more than one person to act as his proxy and each such person shall act as proxy for the shareholder for the number of shares specified in the instrument appointing the person a proxy. Any person appointed as proxy shall act on behalf of a shareholder not exceeding fifty members and holding not more than 10.0% of the aggregate share capital carrying voting rights. The shareholder holding more than 10.0% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and in that case, the person appointed as proxy for such shareholder cannot act as proxy for any other person or shareholder. The instrument appointing a proxy must be delivered to our registered office at least 48 hours prior to the meeting or in case of a poll, not less than 24 hours before the time appointed for taking the poll. If a shareholder appoints more than one person to act as his proxy, each instrument appointing a proxy shall specify the number of shares held by the shareholder for which the relevant person is appointed as his proxy. A proxy does not have a right to speak at meetings and not entitled to vote except on poll. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. Such a representative is not considered a proxy and he has the same rights as the shareholder by whom he was appointed to speak at a meeting and vote at a meeting in respect of the number of shares held by the shareholder, including on a show of hands and a poll.

Subject to the Articles of Association, the Companies (Share Capital and Debentures) Rules, 2014, and the Indian Companies Act, the Company is allowed to issue equity shares with different rights subject to compliance with the provisions of the abovementioned rules and the Indian Companies Act.

Quorum

Our Articles of Association provide that a quorum for a general meeting is at least thirty shareholders personally present, if the number of members as on the date of the meeting is exceeding five thousand to vote, in accordance with the Companies Act, 2013.

Shareholder Resolutions

An ordinary resolution requires the affirmative vote of a majority of our shareholders entitled to vote in person or electronically or by proxy or by a poll at a general meeting.

A resolution shall be a special resolution when, the intention to propose the resolution as a special resolution has been duly specified in the notice calling the general meeting or other intimation given to the members of the resolution. A special resolution requires the affirmative vote of not less than three times the number of the votes, if any cast against the resolution by members so entitled and voting in person or electronically or by proxy at a general meeting and casting a vote. The Indian Companies Act provides that to amend the Articles of Association, a special resolution approving such an amendment must be passed in a general meeting. Certain amendments, including a change in the name of the company, to approve reduction of share capital, to approve variation of rights of special classes of shares, to issue further shares without pre-emptive rights to non-members or to convert loans or debentures into shares, to commence any new line of business and dissolution of the company require a special resolution.

Further, the Companies (Management and Administration) Rules, 2014 requires certain resolutions such as those listed below to be voted on only by a postal ballot:

- alteration of the objects clause of the Memorandum;
- alteration of the articles of association in relation to insertion or removal of provisions which are required to be included in the articles of a company in order to constitute it as a private company;
- change in place of registered office outside the local limits of any city, town or village;
- change in objects for which a company has raised money from public and still has any proceeds unutilized;
- issue of shares with differential rights regarding voting or dividend or otherwise under Section 43(a)(ii) of the Companies Act, 2013;
- variation in the rights attached to a class of shares or debentures or other securities as specified under Section 48 of the Companies Act, 2013;
- buyback of shares;
- election of a director under Section 151 of the Companies Act, 2013;
- sale of whole or substantially the whole of an undertaking of a company as specified under Section 180(1)(a) of the Companies Act, 2013;
- giving loans or extending guarantee or providing security in excess of the limit specified under Section 186(3) of the Companies Act, 2013.



In addition to the above, the Company may at its discretion transact by means of a postal ballot in respect of any item of business, other than ordinary business and any business in respect of which directors or auditors have a right to be heard at any meeting.

Dividends

Under the Indian Companies Act, unless the board of directors recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. The board of directors may also declare interim dividends that do not need to be approved by the shareholders. A company pays dividends recommended by the board of directors and approved by a majority of the shareholders at the annual general meeting of shareholders held within 6 months of the end of each fiscal year. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Listed companies are required to declare and disclose the dividends paid on a per share basis only. The dividend recommended by the board of directors and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid up value of their equity shares. The Indian Companies Act provides that shares of a company of the same class must receive equal dividend treatment. Dividends can be paid in cash or by cheque or in any electronic mode to the registered shareholder at a record date fixed on or prior to the annual general meeting or to his order or his banker's order. No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of such shareholder's shares is outstanding.

These distributions and payments are required to be paid to shareholders within 30 days of the annual general meeting where the resolution for declaration of dividends is approved. The dividend so declared is required to be deposited in a separate bank account within a period of 5 days from the date of declaration of such dividend. All dividends unpaid or unclaimed within a period of 30 days from the date of declaration of such dividend must be transferred within seven days of the end of such period to a special unpaid dividend account held at a scheduled bank. The company shall, within a period of 90 days of making any transfer of an amount to the unpaid dividend account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the company and also on any other website approved by the Central Government for this purpose. Any dividend which remains unpaid or unclaimed for a period of seven years from the date of the transfer to an unpaid dividend account must be transferred along with interest accrued to the Investor Education and Protection Fund along with a statement containing such details. Also, all shares in respect of which unpaid or unclaimed dividend has been transferred, shall also be transferred by the company in the name of this fund along with a statement containing such details as may be prescribed.

Under the Companies Act 2013, dividends in respect of a fiscal year may be paid out of the profits of a company in that fiscal year or out of the undistributed profits of previous fiscal years or both, after providing for depreciation in a manner provided for in the Companies Act, 2013. The Companies Act, 2013 and the Companies (Declaration and Payment of Dividend) Rules, 2014 provide that in an event of adequacy or absence of profits in any year, a company may declare dividend out of its reserves subject to the fulfillment of the following conditions, such as:

- (i) If profits for that year are insufficient to declare dividends (including interim dividends), the dividends for that year may be declared and paid out from reserves on the following conditions:
 - The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year;
 - The total amount to be drawn from free reserves shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement;
 - The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared;
 - The balance of reserves after such withdrawal shall not fall below 15.0% of its paid up share capital as appearing in the latest audited financial statement; and
- (ii) No company shall declare dividend unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company for the current year.



The Company may, before the declaration of any dividend in any financial year, transfer such percentage of its profits for that financial year as it may consider appropriate to the reserves of the Company.

Distribution of Assets on a Winding-up

In accordance with the Indian Companies Act, all surplus assets remaining after payments are made to employees, statutory creditors, tax and revenue authorities, secured and unsecured creditors and the holders of any preference shares (though not in that order), shall be distributed among our equity shareholders in proportion to the amount paid up or credited as paid-up on such shares at the commencement of the winding-up.

Transfer of Shares

Under the Indian Companies Act, the shares of a public company are freely transferable, unless such a transfer contravenes applicable law or the regulations issued by the SEBI or the Sick Industrial Companies (Special Provisions) Act, 1985, as amended, or the SICA. The transferor is deemed to remain the holder until the transferee's name is entered in the register of members.

In the case of shares held in physical form, we will register any transfer of equity shares in the register of members upon lodgment of the duly completed share transfer form, the relevant share certificate, or if there is no certificate, the letter of allotment, in respect of shares to be transferred together with duly stamped share transfer forms. In respect of electronic transfers, the depository transfers shares by entering the name of the purchaser in its register as the beneficial owner of the shares. In turn, we then enter the name of the depository in our records as the registered owner of the shares. The beneficial owner is entitled to all the rights and benefits and is subject to the liabilities attached to the shares held by the depository on his or her or its behalf.

Equity shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system.

SEBI requires that our equity shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Transfers of equity shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants appointed by depositories established under the Depositories Act, 1996. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant.

The depository transfers equity shares by entering the name of the purchaser in its books as the beneficial owner of the equity shares. In turn, we will enter the name of the depository in our records as the registered owner of the equity shares. The beneficial owner is entitled to all the rights and benefits as well as the liabilities with respect to the equity shares that are held by the depository. The register and index of beneficial owners maintained by our depository is deemed to be a register and index of our members and debenture holders under the Depositories Act, 1996. Transfers of beneficial ownership held through a depository are exempt from stamp duty. For this purpose, we have entered into an agreement for depository services with the National Securities Depository Limited and the Central Depository Services India Limited.

The requirement to hold the equity shares in book-entry form will apply to the ADS holders when the equity shares are withdrawn from the depository facility upon surrender of the ADSs. In order to trade the equity shares in the Indian market, the withdrawing ADS holder will be required to comply with the procedures described above.

Our Articles of Association provide for certain restrictions on the transfer of equity shares, including granting power to the board in certain circumstances, to refuse to register or acknowledge a transfer of equity shares or other securities issued by us. Under the listing agreements with the NSE and BSE on which our equity shares are listed, in the event we have not effected the transfer of shares within 15 days or where we have failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 15 days, we are required to compensate the aggrieved party for the opportunity loss caused during the period of delay.



If a company without sufficient cause refuses to register a transfer of equity shares within 2 months from the date on which the instrument of transfer is delivered to the company, the transferee may appeal to the Company Law Board, or the CLB, seeking to register the transfer of equity shares. The CLB may, in its discretion, issue an interim order suspending the voting rights attached to the relevant equity shares before completing its investigation of the alleged contravention. If there is any default in complying with the order of the CLB under Section 59 of the Companies Act, 2013, the company shall be punishable with fine which shall not be less than Rs. 100,000 but which may extend to Rs. 500,000 and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 100,000 but which may extend to Rs. 300,000, or with both.

In addition, the Indian Companies Act provides that the CLB may direct a rectification of the register of members for a transfer of equity shares which is in contravention of SEBI regulations or the SICA or any similar law, upon an application by the company, a participant, a depository incorporated in India, an investor or SEBI.

Under the Companies Act, 2013, it is proposed that the CLB be replaced with the National Law Tribunal with effect from a date that is yet to be notified.

Disclosure of Ownership Interest

Section 89 of the Companies Act, 2013 requires that beneficial owners of shares of companies who are not registered as holders of those shares must make a declaration to the company specifying the nature of his or her or its interest, particulars of the registered holder of such shares and such other particulars as may be prescribed. Failure by a person to comply with Section 89 will not affect the company's obligation to register a transfer of shares or to pay any dividends to the registered holder of any shares in respect of which the declaration has not been made.

Any investor, who fails to comply with these requirements without any reasonable cause, shall be punishable with fine which may extend to Rs. 50,000 and if such failure continues, a further fine of Rs. 1,000 may be levied for each day after the first day during which the failure continues. While it is unclear whether Section 89 applies to holders of ADSs of the Company, investors who exchange ADSs for the underlying equity shares of the Company will be subject to the restrictions under Section 89.

On receipt of the declaration, the Company is required to file a return of such declaration in the prescribed form with the Registrar. If the Company fails to comply with the provisions of Section 89, then the Company and every defaulting officer may be punishable with fine which shall not be less than Rs. 500 but which may extend to Rs. 1,000 and if such failure continues, a further fine of Rs. 1000 may be levied for each day after the first day during which the failure continues.

Alteration of Shareholder Rights

Under Section 106 of the Companies Act, 1956 (and the corresponding Section 48 of the Companies Act, 2013 which is not notified), and subject to the provisions of the articles of association of a company and the relevant rules as issued by the Ministry of Corporate Affairs, where the share capital of a company is divided into different classes of shares, the rights of any class of shareholders can only be altered or varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, by a special resolution passed at a separate meeting of the holders of the issued shares of that class, or pursuant to a judicial order sanctioning a compromise or arrangement between the company and such class of shareholders.

Share Register and Record Dates

We maintain our register of members in both electronic and physical modes at our registered office and all transfers of shares should be notified to us at such address. Our register of members is open to inspection during business hours by shareholders without charge and by other persons upon payment of a fee as prescribed under the applicable law.

The register and index of beneficial owners maintained by a depository under the Depositories Act, 1996 is deemed to be an index of members and register and index of debenture holders. We recognize as shareholders only those persons who appear on our register of members and we do not recognize any person holding any equity share or part thereof on trust, whether express, implied or constructive.

To determine which shareholders are entitled to specified shareholder rights, we may close the register of members. For the purpose of determining who our shareholders are, our register of members may be closed for periods not exceeding 45 days in any one year or 30 days at any one time. In order to determine our shareholders' entitlement to dividends, it is our general practice to close the register of members for approximately 10 to 20 days before the annual general meeting. The date on which this period begins is the record date. Under the listing agreements with each of the stock exchanges on which our equity shares are listed, we may, upon giving at least seven working days' advance notice to the stock exchange, set a record date and/or close the register of members. The trading of our equity shares and the delivery of shares certificates may continue while the register of members is closed.

**Annual Report**

At least 21 clear days before an annual general meeting, we must circulate our annual report, which comprises of either a detailed or abridged version of our audited financial accounts, our directors' report, our corporate governance report, and our auditor's report, to the shareholders along with a notice convening the annual general meeting. In addition, we must furnish to the exchanges quarterly unaudited or audited results within 45 days after the end of each accounting quarter. We are required to furnish to the exchanges audited financial results for the entire financial year within 60 days of the end of the financial year. We are also required to send copies of our annual report to the NSE and BSE and to publish our financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a daily newspaper published in the language of the region where our registered office is situated. We are also required under the Indian Companies Act to make available upon the request of any shareholder our complete balance sheet and statement of profit and loss along with all the subsidiaries.

Under the Indian Companies Act, we must file with the Registrar of Companies our balance sheet and statement of profit and loss within 30 days of the date on which the balance sheet and statement of profit and loss were adopted at the annual general meeting and our annual return within 60 days of the conclusion of that meeting.

Related Party Transactions

As per the Companies Act, 2013, all related party transactions shall require prior approval of the Audit Committee. The Audit Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to certain conditions. The Audit Committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals accorded by the Audit Committee. The Audit Committee shall lay down the criteria for granting omnibus approvals in line with the policy on related party transactions of the Company and such approval shall be applicable to transactions which are similar in nature. Prior approval of the shareholders by way of an special resolution is required for all the related party transactions which are not in the ordinary course of business and which are not at arm's length basis. Further, such prior approvals do not apply to transactions between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting. Disclosure of related party transactions is required to be included in the annual report along with the justification for entering in to such contracts and arrangements.

Borrowing Powers

Our directors may raise, borrow or secure the payment of any sums of money for our purposes as they deem appropriate without the consent of shareholders in a general meeting, by way of special resolution, provided that, the aggregate of the monies to be borrowed and the principal amount outstanding in respect of monies raised, borrowed or secured by us does not exceed the aggregate of our paid up share capital plus free reserves. Under the Indian Companies Act, the payment and repayment of moneys borrowed may be secured in such manner and upon such terms and conditions in all respect as the Board may think fit, by resolution passed at a meeting of the Board and in particular, by the issue of bonds, debentures, debenture stock of the company either unsecured or secured by a mortgage or charge over all or any part of the property of the company (both present and future) including its uncalled capital for the time being, and debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.

Corporate Social Responsibility

The Companies Act, 2013, read with the Rules made thereunder, requires companies meeting which meet requirements of certain thresholds of net worth, turnover or net profits to constitute a Corporate Social Responsibility ("CSR") Committee and to spend at least 2% of average profits before taxes for the previous three fiscal years on areas of CSR. This requirement is effective as of April 1, 2014. In the event we are unable to spend the required amount, we will be required to disclose details of amounts spent and, in case of any shortfall in such spending, also state the reasons for the shortfall.

Issue of equity shares and Pre-emptive Rights

Subject to the provisions of the Indian Companies Act and our Articles of Association and to any special rights attaching to any of our equity shares, we may increase our share capital by the allotment or issue of new equity shares with preferred, deferred or other special rights or restrictions regarding dividends, voting, return of capital or other matters as we may from time to time determine by special resolution. We may issue preference shares that are redeemable or are liable to be redeemed at our option or the option of the holder in accordance with our Articles of Association.



Under the Indian Companies Act, new equity shares shall first be offered to existing shareholders in proportion to the amount they have paid up on their equity shares on the record date. The offer shall be made by written notice specifying:

- the right, exercisable by the shareholders of record, to renounce the equity shares offered in favor of any other person;
- the number of equity shares offered; and
- the period of the offer, which may not be less than 15 days and not exceeding 30 days from the date of the offer.

If the offer is not accepted, it is deemed to be declined, and thereafter, our Board is permitted to distribute equity shares not accepted by existing shareholders in the manner it deems beneficial for us in accordance with our Articles of Association. Holders of ADSs may not be able to participate in any such offer.

However, under the provisions of the Indian Companies Act, new equity shares may be offered to non-shareholders, if this has been approved by a special resolution and has complied with the applicable rules.

Capitalization of Profits and Reserves

Our Articles of Association allow our directors, with the approval of our shareholders by an ordinary resolution, to capitalize any part of the amount standing to the credit of our reserve accounts or to the credit of our statement of profit and loss or otherwise available for distribution. Any sum which is capitalized shall be appropriated among our shareholders in the same proportion as if such sum had been distributed by way of dividend. This sum shall not be paid out in cash and shall be applied in the following manner:

- paying up any amount remaining unpaid on the shares held by our shareholders; or
- issuing to our shareholders, fully paid bonus equity shares (issued either at par or a premium).

Any issue of bonus equity shares would be subject to section 63 of the Companies Act, 2013 and the SEBI (Disclosure and Investor Protection) Guidelines, 2000, as amended, which provide that:

- no company shall, pending the conversion of convertible securities, issue any bonus equity shares unless a similar benefit is extended to the holders of such convertible securities through a reservation of equity shares in proportion to such conversion;
- the bonus issue shall be made out of free reserves built out of genuine profits or share premium collected in cash only;
- bonus equity shares cannot be issued unless all the partly paid up equity shares have been fully paid-up;
- the company has not defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures;
- a declaration of bonus equity shares in lieu of dividend cannot be made;
- the company shall have sufficient reason to believe that it has not defaulted in the payment of statutory dues of the employees such as contribution to provident fund, gratuity, bonus etc.;
- any reserves created by a revaluation of fixed assets shall not be capitalized;
- the articles of association of the company must contain provisions for the capitalization of reserves; and
- the bonus issue must be implemented within 15 days from the date of approval by the board of directors.

Purchase of own equity shares

A company may, in accordance with the Companies Act, 2013, the Rules made thereunder and the regulations issued by SEBI may buy-back its own shares out of its free reserves or securities premium account or the proceeds of any shares or other specified securities (other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities) subject to certain conditions, including:

- the buy-back must be authorized by the company's Articles of Association;



- a special resolution authorizing the buy-back must be passed in a general meeting;
- the buy-back is limited to 25.0% of the company's total paid up capital and free reserves in a fiscal year;
- the ratio of aggregate of secured and unsecured debts owed by the company after such buy-back is not more than twice the paid up capital and its free reserves;
- the shares or other specified securities for buy-back are fully paid-up;
- the buy-back of shares or other specified securities listed on any recognized stock exchange is in accordance with the SEBI (Buy-Back of Securities) Regulations, 1998, as amended;
- the buy-back in respect of shares or other specified securities other than listed shares or specified securities is in accordance with such rules as may be prescribed; and
- no offer of buy-back shall be made within a period of one year from the date of the closure of the preceding offer to buy back, if any.

The first two conditions mentioned above would not be applicable if the number of equity shares bought back is 10.0% or less of our total paid up equity capital and free reserves and if such buy-back is authorized by the board of directors, provided that no buy-back shall be made within 365 days from the date of any previous buy-back. If such buy-back constitutes more than 10.0% of the total paid-up equity capital and free reserves of the company, it must be authorized by a special resolution of the company in general meeting. Our Articles of Association permit us to buy-back our equity shares.

Any equity shares which have been bought back by us must be extinguished within 7 days of the last date of completion of buy back. Further, we will not make a further issue of the same kind of shares or other specified securities including an allotment of new shares within a period of 6 months except by way of a bonus issue or in discharge of our existing obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity. A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company including its own subsidiary companies or in the event of non-compliance with certain other provisions of the Companies Act, 2013.

SEBI in its board meeting dated June 25, 2013, has introduced following amendments to SEBI (Buy Back of Securities) Regulations, 1998 governing buy-back through open market purchase:

- The company shall be required to deposit 25.0% of maximum amount proposed to be utilized for share buy-back in an Escrow account, before the offer is launched;
- The company shall be mandatorily required to purchase at least 50.0% of the offer size as against existing requirement of 25.0%. In case of the failure to purchase the minimum prescribed 50.0% of the offer size, the entire amount in the Escrow account will be forfeited, subject to maximum of 2.5% of the amount earmarked for the share buy-back;
- The company shall mandatorily complete the buyback process within 6 months from the date of the offer;
- The company shall not be allowed to raise further capital for a period of one year from the closure of buy back;
- The companies are not allowed to undertake another share buy-back within a period of one year from the closure of buy back;
- Buy-back of 15.0% or more of capital (paid-up capital and free reserves) can only be done through the tender offer method;
- During the buy-back offer, promoters of the company are prohibited from dealing in shares of the company either off-market or on-market;
- Disclosure of the shares or other specified securities bought-back on a cumulative basis on the website of the company and the stock exchange on a daily basis;
- Procedure of buy-back of physical shares (odd-lot) are simplified including creation of separate trading window for tendering such shares; and
- The companies are permitted to extinguish shares bought back during the month, within 15 days of the succeeding month subject to last extinguishment within 7 days of the completion of the offer.

The reporting and disclosures requirement are proposed to be rationalized.



ADS holders will be eligible to participate in a share buy-back in certain cases. An ADS holder may acquire equity shares by withdrawing them from the depository facility and then selling those equity shares back to us in accordance with the provisions of applicable law as discussed above. ADS holders should note that equity shares withdrawn from the depository facility may only be re-deposited into the depository facility under certain limited circumstances as specified under the guidelines issued by the GoI and the RBI relating to a sponsored ADS facility and fungibility of ADSs. See “- D. Exchange Controls.”

There can be no assurance that the equity shares offered by an ADS investor in any buy-back of equity shares by us will be accepted by us. The position regarding regulatory approvals required for ADS holders to participate in a buy-back is not clear. ADS investors are advised to consult their Indian legal advisers prior to participating in any buy-back by us, including in relation to any regulatory approvals and tax issues relating to the share buy-back.

Rights of Minority Shareholders

The Indian Companies Act provides mechanisms for the protection of the rights of the minority shareholder. Where the share capital of a company is divided into different classes of shares and there has been variation in the rights attached to the shares of any class, the holders of not less than 10.0% of the issued shares of that class, who did not vote in favor of a resolution for the variation, have the right to apply to the CLB to have the variation cancelled and such variation shall not have any effect unless confirmed by the CLB.

Further, under the Indian Companies Act, shareholders holding not less than 10.0% of the issued share capital or shareholders representing not less than 10.0% of the total number of members or 100 members, whichever is lesser, provided that they have paid all calls and other sums due on their shares, have the right to apply to the CLB for an order to bring an end to the matter complained of, on the following grounds of oppression or mismanagement:

- that the company's affairs are being conducted in a manner prejudicial to public interest or in a manner oppressive to any member or members or in a manner prejudicial to the interests of the company; or
- that a material change has taken place in the management or control of the company, whether by a change in its board of directors or management or in the ownership of the company's shares and by reason of such change, it is likely that the affairs of the company will be conducted in a manner prejudicial to public interest or in a manner prejudicial to the interests of the company.

Provisions on Squeeze Out of Minority Shareholders

Under the Companies Act, 1956 (and the corresponding Section 236 of the Companies Act, 2013 which is not notified), where an arrangement or contract involving a transfer of shares or any class of shares of a company to another company has been approved by holders holding not less than 90.0% in value of such class of shares, the transferee company has the right to give notice to any dissenting shareholder, within a specified time and in a prescribed manner, that it desires to acquire its shares.

Unless the CLB, upon an application made by a dissenting shareholder within a month of the aforementioned notice, orders otherwise, the transferee company has the right to acquire the shares of the dissenting shareholder on the same terms as those offered to the other shares to be transferred under the arrangement or contract.

Where, in pursuance of any such arrangement or contract, shares in a company are transferred to another company, and those shares, together with any other shares held by the transferee company (or its nominee or subsidiary company) in the transferor company, constitute not less than 90.0% in value of the shares, the transferee company is required to give notice of such fact to any remaining shareholders within a month of such transfer. Any such remaining shareholder may within 3 months of the notice from the transferee company, require the transferee company to acquire its shares. Where such notice is given by such remaining shareholder, the transferee company is bound to acquire those shares on the same terms as provided for under the arrangement or contract for the transfer of the other shares of the transferor company or on such terms as may be agreed or on terms that the CLB (upon an application of either the transferee company or the shareholder) thinks fit to order.

Book-Entry Shares and Liquidity

Our equity shares are compulsorily traded in book-entry form and are available for trading under both depository systems in India, namely, the National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) for our equity shares is INE 205A01025.



Liquidation Rights

According to the Indian Companies Act, certain payments have preference over payments to be made to equity shareholders. These payments having preference include payments to be made by the company to its employees, taxes, payments to secured and unsecured lenders and payments to holders of any shares entitled by their terms to preferential repayment over the equity shares. In the event of our winding-up, the holders of the equity shares are entitled to be repaid the amounts of paid up capital or credited as paid upon those equity shares after payments have been made by the company as set out above. Subject to such payments having been made by the company, any surplus assets are paid to holders of equity shares in proportion to their shareholdings.

Takeover Code and Listing Agreements

In September 2011, SEBI notified the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“Takeover Code”) which replaces the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Under the Takeover Code, upon acquisition of shares or voting rights in a publicly listed Indian company such that the aggregate share-holding of the acquirer (meaning a person who directly or indirectly, acquires or agrees to acquire shares or voting rights in a target company either by himself or together with persons acting in concert) is 5.0% or more of the shares or voting rights of the company, the acquirer is required to, within two working days of such acquisition of shares or voting rights or receipt of intimation of allotment of shares, disclose their aggregate shareholding and voting rights in the company to the company and to the stock exchanges in which the shares of the company are listed.

Further, an acquirer, who, together with persons acting in concert with him, holds shares or voting rights entitling them to 5.0% or more of the shares or voting rights in a target company must disclose every sale or acquisition of shares representing 2.0% or more of the shares or voting rights of the company to the company and to the stock exchanges in which the shares of the company are listed within two working days of such acquisition or sale or receipt of intimation of allotment of such shares. This disclosure is required, in case of a sale, even if such sale results in the shareholding of the acquirer falling below 5.0%. Every person, who together with persons acting in concert with him, holds shares or voting rights entitling him to exercise 25.0% or more of the voting rights in a target company, has to disclose to the company and to stock exchanges, their aggregate shareholding and voting rights as of March 31, in such target company within seven working days from the end of the financial year of that company.

The acquisition of shares or voting rights which entitles the acquirer to exercise 25.0% or more of the voting rights in or control over the target company triggers a requirement for the acquirer to make an open offer to acquire at least 26.0% of the total shares of the target company at an offer price determined as per the provisions of the Takeover Code. The acquirer is required to make a public announcement for an open offer on the date on which it is agreed to acquire such shares or voting rights. Such open offer shall only be for such number of shares as is required to adhere to the maximum permitted non-public shareholding.

Where the public shareholding in the target company is reduced to a level below the limit specified in the listing agreement on account of shares being acquired pursuant to an open offer, the acquirer is required to take necessary steps to facilitate compliance with the public shareholding threshold within the time prescribed in the Securities Contract (Regulation) Rules, 1957. Such an acquirer will not be eligible to make voluntary delisting offer under the SEBI (Delisting of Equity Shares) Regulations 2009, unless 12 months have elapsed from the date of the completion of offer period.

Since we are a listed company in India, the provisions of the Takeover Code will apply to us and to any person acquiring our equity shares or voting rights in our Company. The ADSs entitle ADS holders to exercise voting rights in respect of the Deposited Equity Shares (as described in the section titled “Voting Rights of Deposited Equity Shares Represented by ADSs”). Accordingly, the requirement to make an open offer of at least 26.0% of the shares of a company to the existing shareholders of the company would be triggered by an ADS holder where the shares that underlie the holder’s ADSs represent 25.0% or more of the shares or voting rights of the company. We have entered into listing agreements with BSE and NSE, on which our equity shares are listed, pursuant to which we must report to the stock exchanges any disclosures made to the company pursuant to the Takeover Code.

Voting Rights of Deposited Equity Shares Represented by ADSs

Under Indian law, voting in relation to the equity shares is by show of hands unless a poll is demanded by a member or members present in person or by proxy holding at least 10.0% of the total shares entitled to vote on the resolution or by those holding shares with an aggregate paid up capital of at least Rs.500,000. A proxy (other than a body corporate represented by an authorized representative) may not vote except on a poll. As soon as practicable after receipt of notice of any general meetings or solicitation of consents or proxies of holders of shares or other deposited securities, our Depository shall fix a record date for determining the holders entitled to give instructions for the exercise of voting rights. The Depository shall then mail to the holders of ADSs a notice stating (i) such information as is contained in such notice of meeting and any solicitation materials, (ii) that each holder on the record date set by the Depository will be entitled to instruct the Depository as to the exercise of the voting rights, if any pertaining to the deposited securities represented by the ADSs evidenced by such holder’s ADRs, and (iii) the manner in which such instruction may be given, including instructions to give discretionary proxy to a person designated by us.



On receipt of the aforesaid notice from the Depository, our ADS holders may instruct the Depository on how to exercise the voting rights for the shares that underlie their ADSs. For such instructions to be valid, the Depository must receive them on or before a specified date. The Depository will try, as far as is practical, and subject to the provisions of Indian law and our Memorandum of Association and our Articles of Association, to vote or to have its agents vote in relation to the shares or other deposited securities as per our ADS holders' instructions. The Depository will only vote or attempt to vote as per an ADS holder's instructions. The Depository will not itself exercise any voting discretion. Neither the Depository nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast, or for the effect of any vote. There is no guarantee that our shareholders will receive voting materials in time to instruct the Depository to vote and it is possible that ADS holders, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations, 2015 were announced on January 15, 2015 (the "SEBI Regulations") and become effective on May 15, 2015. The SEBI Regulations replace the erstwhile SEBI (Prohibition of Insider Trading) Regulations, 1992. Key changes pursuant to the SEBI Regulations include:

- Widening the definition of "Insider" to include "connected person" such as any person who has a contractual, fiduciary or employment relationship that allows such person directly or indirectly access to unpublished price sensitive information ("UPSI");
- Limiting the scope of "Relatives" to "Immediate Relatives" as defined under the Regulations;
- Defining UPSI and "generally available information" and prohibiting trading by Insiders while they are in possession of UPSI;
- Widening the definition of "trading" to include "dealing," "subscribing" and "pledging" when in possession of UPSI;
- Widening the disclosure obligations of trading by Insiders to include all employees (and their immediate relatives) for trading in excess of Rs.10 lakhs of securities in a calendar quarter;
- Requiring Insiders to exchange UPSI only on a need-to-know basis;
- Prohibiting the procurement of UPSI except for legitimate purposes, performance of duties or discharge of legal obligations;
- Creating a Trading Plan option for persons who may be perpetually in possession of UPSI;
- Changing the re-opening of the trading window for Insiders from 24 to 48 hours after information becoming generally available to the public.

Under the SEBI Regulations, the Company is required to formulate a stated framework and policy for the fair disclosure of events and occurrences that could impact the price of its securities. This policy shall be framed on principles such as the equality of access to information, publication of policies such as those on dividends, inorganic growth pursuits, calls on meetings with analysts and the publication of transcripts of such calls and meetings.

Comparison of Shareholders' Rights

We are incorporated under the laws of India. The following discussion summarizes certain material differences between the rights of holders of our equity shares and the rights of holders of the common stock of a typical corporation incorporated under the laws of the State of Delaware which result from differences in governing documents and the laws of India and Delaware. The rights of holders of our ADSs differ in certain respects from those of holders of our equity shares.

This discussion does not purport to be a complete statement of the rights of holders of our equity shares under applicable law in India and our amended and restated Memorandum and Articles of Association or the rights of holders of the common stock of a typical corporation under applicable Delaware law and a typical certificate of incorporation and bylaws.



20018GsPnWMCcaVgc

Delaware Law

Indian Law

Annual and Special Meetings of Shareholders

Shareholders of a Delaware corporation generally do not have the right to call meetings of shareholders unless that right is granted in the certificate of incorporation or by-laws. However, if a corporation fails to hold its annual meeting within a period of 30 days after the date designated for the annual meeting, or if no date has been designated for the annual meeting, or if no date has been designated for a period of 13 months after its last annual meeting, the Delaware Court of Chancery may order a meeting to be held upon the application of a shareholder.

Quorum Requirements for Meetings of Shareholders

A Delaware corporation's certificate of incorporation or bylaws can specify the number of shares which constitute the quorum required to conduct business at a meeting, provided that in no event shall a quorum consist of less than one-third of the shares entitled to vote at a meeting.

While shareholders of a company do not have any right to call for an annual general meeting, shareholders holding one-tenth of the paid-up share capital of the company have a right to request an extraordinary general meeting. However, in the event the company defaults in holding an annual general meeting within 15 months from the date of its last annual general meeting, the GoI may order a meeting to be held upon the application of any shareholder.

Our Articles of Association specify that the quorum for the general meeting shall be as provided in the Companies Act, 2013.. According to the Indian Companies Act, quorum for a general meeting is at least 30 shareholders personally present if number of members as on date of meeting is exceeding 5,000 to vote and in such instances, the Indian Companies Act supersedes the Articles of Association.

**Delaware Law****Indian Law*****Board of Directors***

A typical certificate of incorporation and bylaws would provide that the number of directors on the board of directors will be fixed from time to time by a vote of the majority of the authorized directors. Under Delaware law, a board of directors can be divided into classes and cumulative voting in the election of directors is only permitted if expressly authorized in a corporation's certificate of incorporation.

Our Articles of Association provide that unless otherwise determined by the shareholders at a general meeting, the number of directors shall not be less than three or more than 15. The Company may appoint more than 15 directors by seeking the approval of its members by way of a special resolution. Under Indian law, the appointment and removal of directors (other than additional directors) is required to be approved by the shareholders. There is no concept under Indian law as to division of the board of directors into different classes or cumulative voting.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under Indian law, a director of a company, other than a director appointed by the GoI, may be removed by an approval of the members by way of an ordinary resolution, provided that a special notice of the resolution to remove the director is given in accordance with the provisions of the Indian Companies Act. Under our Articles of Association, any director who has been appointed by any persons pursuant to the provisions of an agreement with us may be removed at any time by such person.

Filling Vacancies on the Board of Directors

A typical certificate of incorporation and bylaws provide that, subject to the rights of the holders of any preferred stock, any vacancy, whether arising through death, resignation, retirement, disqualification, removal, an increase in the number of directors or any other reason, may be filled by a majority vote of the remaining directors, even if such directors remaining in office constitute less than a quorum, or by the sole remaining director. Any newly elected director usually holds office for the remainder of the full term expiring at the annual meeting of stockholders at which the term of the class of directors to which the newly elected director has been elected expires.

The board of directors has the power to fill a vacancy on the board and any director so appointed shall hold office only so long as the vacating director would have held such office if no vacancy had occurred.

Interested Director Transactions

Interested director transactions are not voidable if (i) the material facts as to the interested director's relationship or interests are disclosed or are known to the board of directors and the board in good faith authorizes the transaction by the affirmative vote of a majority of the disinterested directors, (ii) the material facts are disclosed or are known to the shareholders entitled to vote on such transaction and the transaction is specifically approved in good faith by vote of the majority of shares entitled to vote on the matter or (iii) the transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors, a committee or the shareholders.

Under Indian law, contracts or arrangements in which one or more directors of an Indian company has an interest are not void or voidable because of such interest, provided that certain conditions, such as obtaining the required approval of the board of directors and disclosing the nature of the interest to the board of directors, are satisfied. Subject to a few exceptions, for an interested director transaction not to be voided, (a) the interested director is required to disclose the nature of his concern or interest at a meeting of the board of directors, whether directly or indirectly, is concerned or interested including the Director who a Promoter, Manager, Chief Executive Officer of anybody corporate; (b) the board of directors is required to grant its consent to the contract or arrangement; (c) the interested director is not permitted to take part in the discussion of, or vote on, the contract or arrangement; and (d) the approval of the members is required by way of special resolution to be obtained in the event the paid up share capital of the company is more than Rs. 100 million. An interested director is not to be counted for the purposes of quorum at the time of any such discussion or vote and if the interested director does vote, the vote shall be void. The contravention of relevant provisions is punishable with fine.



Delaware Law

Indian Law

Cumulative Voting

Delaware law does not require that a Delaware corporation provide for cumulative voting. However, the certificate of incorporation of a Delaware corporation may provide that shareholders of any class or classes or of any series may vote cumulatively either at all elections or at elections under specified circumstances.

There is no concept of cumulative voting under Indian law.

Shareholder Action Without a Meeting

Unless otherwise specified in a Delaware corporation's certificate of incorporation, any action required or permitted to be taken by shareholders at an annual or special meeting may be taken by shareholders without a meeting, without notice and without a vote, if consents, in writing, setting forth the action, are signed by shareholders with not less than the minimum number of votes that would be necessary to authorize the action at a meeting. All consents must be dated. No consent is effective unless, within 60 days of the earliest dated consent delivered to the corporation, written consents signed by a sufficient number of holders to take the action are delivered to the corporation.

There is no concept of shareholder action without a meeting under Indian law.

Business Combinations

With certain exceptions, a merger, consolidation or sale of all or substantially all the assets of a Delaware corporation must be approved by the board of directors and a majority of the outstanding shares entitled to vote thereon.

The sale, lease or disposal of all or substantially all of the assets of an Indian company must be approved by the board of directors and shareholders holding a majority of the voting share capital of the company.

Under the Indian Companies Act, the merger of two companies is required to be approved by a Court of competent jurisdiction and by a three-fourths majority of each class of shareholders and creditors of the company present and voting at the meetings held to approve the merger.

Interested Stockholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date on which such person becomes an interested shareholder. An interested shareholder generally is one which owns or owned 15.0% or more of the target's outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Indian law does not prohibit corporate transactions but does require disclosure of related party transactions in the financial statements of the company. Under applicable accounting standards in India, during the time that a related party transaction exists, a company is required to disclose the name of the related parties, describe the relationship between the parties, describe the nature of the transactions and disclose the volume of the transactions either as an amount or as an appropriate proportion, the amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date and the amounts written off or written back in the period in respect of debts due from or to related parties.

Transactions undertaken between a company and a person having a substantial interest in the company would qualify as a related party transaction and would be required to be disclosed under applicable accounting standards in India. Under such accounting standards, a party is considered to have a substantial interest in a company if that party owns, directly or indirectly, 20.0% or more of the voting power in the company.



Delaware Law

Indian Law

Limitations on Personal Liability of Directors

A Delaware corporation may include in its certificate of incorporation provisions limiting the personal liability of its directors to the corporation or its shareholders for monetary damages for many types of breach of fiduciary duty. However, these provisions may not limit liability for any breach of the director’s duty of loyalty, acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, the authorization of unlawful dividends, or unlawful share purchase or redemption, or any transaction from which a director derived an improper personal benefit. Moreover, these provisions would not be likely to bar claims arising under US federal securities laws.

Generally, Indian law provides that directors are not personally liable in respect of contracts of the company. However, where a director acts without the approval or ratification of the company, such director may be personally liable. Directors are also personally liable for breach of trust or misfeasance, both civilly and in some cases criminally. The Indian Companies Act contains certain provisions making directors personally liable to discharge certain monetary obligations in their capacity as directors, such as the non-refund of share application monies or excess application monies within the time limit stipulated by the Indian Companies Act. Similarly, the Indian Companies Act provides for civil liability of directors for misstatements in a prospectus issued by the company that has been signed by the directors, including the obligation to pay compensation to any persons subscribing to the shares of the company on the faith of statements made in the prospectus. Directors’ and officers’ liability insurance policies are available in India. However, the permissible coverage under such policies is subject to the same limitations as on the ability of the company to indemnify its directors as described under “- *Indemnification of Directors and Officers.*”

Indemnification of Directors and Officers

A Delaware corporation may indemnify a director or officer of the corporation against expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in defense of an action, suit or proceeding by reason of his or her position if (i) the director or officer acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and (ii) with respect to any criminal action or proceeding, the director or officer had no reasonable cause to believe his or her conduct was unlawful.

Under Indian law, subject to specified exceptions, any provision, whether contained in the Articles of Association of a company or in any agreement, exempting or indemnifying any director, officer or auditor of the company against any liability in respect of any negligence, default, breach of duty or breach of trust which would by law otherwise attach to such director, officer or auditor, shall be void. However, pursuant to the exceptions permitted under Indian law, our Articles of Association provide for indemnification of any officer or agent against any liability incurred by such person in successfully defending any proceeding, whether civil or criminal, in which such person is acquitted in whole or in part on the grounds that such person had acted honestly and reasonably, or in connection with an application made by an officer or agent to the High Court of the relevant state for relief for reason that he or she has a reason to apprehend that any proceeding may be brought against him in respect of any negligence, default, breach of duty, misfeasance or breach of trust in which relief has been granted by such High Court.

Appraisal Rights

A shareholder of a Delaware corporation participating in certain major corporate transactions may, under certain circumstances, be entitled to appraisal rights pursuant to which the shareholder may receive cash in the amount of the fair value of the shares held by that shareholder (as determined by a Court) in lieu of the consideration the shareholder would otherwise receive in the transaction.

There is no concept of appraisal rights under Indian law.

**Delaware Law****Indian Law*****Shareholder Suits***

Class actions and derivative actions generally are available to the shareholders of a Delaware corporation for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

Under the Indian Companies Act, shareholders holding not less than one tenth of the issued share capital, shareholders representing not less than one tenth of the total number of members or one hundred members, provided that they have paid all calls and other sums due on their shares, have the right to request the CLB, a statutory body, for an order or injunction as to the taking or not taking of an action by the company on the following grounds of oppression or mismanagement: (a) that the company's affairs are being conducted in a manner prejudicial to public interest, in a manner oppressive to any member or members or in a manner prejudicial to the interests of the company; and (b) that a material change has taken place in the management or control of the company, whether by a change in the board of directors or management or in the ownership of the company's shares, and by reason of such change it is likely that the affairs of the company will be conducted in a manner prejudicial to public interest or in a manner prejudicial to the interests of the company.

Inspection of Books and Records

All shareholders of a Delaware corporation have the right, upon written demand under oath stating the purpose thereof, to inspect or obtain copies of the corporation's shares ledger and its other books and records for any proper purpose.

Pursuant to our Articles of Association, our Board of directors has the authority to determine whether and to what extent and at what times and places and under what conditions or regulations our books are open to the inspection of the shareholders. Further, no shareholder of the company has the right to inspect any record of the company except as conferred under law or authorized by the board of directors or by the shareholders in a general meeting. The books containing the minutes of the proceedings of any general meetings of the shareholders are required to be kept at the registered office of the company and such materials are to be opened for inspection by any shareholder, without charge, subject to reasonable restrictions which may be imposed by a company's articles or the general meeting of the shareholders. If an inspection is refused, the company and every officer of the company in default will be punishable with a fine. Under Indian law, the audited financial statements for the relevant financial year, the directors' report and the auditors' report are required to be provided to the shareholders before the annual general meeting.

Amendment of Governing Documents

Amendments to the certificate of incorporation of a Delaware corporation require the affirmative vote of the holders of a majority of the outstanding shares entitled to vote thereon or such greater vote as is provided for in the certificate of incorporation; a provision in the certificate of incorporation requiring the vote of a greater number or proportion of the directors or of the holders of any class of shares than is required by Delaware corporate law may not be amended, altered or repealed except by such greater vote.

Under Indian Law, subject to certain specified amendments that require the additional approval of the central government, a company may make amendments to its articles with the approval of shareholders holding not less than 75.0% of the shares of the company.

**Delaware Law*****Distributions and Dividends; Repurchases and Redemptions***

Delaware law permits a corporation to declare and pay dividends out of statutory surplus or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or for the preceding fiscal year as long as the amount of capital of the corporation following the declaration and payment of the dividend is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets.

Under Delaware law, any corporation may purchase or redeem its own shares, except that generally it may not purchase or redeem those shares if the capital of the corporation is impaired at the time or would become impaired as a result of the redemption. A corporation may, however, purchase or redeem capital shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares if the shares are to be retired and the capital reduced.

Indian Law

Under Indian law, if the profits for a year are insufficient, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the 3 years immediately preceding that year.

(ii) the total amount to be drawn from the accumulated profits from previous years and transferred to the reserves may not exceed an amount equivalent to one tenth of the paid-up capital and free reserves; and

(iii) the amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of the equity shares is declared.

(iv) the balance of reserves after such withdrawal shall not fall below fifteen percent of its paid up share capital as appears in the latest audited financial statement.

Shareholders have a right to claim a dividend, after such dividend has been declared by the company at a general meeting. Shareholders also have a right to claim the interim dividends, which may be declared only pursuant to a resolution of the company's board of directors provided that in the event the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of an interim dividend, then such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during the immediately preceding 3 financial years. Dividends may be paid in cash or by cheque or warrant or in any electronic mode to the shareholder. Where a dividend has been declared by a company but has not been paid within 30 days from the date of declaration to any shareholder entitled to the payment of such dividend, a penalty can be imposed on a director who is knowingly a party to such default.

According to the Indian Companies Act, a company is empowered to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back), subject to certain conditions including: (a) the buy-back must be authorized by the articles of association of the company; (b) a resolution must be passed by shareholders holding not less than 75.0% of the outstanding shares in the general meeting of the company authorizing the buy-back; (c) the buy-back is limited to 25.0% of the total paid up capital and free reserves; (d) the ratio of debt owed by the company must not be more than twice the capital and free reserves after such buy-back; and (e) the buy-back must be in accordance with the SEBI (Buy-Back of Securities) Regulations, 1998.



Conditions (a) and (b) mentioned above would not be applicable if the buy-back is for less than 10.0% of the total paid-up equity capital and free reserves of the company and such buy-back has been authorized by the Board of directors of the company. Further, a company buying back its securities is not permitted to buy-back any additional securities for a period of 1 year after the buyback or to issue any securities of the same kind for a period of 6 months.

A company is also prohibited from purchasing its own shares or specified securities directly or indirectly.

**Comparison of Corporate Governance Standards**

The listing of our ADSs on the NYSE and our equity shares on the NSE and BSE cause us to be subject to NYSE listing standards and Indian corporate governance requirements set out in the listing agreements that we have entered into with the NSE and BSE.

The NYSE listing standards applicable to us, as a foreign private issuer, are considerably different from those applicable to companies incorporated in the United States. Under the NYSE rules, we need only (i) establish an independent audit committee that has specified responsibilities as described in the following table; (ii) provide prompt certification by our chief executive officer of any material non-compliance with any corporate governance rules of the NYSE; (iii) provide periodic (annual and interim) written affirmations to the NYSE with respect to our corporate governance practices; and (iv) provide a brief description of significant differences between our corporate governance practices and those followed by US companies.

The corporate governance requirements which apply to us as a listed company on the NSE and BSE are contained in Clause 49 of the listing agreements that we have entered into with the NSE and BSE. Clause 49 has been amended from time to time.

The following table summarizes certain material differences in the corporate governance standards applicable to us under our listing agreements with the NSE and BSE and the corporate governance standards for a NYSE-listed company, both to a typical US domestic issuer and the requirements that would be different for us as a foreign private issuer.

Standard for NYSE-Listed Companies**Requirements under our Listing Agreements with the NSE and BSE*****Director Independence***

A majority of the board must consist of independent directors. Independence is defined by various criteria including the absence of a material relationship between the director and the listed company. For example, directors who are employees, are immediate family of an executive officer of the company or receive over \$ 120,000 per year in direct compensation from the listed company are not independent. Directors who are employees of or otherwise affiliated through immediate family with the listed company's independent auditor are also not independent. Determinations of independence were made by the board.

The non-management directors must meet at regularly scheduled executive sessions without management.

(The NYSE requirements for a board consisting of independent directors and non-management directors meeting at regularly scheduled executive sessions do not apply to us as a foreign private issuer.)

If the Chairman of the board of directors is an executive director, at least 50.0% of the board of directors should comprise of independent directors. If the Chairman of the board of directors is a non-executive director, then at least one third of the board should comprise of independent directors, provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying a management position at the board of directors level or at one level below that, at least 50.0% of the board of directors should comprise of independent directors. Clause 49 of the listing agreements define an "independent director" to mean a non-executive director who (i) is receiving director's remuneration and does not have any other material pecuniary relationship or transaction with the company, its promoters, its directors, its senior management or its holding company or its subsidiaries or its associates, which may affect the independence of the director; (ii) is not related to promoters or management at the board level or at one level below the board; (iii) has not been an executive of the company in the immediately preceding 3 financial years; (iv) is not a partner or an executive and has not been a partner or executive during the preceding 3 financial years, of the statutory audit firm or the internal audit firm or the legal firm and consulting firm of the company; (v) is not a material supplier, service provider, customer, lessee, or lessor of the company; (vi) is not a shareholder, owning 2.0% or more of the voting shares of the company; and (vii) is not less than 21 years of age.

Standard for NYSE-Listed CompaniesRequirements under our Listing Agreements with the NSE and BSE

With effective from October 1, 2014, it is required under the listing agreement that:

The board of directors of the company shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than 50% of the board of directors comprising non-executive directors.

Where the Chairman of the board is a non-executive director, at least one-third of the board should comprise independent directors and in case the company does not have a regular non-executive Chairman, at least 50% of the board should comprise independent directors. Provided that where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the board, at least 50% of the Board of the company shall consist of independent directors.

Clause 49 of listing agreement define an 'independent director' to mean a non-executive, who

- (a) in the opinion of the board, is a person of integrity and possesses relevant expertise and experience;
- (b) (i) is or was not a promoter of the company or its holding, subsidiary or associate company;
- (b)(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- (c) apart from receiving director's remuneration, has or had no material pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- (d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to 2% or more of its gross turnover or total income or Rs. 5,000,000 or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- (e) who, neither himself nor any of his relatives (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —(A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm.
- (iii) holds together with his relatives 2% or more of the total voting power of the company; or



(iv) is a Chief Executive or director, by whatever name called, of any non-profit organization that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds 2% or more of the total voting power of the company;

(v) is a material supplier, service provider or customer or a lessor or lessee of the company;

(f) who is not less than 21 years of age.

Standard for NYSE-Listed CompaniesRequirements under our Listing Agreements with the NSE and BSE***Audit Committee***

The audit committee must (i) be comprised entirely of independent directors; (ii) be directly responsible for the appointment, compensation, retention and oversight of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer, and each such registered public accounting firm must report directly to the audit committee; (iii) establish procedures for the receipt, retention and treatment of complaints with respect to accounting and auditing issues; (iv) establish procedures for the confidential, anonymous submission by employees of the listed issuer of concerns regarding questionable accounting or auditing matters; (v) be authorized to engage independent counsel and other advisers it deems necessary to perform its duties; and (vi) be given sufficient funding by the Board of directors to compensate the independent auditors and other advisors as well as for the payment of ordinary administrative expenses incurred by the committee that are necessary or appropriate in carrying out its duties.

The listing agreements require that the role of the audit committee should include the following:

- To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend to the board of directors the appointment and removal of the auditor of the company, fix the audit fee and also approve of payment to such auditor for any other services rendered by him.
- To review with management the annual financial statements before submission to the board of directors, focusing primarily on matters required to be included in the Director's Responsibility Statement, any changes in accounting policies and practices, any major accounting entries based on exercise of judgment by management, any qualifications in the draft audit report, any significant adjustments arising out of the audit, the going concern assumption, compliance with accounting standards, compliance with stock exchange and legal requirements concerning financial statements and any related party transactions.
- To review with management the statement of uses or application of funds raised through an issue of securities, the statement of funds utilized for purposes other than as stated in the offer document and the report submitted by the monitoring committee agency, to monitor the utilization of proceeds of a public or rights issue, and to make appropriate recommendations to the board to take up steps in this matter
- To review with management the performance of statutory and internal auditors, and the adequacy of internal control systems.
- To review the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- To discuss with internal auditors any significant findings and follow-up thereon.
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the board.



Standard for NYSE-Listed Companies

Requirements under our Listing Agreements with the NSE and BSE

- To discuss with statutory auditors before the audit commences, the nature and scope of the audit as well as to conduct post-audit discussions to ascertain any area of concern.
- To review the company's quarterly financial statements and management policies.
- To examine the reasons for substantial defaults in payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of whistle blower mechanism.
- Approval of appointment of the Chief Financial Officer (that is, the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- To review the management's discussion and analysis of financial condition and results of operation.
- To review the statement of significant related party transactions submitted by the management.
- To review the management letters/letters of internal control weaknesses issued by the statutory auditors.
- To review the internal audit reports relating to internal control weaknesses.
- To review the appointment, removal and terms of remuneration of the chief internal auditor.

With effective from October 1, 2014, as per clause 49 of listing agreement, in addition to the above role, the following are additional role of the audit committee:

- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To approve or subsequently modify transactions of the company with related parties;
- To scrutinize inter-corporate loans and investments;
- To identify the value of undertakings or assets of the company, wherever it is necessary;
- To evaluate internal financial controls and risk management systems;

The audit committee must consist of at least three members, and each member must be independent within the meaning established by the NYSE and Rule 10A-3 under the Exchange Act. The audit committee members must be financially literate or become financially literate within a reasonable period of their appointment to the audit committee.

Clause 49 of the listing agreements require that a qualified and independent audit committee should be set up, which has a minimum of three members. Two-thirds of its members should be independent directors and the chairman of the audit committee should be an independent director.



Each listed company must have disclosed whether its Board of directors has identified an audit committee financial expert (as defined under applicable rules of the SEC) and if not, the reasons why the Board has not done so.

The audit committee must have a written charter that addresses the committee's purpose and responsibilities.

At a minimum, the committee's purpose must be to assist the Board in the oversight of the integrity of the company's financial statements, the company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence and the performance of the company's internal audit function and independent auditors.

The duties and responsibilities of the audit committee include conducting a review of the independent auditing firm's annual report describing the firm's internal quality control procedures, any material issues raised by the most recent internal quality control review or peer review of the firm and any steps taken to address such issues.

The audit committee is also to assess the auditor's independence by reviewing all relationships between the company and its auditor. It must establish the company's hiring guidelines for employees and former employees of the independent auditor.

The committee must also discuss the company's annual audited financial statements and quarterly financial statements with management and the independent auditors, the company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, and policies with respect to risk assessment and risk management.

Each listed company must have an internal audit function.

The committee must also meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with independent auditors and review with the independent auditor any audit problems or difficulties and management's response.

The committee must report regularly to the Board.

(The NYSE audit committee requirements apply to us as foreign private issuers and we are not exempt from this requirement.)

Compensation Committee

Listed companies must have a compensation committee composed entirely of independent board members as defined by the NYSE listing standards.

The committee must have a written charter that addresses its purpose and responsibilities.

The listing agreements also require that all members of the audit committee should be financially literate and at least one member should have financial management and accounting expertise.

In addition to the role of the audit committee described above, the audit committee is required to have powers that include the ability to investigate any activity within their terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise if this is considered necessary.

The listing agreements require an Indian listed company to have an internal audit function.

Clause 49 of the listing agreements also require that the audit committee should meet at least four times in a year and not more than 4 months should lapse between two meetings.

With effective from October 1, 2014, according to clause 49 of listing agreement states that, the company shall set up a nomination and remuneration committee which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.



These responsibilities include (i) reviewing and approving corporate goals and objectives relevant to CEO compensation; (ii) evaluating CEO performance and compensation in light of such goals and objectives for the CEO; (iii) based on such evaluation, reviewing and approving CEO compensation levels; (iv) recommending to the board non-CEO compensation, incentive compensation plans and equity-based plans; and (v) producing a report on executive compensation as required by the SEC to be included in the company's annual proxy statement or annual report. The committee must also conduct an annual performance self-evaluation.

(The NYSE compensation committee requirements allow us, as a foreign private issuer, to follow our home country rules in this regard. We comply with our home country rules applicable to the Compensation Committee.)

Nominating/Corporate Governance Committee

Listed companies must have a nominating/corporate governance committee composed entirely of independent board members.

The committee must have a written charter that addresses its purpose and responsibilities, which include (i) identifying individuals qualified to become board members; (ii) selecting, or recommending that the board select, the director nominees for the next annual meeting of shareholders; (iii) developing and recommending to the board a set of corporate governance principles applicable to the company; (iv) overseeing the evaluation of the board and management; and (v) conducting an annual performance evaluation of the committee.

(The NYSE nominating/corporate governance committee requirements do not apply to us as a foreign private issuer.)

Equity-Compensation Plans

Shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions thereto, with limited exceptions.

(The NYSE requirement for shareholder approval of equity-compensation plans does not apply to us as a foreign private issuer.)

The role of the committee shall include the following:

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (ii) Formulation of criteria for evaluation of Independent Directors and the board;
- (iii) Devising a policy on board diversity;
- (iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its annual report.

Companies Act, 2013 requires that every listed company shall constitute a nomination and remuneration committee, comprising of three or more non-executive directors, out of which not less than one-half shall be independent directors. This committee is also required with effect from October 1, 2014, as per clause 49 of the listing agreement.

Further, clause 49 of the listing agreement requires that with effect from October 1, 2014, the role of the committee shall include the following:

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (ii) Formulation of criteria for evaluation of Independent Directors and the board;
- (iii) Devising a policy on board diversity;
- (iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Under Section 54 of the Companies Act, 2013, a company may issue equity shares of an existing class of shares to employees or directors at a discount or for consideration other than cash if such issue is authorized by a special resolution passed by the company in a general meeting.

The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, also require that a special resolution be passed by the shareholders of a company in a general meeting to approve an employee stock option or stock purchase scheme.



Corporate Governance Guidelines

Listed companies must adopt and disclose corporate governance guidelines.

(The NYSE requirement that corporate governance guidelines be adopted does not apply to us as a foreign private issuer. However, we must disclose differences between the corporate governance standards to which we are subject and those of the NYSE.)

Code of Business Conduct and Ethics

All listed companies, United States and foreign, must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers.

(The NYSE requirement for a code of business conduct and ethics does not apply to us as a foreign private issuer.)

Corporate governance requirements for listed companies in India are included in Clause 49 of the listing agreements required to be entered into with the NSE and BSE.

Clause 49 of the listing agreements require that the board of directors shall lay down a code of conduct for all board members and senior management of a listed company. This code of conduct is required to be posted on the website of the company. Further, all board members and senior management personnel are required to affirm compliance with the code on an annual basis and the company's annual report must contain a declaration to this effect signed by its CEO.

With effective from October 1, 2014, according to clause 49 of listing agreement,

- The Code of Conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013.
- An independent director shall be held liable, only in respect of such acts of omission or commission by a company which had occurred with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently with respect of the provisions contained in the Listing Agreement.

C. Material Contracts

The following is a summary of each of our material contracts, other than contracts entered into in the ordinary course of business, to which we are a party, for the 2 years immediately preceding the date of this Annual Report.

Representative Office Agreement with Vedanta

SIIL entered into a representative office agreement with Vedanta on March 29, 2005 under which Vedanta agreed to provide technical and commercial materials to us to enable us to promote our business or raise funds overseas, and to be our non-exclusive overseas representative, for which we agreed to pay an amount of \$ 2.0 million per year to Vedanta. This agreement expired on March 31, 2013.

Since the effectiveness of the Re-organization Transactions, we renewed this agreement on similar terms with Vedanta on May 20, 2014 for a period of 5 years. Under this renewed agreement, we have agreed to pay an amount of \$ 2.0 million to Vedanta. This agreement is valid until March 2018.

Consultancy Agreement with Vedanta

SIIL entered into a consultancy agreement with Vedanta on March 29, 2005 under which Vedanta agreed to provide strategic planning and consultancy services to us and our subsidiaries in various areas of business such that we are able to finalize and implement our plans for growth and are able to raise the necessary finances. The terms of this agreement were negotiated by us and Vedanta and we believe them to be fair and reasonable. Under this agreement, Vedanta agreed to make certain of its employees available to us. The anticipated fee used for reference in the agreement, which was based on a relevant proportion of the expected annual budgeted costs for fiscal year 2005 plus the mark-up of 40.0%, was \$ 3.0 million per year. This agreement expired on March 31, 2013.



Since the effectiveness of the Re-organization Transactions, we have renewed this agreement with Vedanta on May 20, 2014 for a period of 5 years on similar terms. This agreement is valid until March 2018. Under this agreement, Vedanta has agreed to make certain of its employees available to us and we have agreed to pay a service fee to Vedanta on the basis of, among other things, the amount of time spent in providing the services and associated costs for which we have agreed to pay an amount of \$ 3.0 million per year.

Outsourcing Services Agreement with Vedanta

SIIL entered into a service agreement with Vedanta on April 1, 2010, under which we agreed to provide accounting, treasury and related services at the request of Vedanta from time to time. In consideration of above, Vedanta agreed to pay us service charges aggregating to an amount of \$ 0.2 million per year.

Since the effectiveness of the Re-organization Transactions, we renewed this agreement with Vedanta on May 20, 2014 for a period of 5 years. This agreement is valid until March 2018 and Vedanta has agreed to pay us service charges aggregating to an amount of \$ 0.35 million per year with an annual increase of 10.0%.

Outstanding loans

See Note 18 "Borrowings" in Notes to Consolidated Financial Statements for more details.

D. Exchange Controls

General

Ownership of Indian companies by foreigners is regulated by the GoI and Reserve Bank of India ('RBI') under the provisions of Foreign Exchange Management Act of 1999 ("FEMA"), as amended, read with the rules, regulations and notifications issued under FEMA ('Foreign Exchange Control Regulations'). Foreign investment in securities issued by Indian companies is generally regulated by the Foreign Exchange Control Regulations. A person resident outside India can transfer any security of an Indian company or any other security to an Indian resident only in accordance with the terms and conditions specified under Foreign Exchange Control Regulations made thereunder or as permitted by the RBI.

Foreign Direct Investment

The GoI, pursuant to its liberalization policy, set up the FIPB, to regulate all foreign direct investment. Foreign direct investment ("FDI"), means investment by non- resident entity or a person resident outside India in the capital of the Indian Company under Schedule 1 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000. FDI in India can be either through the automatic route or through the government approval route. Over a period of time, the GoI has relaxed the restrictions on foreign investment.

A person resident outside India or an entity incorporated outside India, can invest in India, subject to the FDI policy of the GoI and other terms and conditions as applicable. A person who is a citizen of Bangladesh or an entity incorporated in Bangladesh can invest in India under the FDI Scheme, with the prior approval of the GoI. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the approval route, in sectors/activities other than defense, space and atomic energy and sectors/activities prohibited for foreign investment.

Subject to certain conditions, under current regulations, FDI in most industry sectors does not require prior approval of the FIPB if the percentage of equity holding by all foreign investors does not exceed specified industry-specific thresholds. These conditions include certain minimum pricing requirements, compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended, ("the Takeover Code"), exit and ownership restrictions based on the nature of the foreign investor. FDI is prohibited in certain sectors such as lottery business, atomic energy, railways (other than Mass Rapid Transport Systems), real estate business or construction of farm houses and manufacturing of cigars.

Also, certain investments require the prior approval of the FIPB, including:

- investments including transfer of shares in excess of specified sectoral caps or investments in sectors in which FDI is not permitted or in sectors which specifically require approval of the FIPB;
- foreign investment into an Indian company, engaged only in the activity of investing in the capital of other Indian companies, will require prior government/FIPB approval, regardless of the amount or extent of foreign investment;
- foreign investment of more than 24.0% in the equity capital of units manufacturing items reserved for small scale industries; and
- all proposals relating to the acquisition of shares of an Indian company by a foreign investor (including an individual of Indian nationality or origin residing outside India and corporations established and incorporated outside India) which are not under the automatic route.



FDI policy had laid down guidelines for calculation of direct and indirect foreign investment in an Indian company.

A person residing outside India (other than a citizen of Pakistan or Bangladesh) or any entity incorporated outside India (other than an entity incorporated in Pakistan or Bangladesh and an overseas corporate body as defined in FEMA) has general permission to purchase equity shares (including partly paid up shares), convertible debentures or preference shares of an Indian company (mandatorily required to be fully paid up), subject to certain terms and conditions.

Currently, subject to certain exceptions, FDI and investment by Non-Resident Indians ("NRIs") (as defined under FEM (Deposit) Regulations, 2000), in Indian companies on non-repatriation basis do not require the prior approval of the FIPB or the RBI. The GoI has indicated that in all cases where FDI is allowed on an automatic basis without FIPB approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment.

As per the FDI Policy, downstream investment means indirect foreign investment (an investment by an Indian company which in turn, has foreign investment), into another Indian company, by way of subscription or acquisition. Downstream investment by an Indian company, which is owned and/or controlled by non-resident entities, into another Indian company, must be in accordance with the relevant sectoral conditions and caps with regard to the sectors in which the latter Indian company is operating.

Downstream investments by Indian companies will be subject to the following conditions:

- Such a company is to notify the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion and the Foreign Investment Promotion Board of its downstream investment in the form available at <http://www.fipbindia.com> within 30 days of such investment, even if capital instruments have not been allotted along with the modality of investment in new/existing ventures (with/without expansion program);
- Downstream investment by way of induction of foreign equity in an existing Indian company to be duly supported by a resolution of the board of directors as also a shareholders agreement, if any;
- Issue/transfer/pricing/valuation of shares shall be in accordance with applicable SEBI/RBI guidelines;
- For the purpose of downstream investment, the Indian companies making the downstream investments would have to bring in requisite funds from abroad and not leverage funds from the domestic market. This would, however, not preclude downstream companies, with operations, from raising debt in the domestic market. Downstream investments through internal accruals are permissible by an Indian company under certain conditions provided under FDI policy

We are majorly controlled by a non-resident entity and hence all downstream investments made by us are subject to the above conditions.

Under the current regulations, in the case of mining and processing of aluminium, copper and zinc, FDI up to 100.0% is permitted under the automatic route, subject to the Mines and Minerals (Development and Regulation) Act, 1957.

Portfolio Investment by Non-Resident Indians

A variety of methods for investing in shares of Indian companies are available to NRIs. Under the portfolio investment scheme, each NRI can purchase up to 5.0% of the paid-up value of the share issued by an Indian company, subject to the condition that the aggregate paid-up value of shares purchased by all NRIs does not exceed 10% of the paid up capital of the Company. The aggregate ceiling limit of 10.0% limit may be raised to 24.0% if a special resolution is passed in a general meeting of the shareholders of the company. In addition to portfolio investments in Indian companies, NRIs may also make foreign direct investments in Indian companies under the FDI route discussed above. These methods allow NRIs to make portfolio investments in shares and other securities of Indian companies on a basis not generally available to other foreign investors.

Overseas corporate bodies controlled by NRIs, were previously permitted to invest on more favorable terms under the portfolio investment scheme. The RBI no longer recognizes overseas corporate bodies as an eligible class of investment vehicle under various routes and schemes under the foreign exchange regulations.

**Investment by Foreign Portfolio Investors**

The SEBI (Foreign Portfolio Investors) Regulations, 2014 (“FPI Regulations”) came into effect, where the SEBI clarified on March 28, 2014 that the new regime would commence on June 1, 2014. All the existing foreign institutional investors (“FIIs”), sub accounts and qualified foreign investors (“QFIs”) have been classified together into a new class of investors known as the foreign portfolio investors (“FPIs”). FPIs are required to be registered with the designated depository participant on behalf of the SEBI subject to compliance, with ‘Know Your Customer’ norms. FPIs are permitted to invest only in the following securities:

- securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India;
- units of schemes floated by domestic mutual funds, whether or not listed on a recognized stock exchange;
- units of schemes floated by a collective investment scheme;
- derivatives traded on a recognized stock exchange;
- treasury bills and dated government securities;
- commercial papers issued by an Indian company;
- Rupee denominated credit enhanced bonds;
- security receipts issued by asset reconstruction companies;
- perpetual debt instruments and debt capital instruments, as specified by the RBI from time to time;
- listed and unlisted non-convertible debentures / bonds issued by an Indian company in the infrastructure sector, where ‘infrastructure’ is defined in terms of the RBI External Commercial Borrowings guidelines;
- non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as ‘Infrastructure Finance Companies’ by the RBI;
- Rupee denominated bonds or units issued by infrastructure debt funds;
- Indian depository receipts; and
- such other instruments specified by the SEBI from time to time.

A single foreign portfolio investor or an investor group is permitted to purchase equity shares of a company only below 10.0% of the total issued capital of the company. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the FPI Regulations, an FPI, other than a Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investors by virtue of their investment manager being regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the FPI Regulations) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘Know Your Customer’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Any FII or QFI who holds a valid certificate of registration will be deemed to be a FPI until the expiry of the block of 3 years for which fees has been paid as provided by the SEBI (Foreign Institutional Investors) Regulations, 1995. All existing FIIs and sub accounts, subject to payment of conversion fees specified in the FPI Regulations, may continue to buy, sell or otherwise deal in securities subject to the provisions of the FPI Regulations, until the earlier of (i) expiry of its registration as a FII or sub-account, or (ii) obtaining a certificate of registration as an FPI. All QFIs may continue to buy, sell or otherwise deal in securities until the earlier of (i) up to a period of a one year from the date of commencement of the FPI Regulations or; (ii) obtaining a certificate of registration as an FPI. In furtherance of the FPI Regulations, the RBI amended relevant provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 on March 13, 2014. The portfolio investor registered in accordance with the FPI Regulations would be called ‘Registered Foreign Portfolio Investor (“RFPI”)’. Accordingly, an RFPI may purchase and sell shares and convertible debentures of an Indian company through a registered broker as well as purchase shares and convertible debentures offered to the public under the FPI Regulations. Further, RFPI may sell shares or convertible debentures so acquired (i) in an open offer in accordance with the Takeover Code or (ii) in an open offer in accordance with the SEBI (Delisting of Equity Shares) Regulations, 2009; or (iii) through buyback of shares by a listed Indian company in accordance with the SEBI (Buy-back of Securities) Regulations, 1998. An RFPI may also acquire shares or convertible debentures (i) in any bid for, or acquisition of securities in response to an offer for disinvestment of shares made by the Central Government or any state government; or (ii) in any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the SEBI (ICDR) Regulations, 2009.



The individual and aggregate investment limits for the RFPIs should be below 10.0% or 24.0% respectively of the total paid-up equity capital or 10.0% or 24.0% respectively of the paid-up value of each series of convertible debentures issued by an Indian company and such investment should be within the overall sectoral caps prescribed under the FDI policy. An RFPI may invest in government securities and corporate debt subject to limits specified by the RBI and SEBI from time to time and to trade in all exchange traded derivative contracts on the stock exchanges in India subject to the position limits as specified by SEBI from time to time.

ADSs

Issue of ADSs

Issue of securities through the depository receipt mechanism by Indian companies is governed by the Companies Act, 2013 (Companies Act), the Companies (Issue of Global Depository Receipts) Rules, 2014 (Depository Receipts Rules) and the Depository Receipts Scheme, 2014 (the "DR Scheme").

The GoI approved the DR Scheme on October 21, 2014, which came into force on December 15, 2014. Consequently, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 (the 1993 Scheme") has been repealed except to the extent relating to foreign currency convertible bonds. The DR Scheme is in addition to the other policies or facilities described above, relating to investments in Indian companies by foreign investors.

Under the DR Scheme, an Indian company, whether listed or unlisted, private or public, is permitted to issue securities, including equity shares, through the depository receipt mechanism if such company has not been specifically prohibited from accessing capital markets or dealing in securities.

In terms of the DR Scheme, securities can be issued through the depository receipt mechanism up to a limit so that the aggregate underlying securities issued to foreign depositories for issuance of depository receipts along with securities already held by persons resident outside India does not exceed the applicable foreign investment limits prescribed by regulations framed under the Foreign Exchange Management Act, 1999. The depository receipts and the underlying securities may be converted into each other subject to the applicable foreign investment limit.

The DR Scheme provides that underlying securities shall not be issued to a foreign depository for issuance of depository receipts at a price which is less than the price applicable to a corresponding mode of issuance to domestic investors.

In terms of the DR Scheme, the foreign depository is entitled to exercise voting rights, if any, associated with the underlying securities whether pursuant to voting instructions from the holder of depository receipts or otherwise. Further, a holder of depository receipts issued against underlying equity shares shall have the same obligations as if it were the holder of the equity shares if it has the right to issue voting instruction.

Restrictions on Redemption of ADSs, Sale of the Equity Shares Underlying the ADSs and the Repatriation of Sale Proceeds

A non-resident holder of the ADSs may transfer such ADSs, or request that the overseas depository bank redeem such ADSs. A non-resident holder of ADS can transfer or redeem the ADS into underlying equity shares of the company subject to the procedures specified under the DR Scheme. In the case of redemption, the overseas depository bank will request the domestic custodian bank to release the corresponding underlying shares in favor of the non-resident investor for being sold directly on behalf of the non-resident investor, or being transferred in the books of account of the company in the name of the non-resident.

Foreign investors holding ADS or equity shares equal to or more than 25.0% of the company's total equity capital/ voting rights may be required to make a public announcement of offer to the remaining shareholders of the company under the Takeover Code, when any acquisition of shares or ADS above 25.0% by the foreign investor exceeds the limits specified under the Takeover Code.



Foreign investors who seek to sell any equity shares in India, withdrawn from the depository facility, and to convert the Rupee proceeds from the sale into foreign currency and repatriate the foreign currency from India will also be subject to certain exchange control restrictions on the conversion of Rupees into dollars.

Investors who seek to sell any equity shares in India withdrawn from the depository facility and to convert the Rupee proceeds from the sale into foreign currency and repatriate the foreign currency from India will also be subject to certain exchange control restrictions on the conversion of Rupees into dollars. In June 2015, the RBI revised the restrictions on capital account transactions by resident Indians who are now permitted to remit up to \$ 250,000 per financial year (April-March) for any permissible capital account transaction or a combination of capital account and current account transaction other than remittances made directly or indirectly to Bhutan, Nepal, Mauritius or Pakistan or to countries identified by the Financial Action Task Force as “non co-operative countries and territories.”

Fungibility of ADSs

As per the directions issued by the Ministry of Finance in coordination with RBI on the two-way fungibility of ADSs, an ADS holder who has redeemed the ADS into underlying equity shares and has sold it in the Indian Market is permitted to purchase to that extent, through a registered stock broker in India, shares of an Indian company for the purposes of converting the same into ADSs, subject, inter alia, to the following conditions:

- the shares of the Indian company are purchased on a recognized stock exchange in India;
- the shares are purchased with the permission of the domestic custodian for the ADSs issued by the Indian company and such shares are deposited with the custodian after purchase;
- the custodian agreement is amended to enable the custodian to accept shares from entities other than the company;
- the number of shares of the Indian company so purchased does not exceed the head room which is equivalent to the difference between numbers of ADS originally issued and number of ADS outstanding, as further adjusted for ADS redeemed into underlying shares and registered in the name of the non-resident investor (and is further subject to specified sectoral caps); and
- compliance with the provisions of the ADR Scheme and the guidelines issued thereunder.

Further, the amendment to the regulations permit an issuer in India to sponsor the issue of ADSs through an overseas depository against underlying equity shares accepted from holders of its equity shares in India for offering outside of India. The sponsored issue of ADSs is possible only if the following conditions are satisfied:

- the price of the offering is determined by the lead manager of the offering. The price shall not be less than the average of the weekly high and low prices of the shares of the company during the 2 weeks preceding the relevant date (i.e. the date on which the board of directors of the company decides to open the issue);
- the ADS offering is approved by the Foreign Investment Promotion Board;
- the ADS offering is approved by a special resolution of the shareholders of the issuer in a general meeting;
- the facility is made available to all the equity shareholders of the issuer;
- the proceeds of the offering are repatriated into India within 1 month of the closing of the offering;
- the sales of the existing equity shares are made in compliance with the foreign direct investment policy in India;
- the number of shares offered by selling shareholders are subject to limits in proportion to the existing holdings of the selling shareholders when the offer is oversubscribed; and
- the offering expenses do not exceed 7.0% of the offering proceeds and are paid by shareholders on a pro-rata basis.

The issuer is also required to furnish a report to the RBI specifying the details of the offering, including the amount raised through the offering, the number of ADSs issued, the underlying shares offered and the percentage of equity in the issuer represented by the ADSs.

**Corporate Actions**

The ADS holders are entitled to receive the benefits of corporate actions such as bonus, split and dividend in proportion to the number of equity shares represented by the ADS. The benefits are subject to the terms and conditions of the FEMA regulations and the offer documents of ADS issue.

Buyback of ADS

Shares issued under the ADR Scheme represented by the ADS, are eligible for participation in a buyback scheme, if any, announced by us. In the event that we decide to implement the buyback scheme for ADS holders, the option form for the buyback scheme will be distributed to the ADS custodian who will submit the same to the overseas depository. ADS holders who wish to participate in the buyback scheme may exercise the buyback option by converting the ADS into ordinary equity shares and surrendering those shares to the company under the buyback scheme.

FCCBs**Eligibility**

Foreign Currency Convertible Bonds, or FCCBs, are convertible bonds issued by an Indian company expressed in foreign currency (such as US dollar), the principal and interest in respect of which is payable in foreign currency. FCCBs are required to be issued in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 ("the FCCB Scheme") and subscribed by a non-resident in foreign currency and are convertible into equity shares of the issuing Indian company. The GoI approved the Depository Receipts Scheme ("DR Scheme") on October 21, 2014, which came into force on December 15, 2014. Consequently, the FCCB Scheme in relation to depository receipts has been repealed; however, the FCCB Scheme continues to govern the FCCBs. The External Commercial Borrowing Guidelines, or ECB Guidelines, apply to FCCBs. The provisions of the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations 2004, as amended, are also applicable to FCCBs and the issue of FCCBs must adhere to such provisions.

Automatic Route

Under the terms of the FCCB Schemes and the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations 2004, as amended, read together with the ECB Guidelines, Indian companies are permitted to issue FCCBs under the automatic route in the manner set forth therein, subject to certain conditions specified therein, including:

- the issue of FCCBs are subject to the FDI sectoral caps prescribed by the Ministry of Finance;
- the maturity of the FCCBs shall not be less than 5 years;
- FCCBs cannot be issued with attached warrants;
- issue-related expenses shall not exceed 4.0% of the issue size and in case of private placement, shall not exceed 2% of the issue size; and
- FCCBs issued under the automatic approval route to meet Indian Rupee expenditure are required to be hedged unless there is a natural hedge in the form of uncovered foreign exchange receivables.

The FCCBs issued by us were convertible into ADS subject to the terms and conditions of FEMA guidelines and the offering circular or issue prospectus of the FCCB. However, these convertible notes were due for maturity during fiscal year 2015 and have been repaid on the maturity date.

Pricing of FCCB Issue

Pursuant to a circular dated November 27, 2008 issued by the Ministry of Finance, the pricing guidelines set forth in the ADS and FCCB Schemes have been amended. Pursuant to the circular, the issue price of FCCB and ADS should be not less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the "relevant date", where the "relevant date" means the date of the meeting on which our Board of Directors or the Committee of Directors duly authorized by the Board of Directors decides to issue the FCCB or ADS.

**Regulatory Filings**

We are required to make the following filings in connection with the issuance of FCCBs and upon conversion of the FCCBs into equity shares:

- filing Form No. 83 with RBI through an authorized dealer;
- filing of information with RBI subsequent to the issuance of FCCBs which would include: the total amount of FCCBs issued, the names of the investors resident outside India and the number of FCCBs issued to each of them, and the amount repatriated to India through normal banking channels duly supported by Foreign Inward Remittance Certificates;
- filing of the return of allotment with the Registrar of Companies, Goa, Daman and Diu, at the time of conversion of the FCCBs into equity shares;
- on conversion of the FCCBs into equity shares, the filing of information with the Regional Office of the RBI in the prescribed Form FC-GPR, and to the Department of Statistics and Information Management, RBI within 7 days of the month to which it relates, in Form No. ECB-2; and
- monthly filing of Form No. ECB-2 with RBI through an authorized dealer.

Buy Back of FCCBs

The RBI permitted buy back of FCCBs by Indian companies prior to the maturity date of such FCCB, after satisfying certain conditions under the approval route until March 31, 2013. On June 25, 2013, the RBI extended the scheme of buy-back of FCCBs under the approval route until December 31, 2013, after which the scheme is discontinued.

Restrictions on equity shares underlying the ADSs issued arising on conversion of FCCB's and the repatriation of Sale Proceeds

FCCB holders who have converted the FCCBs into ADS in accordance with the provisions of the offering circular are entitled to the same rights and subject to the same conditions as normal ADS holders and may withdraw the equity shares underlying ADS from the depository at any time. A person resident outside India may transfer the ADSs held in Indian companies to another person resident outside India without any permission. An ADS holder is permitted to surrender the ADSs held by him in an Indian company and to receive the underlying equity shares under the terms of the Deposit Agreement. Under Indian regulations, the re-deposit of these equity shares with the depository to ADSs may not be permitted. In the case of redemption of FCCBs, the overseas depository bank will request for the domestic custodian bank to release the corresponding underlying shares in favor of the non-resident investor, for being sold directly on behalf of the non-resident investor, or for being transferred in the books of account of the company in the name of the non-resident.

Foreign investors who elect to convert FCCB into ADS would be required to make a public announcement of offer to remaining shareholders of the company under the Takeover Code if the conversion results in their direct or indirect holding in the company equivalent to or in excess of 25.0% of the company's total equity capital or voting rights.

Transfer of Shares

The RBI has now granted general permission to persons resident outside India to transfer shares and convertible debentures held by them to an Indian resident, subject to compliance with certain terms and conditions (including pricing norms) and reporting requirements. A resident who wishes to purchase shares from a non-resident must, pursuant to the relevant notice requirements, file a declaration with an authorized dealer in the prescribed Form FC-TRS within 60 days from the date of receipt of the amount of consideration, together with the relevant documents and file an acknowledgment thereof with the Indian company to effect transfer of the shares.

A non-resident may also transfer any security to a person resident in India by way of gift. The transfer of shares from an Indian resident to a non-resident does not require the prior approval of the GoI or the RBI if the activities of the investee company are under the automatic route pursuant to the FDI Policy and are not under the specified financial services sector, the non-resident shareholding is within sector limits under the FDI policy and the pricing is in accordance with the guidelines prescribed by SEBI and the RBI.



A non-resident of India is generally permitted to sell equity shares underlying the ADSs held by him to any other non-resident of India without the prior approval of the RBI. The RBI has granted general permission for the transfer of shares by a person resident outside India to a person resident in India, subject to compliance with certain pricing norms and reporting requirements.

Other than mutual funds that may purchase ADSs subject to terms and conditions specified by the RBI and employees in connection with stock options, a person resident in India is not permitted to hold ADSs of an Indian company. An ADS holder is permitted to surrender the ADSs held by him in an Indian company and to receive the underlying equity shares under the terms of the deposit agreement.

Exchange Rates

Substantially all of our revenue is denominated or paid with reference to US dollars and most of our expenses are incurred and paid in Indian Rupees or Australian dollars. We report our financial results in Indian Rupees. The exchange rates among the Indian Rupee, the Australian dollar and the US dollar have changed substantially in recent years and may fluctuate substantially in the future. The results of our operations are affected as the Indian Rupee and the Australian dollar appreciate or depreciate against the dollar and, as a result, any such appreciation or depreciation will likely affect the market price of our ADSs in the United States.

The following table sets forth, for the periods indicated, information concerning the exchange rates between Indian Rupees and US dollars based on the rates quoted on Federal Reserve Bank of New York:

	<u>Period End⁽¹⁾</u>	<u>Average⁽¹⁾⁽²⁾</u>	<u>High</u>	<u>Low</u>
Fiscal Year:				
2011	44.54	45.50	47.49	44.05
2012	50.89	48.01	53.71	44.00
2013	54.52	54.47	57.13	50.64
2014	60.00	60.35	68.80	53.65
2015	62.31	61.11	63.67	58.30
Month:				
December 2014	63.04	62.71	63.67	61.78
January 2015	62.01	62.13	63.57	61.32
February 2015	61.67	61.99	62.41	61.67
March 2015	62.31	62.48	63.06	61.76
April 2015	63.58	62.64	63.58	61.99
May 2015	63.71	63.72	64.19	63.31
June 2015	63.59	63.78	64.21	63.43
July 2015	63.87	63.60	64.24	63.24

Notes:

- (1) The exchange rates quoted by Federal Reserve Bank of New York at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this Annual Report.
- (2) Represents the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all fiscal years presented and the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all months presented.



The following table sets forth, for the periods indicated, information concerning the exchange rates between the Australian dollars and US dollars based on the Federal Reserve Bank of New York:

	<u>Period End⁽¹⁾</u>	<u>Average⁽¹⁾⁽²⁾</u>	<u>High</u>	<u>Low</u>
Fiscal Year:				
2011	0.97	1.06	1.22	0.97
2012	0.96	0.95	1.06	0.91
2013	0.96	0.97	1.03	0.94
2014	1.08	1.07	1.15	0.95
2015	1.31	1.15	1.32	1.05
Month:				
December 2014	1.22	1.21	1.24	1.17
January 2015	1.29	1.24	1.29	1.22
February 2015	1.28	1.28	1.30	1.27
March 2015	1.31	1.29	1.32	1.27
April 2015	1.27	1.29	1.32	1.24
May 2015	1.31	1.27	1.31	1.23
June 2015	1.30	1.30	1.31	1.28
July 2015	1.36	1.35	1.37	1.30

Notes:

- (1) The exchange rates quoted on Federal Reserve Bank of New York at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this Annual Report.
- (2) Represents the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all fiscal years presented and the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all months presented.

The following table sets forth, for the periods indicated, information concerning the exchange rates between the South African Rands and US dollars based on the Federal Reserve Bank of New York:

	<u>Period End⁽¹⁾</u>	<u>Average⁽¹⁾⁽²⁾</u>	<u>High</u>	<u>Low</u>
Fiscal Year:				
2011	6.77	7.15	7.98	6.61
2012	7.66	7.41	8.55	6.57
2013	9.18	8.55	9.32	7.63
2014	10.53	10.11	11.25	8.90
2015	12.14	11.06	12.47	10.30
Month:				
December 2014	11.54	11.50	11.75	10.99
January 2015	11.65	11.55	11.72	11.38
February 2015	11.69	11.58	11.86	11.27
March 2015	12.14	12.09	12.47	11.75
April 2015	11.94	11.98	12.21	11.72
May 2015	12.14	11.97	12.17	11.76
June 2015	12.15	12.29	12.57	12.08
July 2015	12.62	12.46	12.74	12.25

Notes:

- (1) The exchange rates quoted on Federal Reserve Bank of New York at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this Annual Report.
- (2) Represents the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all fiscal years presented and the average of the exchange rates quoted on Federal Reserve Bank of New York for all days during the period for all months presented.



The following table sets forth, for the periods indicated, information concerning the exchange rates between the Namibian dollars and US dollars based on Oanda.com:

	<u>Period End⁽¹⁾</u>	<u>Average⁽¹⁾⁽²⁾</u>	<u>High</u>	<u>Low</u>
Fiscal Year:				
2011	6.84	7.17	7.95	6.62
2012	7.73	7.46	8.58	6.59
2013	9.24	8.55	9.32	7.66
2014	10.58	10.11	11.26	8.90
2015	12.08	11.05	12.47	10.28
Month:				
December 2014	11.60	11.48	11.69	11.04
January 2015	11.58	11.55	11.71	11.39
February 2015	11.58	11.58	11.79	11.36
March 2015	12.08	12.05	12.47	11.65
April 2015	11.82	11.99	12.21	11.76
May 2015	12.14	11.95	12.14	11.76
June 2015	12.28	12.30	12.57	12.12
July 2015	12.64	12.42	12.64	12.19

Notes:

- (1) The exchange rates quoted on oanda.com at each period end and the average rate for each period may have differed from the exchange rates used in the preparation of financial statements included elsewhere in this Annual Report.
- (2) Represents the average of the exchange rates quoted on oanda.com for all days during the period for all fiscal years presented and the average of the exchange rates quoted on oanda.com for all days during the period for all months presented.

Although we have translated selected Indian Rupee, Australian dollar amounts, South African Rand and Namibian dollars in this Annual Report into US dollars for convenience, this does not mean, and no representation is made, that the Indian Rupee, Australian dollar South African Rand and Namibian dollars amounts referred to represent US dollar amounts or have been, could have been or could be converted to US dollars at any particular rate, the rates stated above, or at all. Unless otherwise stated herein, all translations in this Annual Report from Indian Rupees to US dollars are based on the exchange rate quoted by the Federal Reserve Bank of New York on March 31, 2015, which was Rs. 62.31 per \$ 1.00, all translations from Australian dollars to US dollars are based on the exchange rate quoted by the Federal Reserve Bank of New York on March 31, 2015, which was AUD 1.31 per \$ 1.00, all translations from South African Rand to US dollars are based on the exchange rate quoted by the Federal Reserve Bank of New York on March 31, 2015, which was ZAR 12.14 per \$ 1.00 and all translations from Namibian dollars to US dollars are based on the exchange rate quoted by Oanda (data available at www.oanda.com) on March 31, 2015, which was NAD 12.08 per \$ 1.00. As of July 31, 2015, the exchange rate between US dollars and Indian Rupees was \$ 1.00 = Rs. 63.87 as quoted by the Federal Reserve Bank of New York.

E. Taxation

India Taxation

The following is a summary of the material Indian income tax, wealth tax, stamp duty and estate duty consequences of the purchase, ownership and disposal of the ADSs and the equity shares underlying the ADSs for non-resident investors of the ADSs. The summary only addresses the tax consequences for non-resident investors who hold the ADSs or the equity shares underlying the ADSs as capital assets and does not address the tax consequences which may be relevant to other classes of non-resident investors, including dealers. The summary proceeds on the basis that the investor continues to remain a non-resident when the income by way of dividends and capital gains are earned. The summary is based on Indian tax laws and relevant interpretations thereof as are in force as of the date of this Annual Report, including the Income Tax Act and the special tax regimes under Sections 115AC of the Income Tax Act read with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, which provides for the taxation of persons resident in India on their global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India, and is subject to change.

The Finance Act 2013 has included General Anti Avoidance Rule (“GAAR”), wherein the tax authority may declare an arrangement as an impermissible avoidance arrangement if an arrangement is not entered at arm’s length, results in misuse/abuse of provisions of Income Tax Act, 1961, lacks commercial substance or the purpose of arrangement is obtaining a tax benefit. If any of our transactions are found to be ‘impermissible avoidance arrangements’ under GAAR, our business may be affected.



The GAAR was originally proposed to become effective from April 1, 2013. Thereafter, a panel was formed to study the proposed GAAR, and make suitable recommendations. In September 2013, the GoI notified rules regarding the applicability of GAAR provisions. In the Finance Act 2015 it is proposed that the implementation of GAAR be deferred by two years and GAAR provisions be made applicable to the income of the fiscal year 2018 and subsequent years by an amendment of the Income Tax Act. Further, investments made up to March 31, 2017 are protected from the applicability of the GAAR amendment in the relevant rules in this regard.

In the budget speech of 2015, the Finance Minister indicated that the provisions of Direct Tax Code which was initiated back in 2009 may not be enforced since most of the key features and changes of the Direct Tax Code have already been brought into the existing law i.e. Income Tax Act of 1961 over the years.

This summary is not intended to constitute a complete analysis of all the tax consequences for a non-resident investor under Indian law in relation to the acquisition, ownership and disposal of the ADSs or the equity shares underlying the ADSs and does not deal with all possible tax consequences relating to an investment in the equity shares and ADSs, such as the tax consequences under state, local and other (for example, non-Indian) tax laws.

Residence

For the purpose of the Income Tax Act, an individual is considered to be a resident of India during fiscal year if he is in India for at least 182 days in a particular year or at least 60 days in a particular year and for a period or periods aggregating at least 365 days in the preceding 4 years. However, the 60 days period shall be read as 182 days in the case of (i) a citizen of India who leaves India in the previous year for employment outside India, or (ii) a citizen of India or a person of Indian origin living abroad who visits India. Previously, a company was considered to be resident in India if it was incorporated in India or the control and management of its affairs is situated wholly in India during the relevant fiscal year. However, the Finance Act 2015 changed the criteria for deciding the residential status of a company in India by stating that the place of effective management of a company would be the critical factor for such determination. Individuals and companies who are not residents of India based on the above mentioned criteria are treated as non-residents.

Taxation of Sale of the ADSs

It is unclear whether capital gains derived from the sale by a non-resident investor of rights in respect of ADSs will be subject to tax liability in India. This will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being transferred in respect of the ADSs. The Finance Act, 2012 retrospectively amended the term "property" so as to include any rights in or in relation to an Indian company. Therefore, situs of right in respect of ADSs may be considered as situated in India. Nevertheless, under the ADR Scheme and as per section 47(viia) of the Income-tax Act, the transfer of ADSs outside India by a non-resident holder to another non-resident does not give rise to any capital gain tax in India. Under the ADR Scheme, conversion of ADSs into equity shares shall not give rise to any capital gain tax in India.

ADSs are considered as long-term capital assets if they are held for a period of more than 36 months otherwise they are considered as short-term capital assets. Section 115AC of the Income Tax Act provides that income by way of long-term capital gains arising from the transfer of ADSs by the non-resident holder is taxed at the rate of 10.0% plus applicable surcharge and education cess; short term capital gains on such a transfer is taxed at the rate of 30.0% (40.0% in case of a foreign company) plus applicable surcharge and education cess. Because there are significant intricacies relating to application of rules on indirect transfers, it is not clear, whether or to what extent, a buyer of ADS of the company should be held liable for not withholding tax on the acquisition of shares or be subject to Indian tax on gains realized on disposition of ADS. However the non-resident investor may examine exemption, if any available to him, from such taxation under the relevant Double Taxation Agreement between India and country of his residence.

The incidence of capital gains and the period of holding, in the event ADSs are converted into shares and the shares are sold within a period of 36 months, may be checked with the tax counsels.

**Taxation of Dividends**

Dividends paid to non-resident holders of ADSs are not presently subject to tax in the hands of the recipient. However, the company that is distributing the dividend was liable to pay a "dividend distribution tax" at the rate of 15.0% (on a gross basis) plus a surcharge of 10.0% and an education cess at the rate of 3.0%. According to the Finance (No. 2) Act, 2014, dividend distribution tax is to be levied on gross distributable surplus amount instead of amount paid net of taxes. This resulted in an increase in the dividend distribution tax to more than 20%, from 16.995% in the earlier years which was applicable to the dividends declared, distributed or paid on or after October 1, 2014. According to the Finance Act 2015, the surcharge on dividend tax has increased from 10% to 12%, and the effective dividend distribution tax rate is 20.358% with effect from April 1, 2016. Taxes on dividends are not payable by our shareholders and are not withheld or deducted from the dividend payments set forth above. Under Section 115O (1A) of the Income Tax Act 1961, an Indian company, subject to certain conditions, can set off the dividend income received from its subsidiaries against the amount of dividend declared and distributed by it to its shareholders, therefore reducing the dividend distribution tax to the extent of such set-off.

Any distribution of additional ADS or equity shares to resident or non-resident shareholders will not be subject to any Indian tax.

Taxation of Sale of the Equity Shares

Sale of equity shares by any holder may occasion certain incidence of tax in India, as discussed below. Under applicable law, the sale of equity shares may be subject to a transaction tax and/or tax on income by way of capital gains. Capital gains accruing to a non-resident investor on the sale of the equity shares, whether to an Indian resident or to a person resident outside India and whether in India or outside India, may be subject to Indian capital gains tax in certain instances as described below.

Sale of the Equity Shares on a Recognized Stock Exchange

Shares listed on recognized stock exchange in India issued on conversion of the ADSs held by the non-resident investor for a period of more than 12 months is treated as long term capital assets, otherwise they are considered as short term capital asset. Unlisted shares are treated as long-term capital assets, if they are held for more than 36 months, otherwise they are treated as short-term capital assets.

Subject to the following, long-term capital gains realized by a non-resident upon the sale of equity shares obtained on conversion of ADSs are subject to tax at a rate of 10.0% along with the applicable surcharge and education cess; and short-term capital gains on such a transfer will be taxed at the rate of tax applicable to the seller;

- Long-term capital gain realized by a non-resident upon the sale of equity shares obtained on conversion of ADSs is exempt from tax if the sale of such shares is made on a recognized stock exchange and Securities Transaction Tax, or STT (described below) is paid; and
- Any short term capital gain is taxed at 15.0% along with the applicable surcharge and education cess, if the sale of such equity shares is settled on a recognized stock exchange and STT is paid on such sale.

In accordance with applicable Indian tax laws, any income arising from a sale of the equity shares of an Indian company through a recognized stock exchange in India is subject to a securities transaction tax. Such tax is payable by a person irrespective of residential status and is collected by the recognized stock exchange in India on which the sale of the equity shares is effected.

Withholding tax on capital gains on sale of shares to non-resident is required to be deducted under Section 195 of the Income Tax Act at the prescribed rates.

For the purpose of computing capital gains on the sale of equity shares, the sale consideration received or accruing on such sale shall be reduced by the cost of acquisition of such equity shares and any expenditure incurred wholly and exclusively in connection with such sale. Under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, or Scheme, the purchase price of equity shares in India listed company received in exchange for ADSs will be the market price of the underlying shares on the date that the depository gives notice to the custodian of the delivery of equity shares in exchange for such corresponding ADSs. The market price is the price of the equity shares prevailing in the BSE or the NSE as applicable. There is no corresponding provision under the Income Tax Act providing for the use of market price as the basis for determination of the purchase price of the equity shares. In the event that the tax department denies the use of market price as the basis for determination of the purchase price of the equity shares, the original purchase price of the ADSs shall be considered as the purchase price of the equity shares for computing the capital gains tax.



According to the Scheme, a non-resident's holding period for the purpose of determining the applicable capital gains tax rate relating to equity shares received in exchange for ADSs commences on the date of notice of redemption by the depository to the custodian.

Securities Transaction Tax

Since October 1, 2004, with respect to a sale and purchase of equity shares entered into on a recognized stock exchange, (i) both the buyer and seller are required to pay a Securities Transaction Tax (STT) at the rate of 0.1% of the transaction value of the securities, if the transaction is a delivery based transaction, i.e. the transaction involves actual delivery or transfer of shares; the rate of 0.1% has been substituted for 0.125% by the Finance Act, 2012 with effect from July 1, 2012. (ii) the seller of the shares is required to pay a STT at the rate of 0.025% of the transaction value of the securities if the transaction is a non-delivery based transaction, i.e. a transaction settled without taking delivery of the shares. STT is levied with respect to a sale and purchase of a derivative and the rates of STT as amended by Finance Act, 2013 with effect from June 1, 2013 is as follows: (i) in case of sale of an option in securities, the seller is required to pay an STT at the rate of 0.017% of the option premium; (ii) in case of a sale of an option in securities, where the option is exercised, the buyer is required to pay a STT at the rate of 0.125% of the settlement price; and (iii) in case of sale of futures in securities, the seller is required to pay STT at 0.017% on transaction value. This rate of 0.017% changed to 0.01% under the Finance Act, 2013.

Capital Losses

The losses arising from a transfer of a capital asset in India can only be set off against capital gains and not against any other income in accordance with the Income Tax Act. A long-term capital loss may be set off only against a long-term capital gain. To the extent the losses are not absorbed in the year of transfer, they may be carried forward for a period of 8 years immediately succeeding the year for which the loss was first computed and may be set off against the capital gains assessable for such subsequent years. In order to get the benefit of set-off of the capital losses in this manner, the non-resident investor must file appropriate and timely tax returns in India.

Tax Treaties

The above mentioned tax rates and the consequent taxation are subject to any benefits available to a non-resident investor under the provisions of any agreement for the avoidance of double taxation entered into by the GoI with the country of tax residence of such non-resident investor. The investors are advised to consult their tax advisors the residential status for the purpose of treaty benefits in the event the investments are made through special purpose vehicle in an overseas jurisdiction.

Withholding Tax on Capital Gains

Any taxable gain realized by a non-resident from the sale of ADSs shall be subject to withholding tax of 10.0% at source and withheld by the buyer. However, no withholding tax is required to be withheld under Section 196D-(2) of the Income Tax Act from any income accruing to a FII as defined in Section 115AD of the Income Tax Act on the transfer of securities. The FII is required to pay the tax on its own behalf.

Buy-Back of Securities

Indian companies are not subject to tax on the buy-back of their equity shares which are listed on a stock exchange. However, such shareholders will be taxed on the resulting gains from the share buy-back. We would be required to withhold tax at source in proportion to the capital gains tax liability of our shareholders.

Stamp Duty

Upon the issuance of the equity shares underlying the ADSs, we are required to pay a stamp duty for each equity share equal to 0.1% of the issue price. Under Indian stamp law, no stamp duty is payable on the acquisition or transfer of equity shares in book-entry form. However, a sale of equity shares by a non-resident holder will be subject to Indian stamp duty at the rate of 0.25% on the market value of equity shares on the trade date, although such duty is customarily borne by the transferee. A transfer of ADSs is not subject to Indian stamp duty.

Wealth Tax, Gift Tax and Inheritance Tax

The holding of ADSs by non-resident investors and the holding of the equity underlying shares by the depository in a fiduciary capacity is exempt from payment of wealth tax. Further, there is no tax on gifts and inheritances which applies to the ADSs, or the equity shares underlying the ADSs. The Finance Act 2015 has abolished the levy of wealth tax under the Wealth-tax Act, 1957 with effect from April 1, 2015.

**Service Tax**

Brokerage or commission fees paid to stockbrokers in connection with the sale or purchase of equity shares are subject to an Indian service tax at the effective tax rate of 12.36% (including cess of 3.0%) collected by the stockbroker (from February 24, 2009 to March 31, 2012 service tax was 10.3%). Further, pursuant to Section 65(101) of the Finance Act (2 of the 2004) a sub-broker is also subject to this service tax. The Finance Act 2015 increased the service tax rate from 12% (excluding Education Cess) to 14% (including Education Cess). The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the revised rate of service tax. Thus, the effective increase in the service tax rate will be from existing rate of 12.36% to 14% (inclusive of Education Cess). The new service tax rate was effective from June 1, 2015. In addition to service tax, the GoI has proposed to levy Swachh Bharat Cess at the rate of 2% on the identified services. The identified services are not notified and the cess will be applicable from the date of notification.

Minimum Alternate Tax

The Income Tax Act imposes a Minimum Alternate Tax on companies wherein the income tax payable on the total income is less than 18.5% of its book profit. The Minimum Alternate Tax is payable at the rate of 18.5% plus applicable surcharge and cess. The Finance Act 2013 increased the surcharge on income of domestic companies having taxable income above Rs. 100 million (\$ 1.7 million) from 5.0% to 10.0% which resulted in the increase in the effective Minimum Alternate Tax rate for such companies from 20.01% to 20.96%. The Finance Act, 2015 has increased the surcharge to 12% which resulted in an increase in the effective Minimum Alternate Tax rate for such companies to 21.342%. Amounts paid as Minimum Alternate Tax may be applied towards regular income taxes payable in any of the succeeding 10 years subject to certain conditions. The manner of computing the Minimum Alternate Tax which can be claimed as a credit is specified in the Income Tax Act. The Finance Act, 2007, included income eligible for deductions under section 10A and 10B of the Act in the computation of book profits for the levy of Minimum Alternate Tax, and determined that Minimum Alternate Tax is payable on income which falls within the ambit of section 10A and 10B of the Act.

Tax Credit

A non-resident investor may be entitled to a tax credit with respect to any withholding tax paid by us or any other person for such non-resident investor's account in accordance with the applicable laws of the applicable jurisdiction.

United States Federal Income Taxation

The following discussion describes certain material United States federal income tax consequences to US Holders (defined below) under present law of an investment in the ADSs or equity shares. This summary applies only to investors that hold the ADSs or equity shares as capital assets (generally, property held for investment) and that have the US dollar as their functional currency. This discussion is based on the United States Internal Revenue Code of 1986, as amended, as in effect on the date of this Annual Report and on United States Treasury regulations in effect or, in some cases, proposed, as of the date of this Annual Report, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion neither deals with the tax consequences to any particular investor nor describes all of the tax consequences applicable to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts ;
- broker dealers;
- United States expatriates;
- traders that elect to use the mark-to-market method of accounting;
- tax-exempt entities;



- persons liable for the alternative minimum tax;
- persons holding an ADS or equity share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10.0% or more of the total combined voting power of all classes of our voting stock;
- persons who acquired ADSs or equity shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding ADSs or equity shares through partnerships or other pass-through entities.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE UNITED STATES FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF ADSs OR EQUITY SHARES.

The discussion below of the United States federal income tax consequences to “US Holders” will apply to you if you are a beneficial owner of ADSs or equity shares and you are, for United States federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for United States federal income tax purposes) created or organized in the United States or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a Court within the United States and the control of one or more United States persons for all substantial decisions of the trust or (2) was in existence on August 20, 1996, was treated as a domestic trust on the previous day and has a valid election in effect under the applicable United States Treasury regulations to be treated as a United States person.

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds ADSs or equity shares, the tax treatment of a partner will generally depend upon the status and the activities of the partnership. A US Holder that is a partner in a partnership holding ADSs or equity shares is urged to consult its tax advisor.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying equity shares represented by those ADSs for United States federal income tax purposes.

The United States Treasury has expressed concerns that parties to whom ADSs are pre-released may be taking actions that are inconsistent with the claiming, by US Holders of ADSs, of foreign tax credits for United States federal income tax purposes. Such actions would also be inconsistent with the claiming of the reduced rate of tax applicable to dividends received by certain non-corporate US Holders, as described below. Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends received by certain non-corporate US Holders could be affected by future actions that may be taken by the United States Treasury or parties to whom ADSs are pre-released.

Taxation of Dividends and Other Distributions on the ADSs or Equity Shares

Subject to the PFIC rules discussed below, the gross amount of any distributions we make to you with respect to the ADSs or equity shares generally will be includible in your gross income as foreign source dividend income on the date of receipt by the depository, in the case of ADSs, or by you, in the case of equity shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under United States federal income tax principles). Any such dividends will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other United States corporations. To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under United States federal income tax principles), such excess amount will be treated first as a tax-free return of your tax basis in your ADSs or equity shares, and then, to the extent such excess amount exceeds your tax basis in your ADSs or equity shares, as capital gain. However, we currently do not, and we do not intend to calculate our earnings and profits under United States federal income tax principles. Therefore, a US Holder should expect that any distribution will generally be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.



20018GsPnWWM1eMm6u

With respect to certain non-corporate US Holders, including individual US Holders, dividends may be taxed at the lower applicable capital gains rate applicable to “qualified dividend income”, provided that (1) the ADSs or equity shares, as applicable, are readily tradable on an established securities market in the United States or we are eligible for the benefits of the United States-India income tax treaty, (2) we are neither a PFIC nor treated as such with respect to you (as discussed below) for the taxable year in which the dividend is paid or the preceding taxable year, and (3) the equity shares are held for a holding period of more than 60 days during the 121 – day period beginning 60 days before the ex-dividend date. Under US Internal Revenue Service authority, equity shares or ADSs representing such shares, are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the NYSE, as our ADSs currently are. You should consult your tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends paid with respect to our ADSs or equity shares.

Any dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any dividends distributed by us with respect to ADSs or equity shares will generally constitute “passive category income” but could, in the case of certain US Holders, constitute “general category income.” A US Holder may not be able to claim a foreign tax credit for any Indian taxes imposed with respect to dividend distribution taxes on ADSs or equity shares (as discussed under “- India Taxation—Taxation of Dividends”). The rules relating to the determination of the foreign tax credit are complex and US Holders should consult their tax advisors to determine whether and to what extent a credit would be available in their particular circumstances, including the effects of any applicable income tax treaties.

Taxation of a Disposition of ADSs or Equity Shares

Subject to the PFIC rules discussed below, upon a sale or other disposition of ADSs or equity shares, a US Holder will generally recognize a capital gain or loss for United States federal income tax purposes in an amount equal to the difference between the amount realized for the ADS or equity share and such US Holder’s tax basis in such ADSs and equity shares. Any such gain or loss will be treated as long-term capital gain or loss if the US Holder’s holding period in the ADSs and equity shares at the time of the disposition exceeds one year. Long-term capital gain of individual US Holders generally will be subject to United States federal income tax at reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize generally will be treated as United States source income or loss for foreign tax credit limitation purposes.

Because gains generally will be treated as United States source gain, as a result of the United States foreign tax credit limitation, any Indian income tax imposed upon capital gains in respect of ADSs or equity shares (as discussed under “— India Taxation — Taxation of Sale of the ADSs,” “—India Taxation—Taxation of Sale of the Equity Shares,” “—India Taxation—Sale of the Equity Shares on a Recognized Stock Exchange,” “—India Taxation—Sale of the Equity Shares otherwise than on a Recognized Stock Exchange” and “—India Taxation—Buy-Back of Securities”) may not be currently creditable unless a US Holder has other foreign source income for the year in the appropriate United States foreign tax credit limitation basket. US Holders should consult their tax advisors regarding the application of Indian taxes to a disposition of an ADS or equity share and their ability to credit an Indian tax against their United States federal income tax liability.

Passive Foreign Investment Company

Based on the market prices of our equity shares and ADSs and the composition of our income and assets, including goodwill, although not clear, we do not believe we were a PFIC for United States federal income tax purposes for our taxable year ended March 31, 2015. However, the application of the PFIC rules is subject to uncertainty in several respects and, therefore, the US Internal Revenue Service may assert that, contrary to our belief, we were a PFIC for such taxable year. Moreover, although the asset test (defined below) is required to be calculated based on the fair market value of our assets, we did not do a valuation of our assets and our belief that we were not a PFIC for our taxable year ended March 31, 2015 is, in part, based on the book value of our assets. In addition, we must make a separate determination each taxable year as to whether we are a PFIC (after the close of each taxable year). A decrease in the market value of our equity shares and ADSs and/or an increase in cash or other passive assets would increase the relative percentage of our passive assets. Accordingly, we cannot assure you we will not be a PFIC for the taxable year ending on March 31, 2015 or any future taxable year.

A non-United States corporation will be a PFIC for United States federal income tax purposes for any taxable year if, applying certain look-through rules either:

- at least 75.0% of its gross income for such taxable year is passive income, or
- at least 50.0% of the total value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets, including cash, that produce passive income or are held for the production of passive income (the asset test).



For this purpose, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25.0% (by value) of the stock. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our equity shares and ADSs, fluctuations in the market price of our equity shares and ADSs may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC.

If we are a PFIC for any taxable year during which you hold ADSs or equity shares, we generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold our equity shares or ADSs, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the equity shares or ADSs. If such election is timely made, you will be deemed to have sold the ADSs and equity shares you hold at their fair market value on the last day of the last taxable year in which we qualified as a PFIC and any gain from such deemed sale would be subject to the consequences described in the following two paragraphs. In addition, a new holding period would be deemed to begin for the equity shares and ADSs for purposes of the PFIC rules. After the deemed sale election, your equity shares or ADSs with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

For each taxable year that we are treated as a PFIC with respect to you, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you recognize from a sale or other disposition (including a deemed sale discussed in the precedent paragraph and a pledge) of the ADSs or equity shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125.0% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or equity shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or equity shares;
- the amount allocated to the current taxable year, and any taxable year in your holding period prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

In addition, non-corporate US Holders will not be eligible for reduced rates of taxation on any dividends received from us (as described above under “—Taxation of Dividends and Other Distributions on the ADSs or Equity Shares”) if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the ADSs or equity shares cannot be treated as capital, even if you hold the ADSs or equity shares as capital assets.

If we are treated as PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you may be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by us in that proportion which the value of the ADSs and equity shares you own bears to the value of all of the ADSs and equity shares, and you may be subject to the adverse tax consequences described in the preceding two paragraphs with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisor regarding the applicability of the PFIC rules to any of our PFIC subsidiaries

A US Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the PFIC rules described above regarding excess distributions and recognized gains. If you make a valid mark-to-market election for the ADSs or equity shares, you will include in income for each year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs or equity shares as of the close of your taxable year over your adjusted basis in such ADSs or equity shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or equity shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or equity shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or equity shares will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs or equity shares, as well as to any loss realized on the actual sale or other disposition of the ADSs or equity shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or equity shares. Your basis in the ADSs or equity shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, any distributions that we make would generally be subject to the tax rules discussed above under “— Taxation of Dividends and Other Distributions on the ADSs or Equity Shares,” except that the lower rate applicable to qualified dividend income (discussed above) would not apply.



The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in the applicable United States Treasury regulations. The NYSE is a qualified exchange. Our ADSs are listed on the NYSE and, consequently, if you are a holder of ADSs and the ADSs are regularly traded, the mark-to-market election would be available to you if we become a PFIC. Because a mark-to-market election cannot be made for equity interests in any lower-tier PFICs we own, a US Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes. You should consult your tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Alternatively, if a non-United States corporation is a PFIC, a holder of shares in that corporation may avoid taxation under the PFIC rules described above regarding excess distributions and recognized gains by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to our ADSs or equity shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

Unless otherwise provided by the United States Treasury, each US Holder of a PFIC is required to file an annual report containing such information as the United States Treasury may require. If we are or become a PFIC, you should consult your tax advisor regarding any reporting requirements that may apply to you.

You should consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or equity shares.

Information Reporting and Backup Withholding

Any dividend payments with respect to ADSs or equity shares and proceeds from the sale, exchange, redemption or other disposition of ADSs or equity shares may be subject to information reporting to the US Internal Revenue Service and possible United States backup withholding. Backup withholding will not apply, however, to a US Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. US Holders who are required to establish their exempt status generally must provide such certification on Internal Revenue Service Form W-9. US Holders should consult their tax advisors regarding the application of the United States information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your United States federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the US Internal Revenue Service and furnishing any required information.

Additional Reporting Requirements

Certain US Holders who are individuals (and, under proposed United States Treasury regulations, certain entities) are required to report information relating to an interest in our ADSs or equity shares, subject to certain exceptions (including an exception for ADSs and equity shares held in accounts maintained by certain financial institutions). US Holders should consult their tax advisors regarding the effect, if any, of these rules on the ownership and disposition of our ADSs or equity shares.

F. Dividends and Paying Agents

Not applicable

G. Statements by Experts

Not applicable

H. Documents on Display

Publicly filed documents concerning our Company which are referred to in this Annual Report may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials can also be obtained from the Public Reference Room at the SEC’s principal office, 100 F Street, N.E., Washington D.C. 20549, after payment of fees at prescribed rates.



The SEC maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that make electronic filings through its Electronic Data Gathering, Analysis, and Retrieval or EDGAR, system. We have made all our filings with SEC using the EDGAR system.

I. Subsidiary Information

Not applicable

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Quantitative and Qualitative Analysis

See Note 23 “Financial Instruments” in Notes to consolidated financial statements for more details.

Currency Risk

The results of our operations may be affected by fluctuations in the exchange rates between the Indian Rupee, Namibian Dollar, South African Rand and Australian Dollar against the US Dollar. This table illustrates the effect of 10% depreciation in these currencies as compared to US dollars on our operating profit for fiscal year 2015.

10% movement in currency	For Rs./ \$		For AUD/ \$		For NAD / \$		For ZAR/ \$	
	Rs	\$	Rs	\$	Rs	\$	Rs	\$
Zinc – India	12,162	198.9	—	—	—	—	—	—
Zinc – International	1,761	28.8	—	—	1,367	22.4	822	13.4
Oil and Gas	1,608	26.3	—	—	—	—	—	—
Iron Ore	(520)	(8.5)	—	—	—	—	—	—
Copper	1,498	24.5	(213)	(3.5)	—	—	—	—
Aluminium	7,925	129.6	—	—	—	—	—	—
Power	(544)	(8.9)	—	—	—	—	—	—
Total	23,890	390.7	(213)	(3.5)	1,367	22.4	822	13.4

We seek to mitigate the impact of short-term movements in currency on our businesses by hedging our short-term exposures based on their maturity. However, large or prolonged movements in exchange rates may have a material effect on our business, operating results, financial condition and/or prospects. We use hedging instruments to manage the currency risk associated with the fluctuations in the Indian Rupee and Australian dollar against the US dollar in line with our risk management policy. Typically, all short term exposures are managed using simple instruments such as forward contracts. As long-term exposures draw nearer, we hedge them progressively to insulate these from the fluctuations in the currency markets. A more conservative approach has been adopted for project expenditure to avoid budget overruns. Longer term exposures, except part of net investment in foreign operations exposures, are normally unhedged. However all new long-term borrowings are being hedged. In our Australian and Zinc international operations, apart from funds to meet local expenses which are denominated in the respective local currencies, we strive to retain our surplus funds in US dollar terms. These exposures are reviewed by appropriate levels of management on a monthly basis.

Hedging activities in India are governed by the RBI with whose policies we must comply. The policies under which the RBI regulates these hedging activities can change from time to time and these policies affect the effectiveness with which we manage currency risk.

We hold or issue instruments such as options, swaps and other derivative instruments for purposes of mitigating our exposure to currency risk. We have also partly hedged our foreign exchange risk in net investment in foreign operations. We do not enter into hedging instruments for speculative purposes.

Interest Rate Risk

We are exposed to interest rate risk on short-term and long-term floating rate instruments and on the refinancing of fixed rate debt. Our borrowings are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The US dollar debt is divided between fixed and floating rates (linked to US dollar LIBOR) and the Indian Rupee debt is principally at fixed interest rates. The costs of floating rate borrowings may be affected by the fluctuations in the interest rates. We have selectively used interest rate swaps, options and other derivative instruments to manage our exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a monthly basis.



Borrowing and interest rate hedging activities in India are governed by the RBI and we have to comply with its regulations. The policies under which the RBI regulates these borrowing and interest rate hedging activities can change from time to time and can impact the effectiveness with which we manage our interest rate risk.

We have in the past held or issued instruments such as swaps, options and other derivative instruments for purposes of mitigating our exposure to interest rate risk. We do not enter into hedging instruments for speculative purposes. This table illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest expense on loans and borrowings for fiscal year 2015.

Movement in interest rates	Impact of US dollar interest rates	
	(in millions)	
0.5%	Rs.1,756	\$ 28.2
1.0%	Rs.3,512	\$ 56.4
2.0%	Rs.7,024	\$112.7

Commodity Price Risk

We are exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that we produce and sell will have an immediate and direct impact on the profitability of our businesses. We use commodity hedging instruments such as forwards, swaps, options and other derivative instruments to manage our commodity price risk in our copper, aluminium and zinc businesses. Currently, we use commodity forward contracts to partially hedge against changes in the LME prices of copper and zinc. We enter into these hedging instruments for the purpose of reducing the variability of our cash flows on account of volatility in commodity prices. These hedging instruments are typically of a maturity of less than one year.

The price of gas produced in some of our fields is fixed while in others it is linked to liquid fuels with a floor and ceiling mechanism and therefore has minimal exposure to market movements.

Hedging activities in India are governed by the RBI and we have to comply with its regulations. The policies under which the RBI regulates these hedging activities can change from time to time and can impact the effectiveness with which we manage commodity price risk.

We have in the past held or issued derivative instruments such forwards, options and other derivative instruments for purposes of mitigating our exposure to commodity price risk. We do not enter into hedging instruments for speculative purposes.

This table illustrates the impact of a 10% movement in London Metal Exchange/ London Bullion Market Association, oil and iron ore prices based on fiscal year 2015 volumes, costs and exchange rates and provides the estimated impact on operating profit assuming all other variables remain constant.

10% movement in price	Change in Operating Profit	
	Rs Million	\$ Million
Zinc India	11,253	180.6
Zinc International	3,617	58.0
Oil	11,623	186.5
Iron ore	230	3.7
Copper	622	10.0
Aluminium	8,647	138.8
Total	35,992	577.6



The fair values of our open derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

	As of March 31,					
	2014		2015		2015	
	Asset	Liability	Asset	Liability	Asset	Liability
	(Rs. in millions)		(Rs. in millions)		(US dollars in millions)	
Current						
Cash flow hedges:						
— Commodity contracts	40	18	158	—	2.5	—
— Forward foreign currency contracts	—	306	—	—	—	—
Fair value hedges:						
— Commodity contracts	38	3	235	1	3.8	0.0
— Forward foreign currency contracts	915	5,473	94	1,255	1.5	20.2
Net investment in foreign operation	1,918	—	497	—	8.0	—
Non-qualifying hedges:						
— Commodity contracts	324	65	49	95	0.8	1.5
— Forward foreign currency contracts	—	1,605	2	701	0.0	11.2
— Interest rate swap	—	83	—	511	—	8.2
— Currency swap	—	—	—	11	—	0.2
Non-current						
Fair value hedges:						
— Interest rate Swap	—	1,642	—	—	—	—
— Forward foreign currency contracts	—	—	12	9	0.2	0.1
Total	3,235	9,195	1,047	2,583	16.8	41.4

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not Applicable.

B. Warrants and Rights

Not Applicable.

C. Other Securities

Not Applicable.



D. American Depositary Shares

Our ADR facility is maintained with Citibank, N.A., or the Depositary, pursuant to a deposit agreement, dated as of September 6, 2013, among us, our Depositary and the holders and beneficial owners of our ADSs. We use the term “holder” in this discussion to refer to the person in whose name an ADR is registered on the books of the Depositary. In accordance with the deposit agreement, the Depositary may charge fees up to the amounts described below:

Type of Service	Fees	Payer
1. Issuance of ADSs upon the deposit of ordinary shares (excluding issuances as a result of distributions described in paragraph 4 below).	Up to \$5.00 per 100 ADSs (or any portion thereof) issued.	Person depositing ordinary shares or person receiving ADSs.
2. Delivery of Deposited Securities (as defined under the Deposit Agreement) against surrender of ADSs.	Up to \$5.00 per 100 ADSs (or any portion thereof) surrendered.	Person surrendering ADSs for purpose of withdrawal of Deposited Securities or person to whom Deposited Securities are delivered.
3. Distribution of cash dividends or other cash distributions (i.e. sale of rights and other entitlements).	Up to \$2.00 per 100 ADSs (or any portion thereof) held.	Person to whom distribution is made.
4. Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs.	Up to \$5.00 per 100 ADSs (or any portion thereof) held.	Person to whom distribution is made.
5. Distribution of securities other than ADSs or rights to purchase additional ADSs (i.e. spin-off shares).	Up to \$5.00 per 100 ADSs (or any portion thereof) held.	Person to whom distribution is made.
6. Depositary services.	Up to \$2.00 per 100 ADSs (or any portion thereof) held.	Person holding ADSs on applicable record date(s) established by the Depositary.
7. Transfer of ADRs.	\$1.50 per certificate presented for transfer.	Person presenting certificate for transfer.

In addition, holders or beneficial owners of our ADSs, persons depositing ordinary shares for deposit and persons surrendering ADSs for cancellation and withdrawal of deposited securities will be required to pay the following charges:

- taxes (including applicable interest and penalties) and other governmental charges;
- registration fees for the registration of ordinary shares or other deposited securities on the share register and applicable to transfers of ordinary shares or other deposited securities to or from the name of the custodian, the Depositary or any nominees upon the making of deposits and withdrawals;
- certain cable, telex, facsimile and electronic transmission and delivery expenses;
- expenses and charges incurred by the Depositary in the conversion of foreign currency;
- fees and expenses incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, deposited securities, ADSs and ADRs;
- fees and expenses incurred by the Depositary in connection with the delivery of deposited securities; and
- fees and expenses incurred by the Depositary, the custodian, or any nominee in connection with the servicing or delivery of deposited securities.

In the case of cash distributions, the applicable fees, charges, expenses and taxes will be deducted from the cash being distributed. In the case of distributions other than cash, such as share dividends, the distribution generally will be subject to appropriate adjustments for the deduction of the applicable fees, charges, expenses and taxes.

In certain circumstances, the Depositary may dispose of all or a portion of such distribution and distribute the net proceeds of such sale to the holders of ADS, after deduction of applicable fees, charges, expenses and taxes. If the Depositary determines that any distribution in property is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may withhold the amount required to be withheld and may dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and appropriate to pay such taxes or charges and the Depositary will distribute the net proceeds of any such sale after deduction of such taxes or charges to the holders of ADSs entitled to the distribution.

During fiscal year 2015, the Depositary has reimbursed to us an amount of \$ 515,871.86 (after deduction of applicable withholding taxes amounting to \$ 221,087.93) in respect of investor relation expenses.

**PART II****ITEM 13: DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

None

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**Re-organization Transactions**

On August 17, 2013, the Re-organization Transactions consisting of the “Amalgamation and Re-organization Scheme” and the “Cairn India Consolidation” became effective.

On August 19, 2013, Sesa Goa furnished to the SEC a notice, as required under Rule 12g-3(f) under the Exchange Act which provided that Sesa Goa was the successor issuer to SIIL under the Exchange Act. Further, the equity shares of Sesa Goa with a par value of Re. 1 each, would be traded in the United States in the form of ADSs, where each ADS would represent four Sesa Goa shares and such ADSs would be deemed to be registered under Section 12(b) of the Exchange Act by operation of Rule 12g-3(a) under the Exchange Act. The ADSs of Sesa Goa were registered for trading on the NYSE on September 13, 2013. On September 23, 2013, Sesa Goa submitted to SEC that the name of Sesa Goa Limited was changed to Sesa Sterlite Limited following the approval from the Registrar of Companies, Goa on September 18, 2013. On April 22, 2015, Sesa Sterlite Limited submitted to the SEC that the name of Sesa Sterlite Limited was changed to Vedanta Limited following the approval from the Registrar of Companies, Goa on April 21, 2015.

Please see “Item 5. Operating and Financial Review and Prospects – Consolidation and re-organization of Sesa Goa, SIIL, Vedanta Aluminium, Sterlite Energy and MALCO to form Vedanta Limited and transfer of Vedanta’s shareholding in Cairn India to Vedanta Limited”.

ADS offering in 2009

On July 16, 2009, we completed the ADS offering on the NYSE. We sold an aggregate of 131,906,011 ADSs representing 131,906,011 equity shares. The price per ADS was \$ 12.15. The joint book runners of the ADS offering were J.P. Morgan Securities Inc. and Morgan Stanley & Co. International plc. The joint book runners exercised their over-allotment option to acquire an additional 8,449,221 ADSs at \$ 12.15 per ADS. The aggregate price of the offering amount, including the over-allotment option, registered and sold was \$ 1,602.7 million.

The registration statement on Form F-3 (File No. 333-160580) filed by us in connection with the ADS offering was automatically effective on July 15, 2009. The net proceeds from the offering to us, after deducting underwriting discounts and commissions and offering expenses (\$ 13.8 million), amounted to \$ 1,588.9 million. As of March 31, 2014, we have used the entire proceeds for the purpose mentioned in the offer document.

Pursuant to the Re-organization Transactions, each holder of the SIIL ADSs, received three Vedanta Limited ADSs for every five existing SIIL ADSs. The total outstanding Vedanta Limited ADSs as of March 31, 2015 were 55,332,947.

Convertible Notes offering in 2009

On October 29, 2009, we completed an offering of \$ 500 million aggregate principal amount of convertible senior notes at an interest rate of 4 % per annum. The convertible senior notes were convertible into ADSs at a conversion price of approximately \$ 38.88 per ADS since the effectiveness of the Re-organization Transactions, subject to adjustment in certain events. The conversion price prior to the Re-organization Transactions was \$ 23.33 per ADS. The convertible senior notes had a maturity date of October 30, 2014 and were repaid on the maturity date.

Convertible Notes offering in 2009

On October 30, 2009, Sesa Goa issued 5,000 5% convertible notes of an aggregated principal amount of \$ 500 million. These convertible notes were convertible, at the option of the holder, into ordinary shares of Vedanta Limited at a conversion rate of 13,837.64 ordinary shares per \$ 100,000 principal amount of convertible notes, which is equal to a conversion price of approximately \$ 7.23 per ordinary share since the effectiveness of the Re-organization Transactions. These convertible notes were due for maturity on October 31, 2014 and they were fully repaid on the maturity date.



ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding our required disclosure.

Based on the foregoing, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of March 31, 2015, our disclosure controls and procedures were effective.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act.

Internal controls over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with IFRS as issued by the IASB.

Our internal control over financial reporting includes those policies and procedures that, (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Our management assessed the effectiveness of internal control over financial reporting as of March 31, 2015 based on the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of March 31, 2015, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The scope of our management's assessment of the effectiveness of internal control over financial reporting includes all of our company's consolidated operations.

Our management recognizes that there are inherent limitations in the effectiveness of any system of internal control over financial reporting, including the possibility of human error and the circumvention or override of internal control. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation, and may not prevent or detect all misstatements and can only provide reasonable assurance with respect to the preparation and presentation of our financial statements.

The effectiveness of our internal control over financial reporting as at March 31, 2015 has been audited by Deloitte Haskins & Sells LLP, or Deloitte, our independent registered public accounting firm, as stated in their report which is reproduced in its entirety in Item 15(c) below:

(c) Attestation Report of the Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Vedanta Limited
Panaji, Goa, India



We have audited the internal control over financial reporting of Vedanta Limited and subsidiaries (the “Company”) as of March 31, 2015, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2015, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended March 31, 2015 of the Company and our report dated August 14, 2015 expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph relating to the convenience translation of the Indian Rupee into United States dollar amounts.

/s/ Deloitte Haskins & Sells LLP
Deloitte Haskins & Sells LLP
Gurgaon, India
August 14, 2015

(d) Changes in Internal Control over Financial Reporting

Management has evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on the evaluation we conducted, management has concluded that no such changes have occurred in fiscal year 2015.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Chairperson of our Audit Committee is Lalita D. Gupte. Ravi Kant and Naresh Chandra are the other members of the Audit Committee. Each of Messrs. Kant, Chandra and Ms. Gupte satisfy the “independence” requirements pursuant to the rules of the SEC and Rule 10A-3 of the Exchange Act. *See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management” for the experience and qualifications of the members of the Audit Committee.*



Our Board has determined that Ms. Gupte qualifies as an “audit committee financial expert” within the requirements of the rules promulgated by the SEC relating to audit committees.

ITEM 16B. CODE OF ETHICS

We have adopted a written Code of Business Conduct and Ethics that is applicable to all of our directors, senior management, executive officers and employees. We amended our Code of Business Conduct and Ethics in October 2014. We added certain provisions including applicable provisions relating to the U.K Bribery Act, 2010, particularly on the meaning, scope and application of the terms bribery, corruption, fraud, gifts, entertainment and political contributions to the Company and our employees. As an issuer of securities in the United States, we are subject to the US Foreign Corrupt Practices Act (FCPA). Our businesses in other countries shall comply with their respective anti-corruption laws. Additionally, in accordance with the Companies Act, 2013 and the amendment in the listing agreement of stock exchanges in India, the Code of Business Conduct and Ethics was amended to incorporate the duties of the Independent Directors. The Code of Business Conduct and Ethics was amended in April 2015, elaborating on competition law and fair dealing. In addition to this amendment, the Code of Business Conduct and Ethics was further amended at the board meeting held in July 2015, to refresh the core purposes and values of the Company. Further, a corporate communications is established by the Company that will align with the Code of Business Conduct and Ethics and the aim is to guide employees on sharing any material information relating to the Company or the group and ensure that it is accurately communicated to interested parties.

We have posted the code on our website at http://www.vedantalimited.com/media/85907/coc_final_2015.07.29.pdf. Information contained in our website does not constitute a part of this Annual Report. We will also make available a copy of the Code of Business Conduct and Ethics to any person, without charge, if a written request is made to us at our registered office at Sesa Ghor, 20 EDC Complex, Patto, Panaji, State of Goa, 403001, India.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our financial statements are prepared in accordance with IFRS as issued by the IASB and are audited by Deloitte Haskins & Sells LLP, a firm registered with the Public Company Accounting Oversight Board in the United States and an Indian firm of Chartered Accountants registered with the Institute of Chartered Accountants of India.

Deloitte Haskins & Sells LLP has served as our independent registered public accountant for each of the years ended March 31, 2014 and March 31, 2015 for which audited statements appear in this Annual Report. The following table shows the aggregate fees for the professional services and other services rendered by Deloitte Haskins & Sells LLP and the various member firms of Deloitte to us, including our subsidiaries, in fiscal years 2014 and 2015.

	Fiscal year	
	2014	2015
	(\$ in thousands)	
Audit fees (audit and review of financial statements)	2,750.2	3,263.1
Audit-related fees (including other miscellaneous audit related certifications)	9.6	72.7
Tax fees (tax audit, other certifications and tax advisory services)	389.5	304.4
All other fees (certification on corporate governance and advisory services)	70.5	10.4
Total	3,219.8	3,650.6

Audit Committee Pre-approval Process

Our Audit Committee reviews and pre-approves the scope and the cost of audit services related to us and permissible non-audit services performed by the independent auditors, other than those for *de minimis* services which are approved by the Audit Committee prior to the completion of the audit. All of the services related to our Company provided by Deloitte Haskins & Sells LLP during the last fiscal year have been approved by the Audit Committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

There were no repurchases of the equity shares of Vedanta Limited made by or on behalf of Vedanta Limited or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) of the Exchange Act) in fiscal year 2015.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable

ITEM 16G. CORPORATE GOVERNANCE

As our ADSs are listed on the NYSE, we are subject to the NYSE listing standards. The NYSE listing standards applicable to us, as a foreign private issuer, are considerably different from those applicable to US companies. Under the NYSE rules, we need only (i) establish an independent Audit Committee; (ii) provide prompt certification by our Chief Executive Officer of any material non-compliance with any corporate governance rules of the NYSE; (iii) provide periodic (annual and interim) written affirmations to the NYSE with respect to our corporate governance practices; and (iv) provide a brief description of significant differences between our corporate governance practices and those followed by US companies. Our Audit Committee consists of three directors: Lalita D. Gupte, who is our Chairperson, Ravi Kant and Naresh Chandra. Each of Messrs. Kant, Chandra and Ms. Gupte satisfy the “independence” requirements of Rule 10A-3 of the Exchange Act. A brief description of the significant differences between our corporate governance practices and those followed by US companies can be found in “*Item 10. Additional Information—B. Memorandum and Articles of Association—Comparison of Corporate Governance Standards.*”

As a foreign private issuer, we are exempt from the NYSE rules applicable to a US company requiring (i) a board of directors consisting of a majority of independent directors, (ii) a compensation committee and a nominating/corporate governance committee, (iii) shareholder approval of equity-compensation plans, (iv) the adoption and disclosure of corporate governance guidelines, and (v) the adoption and disclosure of a code of business conduct and ethics for directors, officer and employees, and the prompt disclosure of any waivers thereof for directors or executive officers.

In addition, we are deemed to be a “controlled company” under the NYSE rules. As a result, we are exempt from the NYSE rules applicable to a US company that is not a “controlled company” requiring (i) a board of directors consisting of a majority of independent directors and (ii) a compensation committee and a nominating/corporate governance committee.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable

PART III**ITEM 17. FINANCIAL STATEMENTS**

See Item 18 for a list of the financial statements filed as part of this Annual Report.

ITEM 18. FINANCIAL STATEMENTS

The following financial statements are filed as part of this Annual Report, together with the report of the independent registered public accounting firms:

- Report of Independent Registered Public Accounting Firm
- Consolidated Statements of Profit or Loss for the years ended March 31, 2013, 2014 and 2015
- Consolidated Statements of Comprehensive Income for the years ended March 31, 2013, 2014 and 2015
- Consolidated Statements of Cash Flow for the years ended March 31, 2013, 2014 and 2015
- Consolidated Statements of Financial Position as at March 31, 2014 and 2015
- Consolidated Statement of Changes in Equity for the years ended March 31, 2013, 2014 and 2015
- Notes to the consolidated financial statements



20018GSPjMzwbdBQ/

ITEM 19. EXHIBITS

- 1.1 Certificate of Incorporation pursuant to change of name to Vedanta Limited—incorporated by reference to Exhibit 99.1 to the Form 6-K (File No. 001-33175) of Vedanta Limited, as filed with the SEC on May 29, 2015.
- 1.2 Memorandum and Articles of Association of Vedanta Limited—incorporated by reference to Exhibit 99.3 to the Form 6-K (File No. 001-33175) of Vedanta Limited, as filed with the SEC on May 29, 2015.
- 2.1 Form of Deposit Agreement among Sterlite Industries (India) Limited, Citibank, N.A., as Depositary, and owners and holders from time to time of American Depositary Shares evidenced by American Depositary Receipts issued thereunder amended (including the Form of ADR)—incorporated by reference to Exhibit (a) of Amendment No. 2 to the Registration Statement on Form F-6 (File No. 333-139102), as filed with the SEC on June 15, 2007 as amended by Form of ADR incorporated by reference to Form 424B3 (File No. 333-139102), as filed with the SEC on June 28, 2010.
- 2.2 Form of Deposit Agreement among Sesa Goa Limited and Citibank, N.A., as Depositary and the holders and beneficial owners of American Depositary Shares issued thereunder—incorporated by reference to Exhibit 99.1 to the Form 6-K (File No. 001-33175), as filed with the SEC on September 11, 2013.
- 2.3 Specimen share certificate—incorporated by reference to Exhibit 99.2 to the Form 6-K (File No. 001-33175) of Vedanta Limited, as filed with the SEC on May 29, 2015.
- 4.1 Vedanta Resources plc Long-Term Incentive Plan—incorporated by reference to Exhibit 10.1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.2 Vedanta Resources plc Employee Share Ownership Plan (“ESOP”) 2013—incorporated by reference to Exhibit 4.2 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.3 Vedanta Resources plc ESOP Scheme 2012—incorporated by reference to Exhibit 4.3 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.4** Vedanta Resources plc Performance Share Plan 2014
- 4.5 Relationship Agreement dated December 5, 2003 among Vedanta, Volcan Investments Limited, Dwarka Prasad Agarwal, Agnivesh Agarwal and Anil Agarwal—incorporated by reference to Exhibit 10.2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.6 Deed of Adherence dated December 11, 2007 among Vedanta Resources plc, Volcan Investments Limited, Onclave PTC Limited and Anil Agarwal—incorporated by reference to Exhibit 4.3 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
- 4.7 Shared Services Agreement dated December 5, 2003 among Vedanta, Sterlite Optical Technologies Limited, Sterlite Gold Limited and Sterlite Industries (India) Limited, including the letter agreement dated April 13, 2006 amending the Shared Services Agreement—incorporated by reference to Exhibit 10.3 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.8 Consultancy Agreement dated March 29, 2005 between Vedanta and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 10.4 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.9 Management Services Agreement dated May 20, 2014 between Vedanta and Sesa Sterlite Limited—incorporated by reference to Exhibit 4.8 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.10 Representative Office Agreement dated March 29, 2005 between Vedanta and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 10.5 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.11 Representative Office Agreement dated May 20, 2014 between Vedanta and Sesa Sterlite Limited—incorporated by reference to Exhibit 4.10 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.12 Shareholders’ Agreement between the President of India and Sterlite Opportunities and Ventures Limited dated April 4, 2002—incorporated by reference to Exhibit 10.6 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.13 Shareholders’ Agreement between Sterlite Industries (India) Limited, GoI and BALCO dated March 2, 2001—incorporated by reference to Exhibit 10.7 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.14 Guarantee Agreement between the President of India, Sterlite Industries (India) Limited, Sterlite Optical Technologies Limited and Sterlite Opportunities and Ventures Limited dated April 4, 2002—incorporated by reference to Exhibit 10.8 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.



20018GsPjMzSh=zQ

- 4.15 Agreement between Vedanta Aluminium Limited and Orissa Mining Corporation Limited dated October 5, 2004—incorporated by reference to Exhibit 10.9 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.16 Mining lease between the Government of Rajasthan and HZL dated March 13, 1980 renewed on September 15, 2000 pursuant to an order of the Government of Rajasthan dated May 1, 2000 and an indenture dated September 15, 2000—incorporated by reference to Exhibit 10.10 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.17 \$ 92.6 million Term Facility Agreement between Sterlite Industries (India) Limited as borrower and CALYON, Standard Chartered Bank and ICICI Bank Limited as lenders dated March 22, 2006—incorporated by reference to Exhibit 10.11 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.18 Japanese Yen 3,570 million and \$ 19.65 million Term Loan Facilities Agreement between Sterlite Industries (India) Limited as borrower and ICICI Bank Limited, Sumitomo Mitsui Banking Corporation and DBS Bank Limited as lenders dated September 19, 2005—incorporated by reference to Exhibit 10.12 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.19 \$ 125 million Term Facility Agreement between HZL as borrower and ABN AMRO Bank N.V., CALYON, Standard Chartered Bank, DBS Bank Limited, Mizuho Corporate Bank, Limited., Sumitomo Mitsui Banking Corporation, The Sumitomo Trust and Banking Co., Limited., Cathay United Bank, Hua Nan Commercial Bank, National Bank of Kuwait S.A.K., Bank of Taiwan, The Export-Import Bank of the Republic of China, Chang Hwa Commercial Bank Limited., Chiao Tung Bank Co., Limited., The International Commercial Bank of China, Co. Limited., Mascareignes International Bank Ltd., Syndicate Bank, Canara Bank and The Shanghai Commercial and Savings Bank, Limited. as lenders dated July 29, 2005—incorporated by reference to Exhibit 10.13 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.20 Rs. 7,000 million Rupee Term Facility Agreement between BALCO as the borrower and Union Bank of India, Export Import Bank of India, Uco Bank, State Bank of Travancore, State Bank of Saurashtra, State Bank of Hyderabad, State Bank of Patiala and State Bank of Indore as lenders dated August 18, 2004—incorporated by reference to Exhibit 10.14 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.21 \$ 50 million Facility Agreement between BALCO as borrower and ICICI Bank Limited, Singapore Branch, ICICI Bank Limited, Bahrain Branch and ICICI Bank Limited, Offshore Banking Unit as lenders dated November 8, 2004—incorporated by reference to Exhibit 10.15 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.22 \$ 50 million Facility Agreement between BALCO as borrower and ICICI Bank Limited, ICICI Bank Limited, Bahrain Branch and ICICI Bank Limited, Offshore Banking Unit as lenders dated November 10, 2004—incorporated by reference to Exhibit 10.16 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.23 Rs. 10,000 million Facility Agreement between BALCO as borrower and Oriental Bank of Commerce, Syndicate Bank, The Jammu & Kashmir Bank Limited, Corporation Bank, Housing Development Finance Corporation Limited, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Indore, State Bank of Mysore, State Bank of Patiala, State Bank of Saurashtra, The Federal Bank Limited, The Karnataka Bank Limited, The Karur Vysya Bank Limited, UCO Bank, Vijaya Bank, ABN AMRO Bank N.V., The Laxmi Vilas Bank Limited as lenders dated September 16, 2003—incorporated by reference to Exhibit 10.17 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.24 Information Memorandum dated May 30, 2013 relating to the issue of 5000 rated taxable secured listed redeemable non-convertible debentures of face value of Rs. 10 Lakhs each, aggregating up to Rs. 500 Crore to be issued on a private placement basis in the financial year 2013-14 by BALCO—incorporated by reference to Exhibit 4.23 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.25 Disclosure document dated July 3, 2013 for private placement of secured, redeemable non-convertible debentures of Rs. 1,000,000 each aggregating up to Rs. 2500 Crores by Sterlite Industries (India) Limited—incorporated by reference to Exhibit 4.24 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.26 Disclosure document dated July 3, 2013 for Private Placement of Secured, Redeemable Non-Convertible Debentures of Rs. 1,000,000 each aggregating up to Rs. 450 Crores—incorporated by reference to Exhibit 4.25 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.27 Disclosure document dated July 3, 2013, for Private Placement of Secured, Redeemable Non-Convertible Debenture of Rs. 100,000 each aggregating up to Rs. 750 Crores—incorporated by reference to Exhibit 4.26 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.



- 4.28 Common Rupee Loan Agreement dated December 27, 2013 among Sesa Sterlite Limited as Borrower, the Banks and Financial Institutions set forth in Part A Schedule I, as Rupee Lenders, Axis Bank Limited, as Lenders' Agent and Axis Trustee Services Limited as Security Trustee—incorporated by reference to Exhibit 4.27 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.29 Term Loan Agreement dated November 28, 2013 between Sesa Sterlite and Canara Bank—incorporated by reference to Exhibit 4.28 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.30 US\$100,000,000 Facility Agreement dated June 20, 2008 between Vedanta Aluminium Limited as Borrower, ICICI Bank Limited as Arranger, The Banks and Financial Institutions (listed in Schedule 1) as Original Lenders and ICICI Bank Limited as Agent—incorporated by reference to Exhibit 4.29 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.31 Facility Agreement dated April 5, 2011 between Vedanta Aluminium Limited as Borrower, The Banks and Financial Institutions Set Forth in Schedule I as the Rupee Lenders and State Bank of India as the Issuing Bank and Facility Agent—incorporated by reference to Exhibit 4.30 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.32 Amendment and Restatement Agreement dated June 27, 2011 relating to the \$500,000,000 Intercompany Loan Facility Agreement dated July 6, 2009 between Vedanta Aluminium as the borrower and Welter Trading Limited as the original lender and Axis Bank Limited, Hong Kong Branch as agent and Security Trustee under the Amended and Restated Facility Agreement—incorporated by reference to Exhibit 4.31 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.33 \$50,000,000 Facility Agreement dated January 8, 2013 among Vedanta Aluminium as the original borrower, Sterlite Industries (India) Limited as guarantor, AXIS Bank Limited, Hong Kong Branch as arranger, as original lender and as agent and AXIS Bank Limited as security trustee—incorporated by reference to Exhibit 4.32 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.34 \$1,200,000,000 Facility Agreement dated May 15, 2013 for Vedanta with Twin Star Mauritius Holdings Limited as borrower arranged by Bank of America, N.A., Barclays Bank Plc, Citigroup Global Markets Asia Limited, J.P. Morgan Chase Bank N.A., Singapore Branch, The Royal Bank of Scotland Plc and Standard Chartered Bank and Standard Chartered Bank (Mauritius) Limited acting as account bank and Standard Chartered Bank acting as agent and security agent—incorporated by reference to Exhibit 4.33 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.35** Rs. 50,000 million Facility Agreement dated July 21, 2014 among Sesa Sterlite Limited as borrower, State Bank of India as lender and SBICAP Trustee Company Limited as security trustee
- 4.36** Rs. 10,000 million Facility Agreement dated April 15, 2014 among Sesa Sterlite Limited as borrower and Union Bank of India as lender
- 4.37** Rs. 20,000 million Facility Agreement dated April 15, 2014 among Sesa Sterlite Limited as borrower, Bank of India as lender and SBICAP Trustee Company Limited as security trustee
- 4.38** Rs. 10,250 million Facility Agreement dated April 15, 2014 among Sesa Sterlite Limited as borrower and Syndicate Bank as lender
- 4.39** Rs. 20,000 million Facility Agreement dated April 15, 2014 among Sesa Sterlite Limited as borrower and Bank of Baroda as lender
- 4.40** Debenture trust deed dated December 23, 2014 for 9.36% rated, secured, listed, redeemable non-convertible debentures between Sesa Sterlite Limited as the Issuer and Axis Trustee Services Limited as the Debenture Trustee
- 4.41** \$ 250 million conventional facility (with a greenshoe option to increase the facility amount by \$ 125 million) and \$ 250 million Islamic facility (with a greenshoe option to increase the facility amount by \$ 125 million) for Vedanta Resources Plc with Twin Star Mauritius Holdings Ltd arranged by First Gulf Bank PJSC and Standard Chartered Bank as Conventional Facility Arrangers and Islamic Facility Arrangers, and Standard Chartered Bank (Mauritius) Limited acting as Account Bank and Standard Chartered Bank acting as Global Facility Agent
- 4.42** \$ 100 million Facility Agreement dated August 20, 2014 among Twin Star Mauritius Holdings Ltd as borrower and Vedanta Resources Jersey II Limited as lender
- 4.43 Subscription Agreement between Sterlite Industries (India) Limited and the Life Insurance Corporation of India dated April 9, 2003—incorporated by reference to Exhibit 10.18 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.44 Option Agreement between Sterlite Industries (India) Limited, India Foils Limited and ICICI Bank Limited dated February 18, 2005—incorporated by reference to Exhibit 10.19 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.



20018GsPjMz#@HxQ-

- 4.45 Corporate Guarantee by Sterlite Industries (India) Limited to ICICI Bank Limited on behalf of India Foils Limited dated February 8, 2005—incorporated by reference to Exhibit 10.20 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.46 Corporate Guarantee by Sterlite Industries (India) Limited to ICICI Bank Limited on behalf of Vedanta Aluminium Limited dated December 4, 2004—incorporated by reference to Exhibit 10.21 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.47 Frame Contract between Sterlite Industries (India) Limited and the CMT dated July 1, 2004, as amended on July 1, 2004—incorporated by reference to Exhibit 10.22 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.48 Copper Concentrate Purchase Contract between Sterlite Industries (India) Limited and the CMT dated July 1, 2005—incorporated by reference to Exhibit 10.23 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.49 Agreement for Sale and Purchase of the Power Transmission Line Division between Sterlite Industries (India) Limited and Sterlite Optical Technologies Limited dated August 30, 2006—incorporated by reference to Exhibit 10.24 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.50 Agreement between Sterlite Industries (India) Limited and Navin Agarwal dated October 8, 2003—incorporated by reference to Exhibit 10.25 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.51 Agreement between Sesa Goa Limited and Navin Agarwal dated August 17, 2013—incorporated by reference to Exhibit 4.42 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.52 Agreement between Sterlite Industries (India) Limited and Kuldeep Kumar Kaura dated September 12, 2006—incorporated by reference to Exhibit 10.26 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 15, 2006.
- 4.53 Letter issued by Sterlite Industries (India) Limited to Kuldeep Kumar Kaura dated March 27, 2008—incorporated by reference to Exhibit 4.28 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
- 4.54 Share Purchase Agreement between Sterlite Industries (India) Limited and Anil Agarwal dated October 3, 2006 relating to the sale of Sterlite Energy Limited—incorporated by reference to Exhibit 10.29 of Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 22, 2006.
- 4.55 Share Purchase Agreement between Sterlite Industries (India) Limited and Dwarka Prasad Agarwal dated October 3, 2006 relating to the sale of Sterlite Energy Limited—incorporated by reference to Exhibit 10.30 of Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 22, 2006.
- 4.56 Share Purchase Agreement between Sterlite Industries (India) Limited and Twin Star Infrastructure Limited dated October 3, 2006 relating to the sale of Sterlite Energy Limited—incorporated by reference to Exhibit 10.31 of Amendment No. 1 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on November 22, 2006.
- 4.57 Specialty Deed between CMT, Mt Lyell Mining Company Limited, Citibank Limited and Citibank, N.A. dated April 1, 1999—incorporated by reference to Exhibit 10.36 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.
- 4.58 Subordination Deed Poll between Monte Cello Corporation N.V., Citibank Limited and Citibank, N.A. dated April 1, 1999—incorporated by reference to Exhibit 10.37 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.
- 4.59 Deed of Assignment of Debt between Monte Cello Corporation N.V. and Mt Lyell Mining Company Limited dated April 1, 1999—incorporated by reference to Exhibit 10.38 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.
- 4.60 Deed of Assignment of Debt between Monte Cello Corporation N.V., Citibank Limited and Citibank, N.A. dated April 1, 1999—incorporated by reference to Exhibit 10.39 of Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-138739), as filed with the SEC on February 8, 2007.
- 4.61 Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated August 29, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures—incorporated by reference to Exhibit 4.38 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.



- 4.62 Addendum dated March 17, 2008 to the Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated August 29, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures—incorporated by reference to Exhibit 4.39 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
- 4.63 Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated December 23, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures—incorporated by reference to Exhibit 4.40 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
- 4.64 Addendum dated March 17, 2008 to the Memorandum of Understanding between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated December 23, 2007 relating to the subscription of the Zero Percent Optionally Fully Convertible Debentures—incorporated by reference to Exhibit 4.41 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
- 4.65 Purchase and Sale Agreement dated May 30, 2008 among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (U.S.A), Inc. and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 4.42 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
- 4.66 10,000 million Loan Agreement between Sterlite Industries (India) Limited and Vedanta Aluminium Limited dated February 4, 2008—incorporated by reference to Exhibit 4.43 of the annual report on Form-20F for fiscal 2008 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on June 30, 2008.
- 4.67 Amendment No. 1 dated April 15, 2009 to the Settlement and Sale and Purchase Agreement dated March 6, 2009 among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (U.S.A), Inc., and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 4.43 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.68 Amendment No. 2 effective as of April 22, 2009 to the Settlement and Sale and Purchase Agreement dated March 6, 2009, as amended on April 15, 2009, among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (U.S.A), Inc., and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 4.44 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.69 Amendment No. 3 effective as of June 12, 2009 to the Settlement and Sale and Purchase Agreement dated March 6, 2009, as amended on April 15, 2009 and April 22, 2009, among Asarco LLC, AR Silver Bell, Inc., Copper Basin Railway, Inc., Asarco Santa Cruz, Inc., Sterlite (U.S.A), Inc., and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 4.45 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.70 Sterlite Plan Agreement in Principle Term Sheet dated June 12, 2009 among Asarco LLC, the subsidiary debtors, Sterlite (U.S.A), Inc., Robert C. Pate, in his capacity as the Future Claims Representative, and the Official Committee of Asbestos Claimants—incorporated by reference to Exhibit 4.46 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.71 Credit Agreement Letter dated February 7, 2005 between India Foils Limited and ICICI Bank Limited—incorporated by reference to Exhibit 4.47 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.72 Novation Agreement dated November 15, 2008 among Sterlite Industries (India) Limited, India Foils Limited and ICICI Bank Limited in respect of Rs. 772.5 million term loan facility—incorporated by reference to Exhibit 4.48 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.73 Credit Agreement Letter dated August 4, 2005 between India Foils Limited and ICICI Bank Limited—incorporated by reference to Exhibit 4.49 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.74 Novation Agreement dated November 15, 2008 among Sterlite Industries (India) Limited, India Foils Limited and ICICI Bank Limited in respect of the Rs. 250 million term loan facility—incorporated by reference to Exhibit 4.50 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.



- 4.75 Rs. 55,690 million Common Rupee Loan Agreement dated June 29, 2009 among Sterlite Energy Limited, the State Bank of India as facility agent and issuing bank, IDBI Trusteeship Services Limited as security trustee and the lenders named therein—incorporated by reference to Exhibit 4.51 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.76 \$ 140 million Term Loan Facility Agreement dated June 29, 2009 among Sterlite Energy Limited, India Infrastructure Finance (UK) Company Limited as lender, and the State Bank of India as facility agent—incorporated by reference to Exhibit 4.52 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.77 Sponsor Support Agreement dated June 29, 2009 among Sterlite Industries (India) Limited, Sterlite Energy Limited, and the State Bank of India as facility agent—incorporated by reference to Exhibit 4.53 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.78 Term Sheet dated May 22, 2009 between Sterlite Industries (India) Limited and Vedanta Aluminium Limited relating to the subscription of 9.75% Non-Convertible Debentures—incorporated by reference to Exhibit 4.54 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.79 Agreement dated February 18, 2009 between the Orissa Mining Corporation Limited and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 4.55 of the annual report on Form-20F for fiscal 2009 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 10, 2009.
- 4.80 Indenture and Supplemental Indenture, both dated October 29, 2009, between Sterlite Industries (India) Limited and Wilmington Trust Company as trustee and Citibank, N.A., as securities administrator—incorporated by reference to Exhibits 4.1 and 4.2 to the Form-6K (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on November 3, 2009.
- 4.81 Second Supplemental Indenture dated October 29, 2009, between Sesa Goa Limited and Wilmington Trust Company as trustee and Citibank N.A., as securities administrator—incorporated by reference to Exhibit 99.2 to the Form 6-K (File 001-33175) of Sesa Sterlite Limited, as filed with the SEC on September 11, 2013.
- 4.82 Trust Deed dated October 30, 2009 between Sesa Goa Limited and Citicorp International Limited for the \$500,000,000 5.0% Convertible Bonds due 2014 convertible into Shares of Sesa Goa Limited—incorporated by reference to Exhibit 4.73 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.83 Amendment dated March 29, 2009 to the Consultancy and Representative Office Agreement between Vedanta and Sterlite Industries (India) Limited both dated March 29, 2005—incorporated by reference to Exhibit 4.56 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.84 Outsourcing Services Agreement dated April 1, 2010 between Vedanta and Sterlite Industries (India) Limited—incorporated by reference to Exhibit 4.57 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.85 Outsourcing Services Agreement dated May 20, 2014 between Vedanta and Sesa Sterlite Limited—incorporated by reference to Exhibit 4.76 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.86 Share Purchase Agreement dated May 9, 2010 between Anglo Operations Limited, Taurus International S.A., Anglo South Africa Capital (Pty) Limited, Anglo American Services (UK) Limited, Welter Trading Limited and Vedanta—incorporated by reference to Exhibit 4.58 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.87 Buyer's Credit Import Advance facility dated December 8, 2009 and Demand Promissory Note accepted on May 18, 2010 obtained by BALCO from DBS Bank Limited for \$ 50 million—incorporated by reference to Exhibit 4.59 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.88 Letter of Credit Facility Agreement dated August 30, 2010 obtained by TSPL from ICICI Bank for Rs. 10,000 million—incorporated by reference to Exhibit 4.60 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.



- 4.89 Share Purchase and Shareholders' Agreement dated September 17, 2010 between Sterlite Industries (India) Limited, Leighton Contractors (India) Private Limited and Vizag General Cargo Berth Private Limited—incorporated by reference to Exhibit 4.61 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.90 Corporate Guarantee dated December 8, 2010 given by Sterlite Industries (India) Limited to IL&FS Trust Company Limited on behalf of TSPL—incorporated by reference to Exhibit 4.62 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.91 Second Deed of Amendment dated December 16, 2010 between Anglo Operations Limited, Taurus International S.A., Anglo South Africa Capital (Pty) Limited, Anglo American Services (UK) Limited, Welter Trading Limited, THL Zinc Limited, Labaume B.V., Pecvest 17 (Proprietary) Limited and Vedanta as an amendment to the Share Purchase Agreement dated May 9, 2010—incorporated by reference to Exhibit 4.63 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.92 Letter of Credit Facility Agreement dated December 18, 2010 obtained by BALCO from ICICI Bank for Rs. 2.50 billion—incorporated by reference to Exhibit 4.64 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.93 Service Contract dated January 25, 2011 between Sterlite Industries (India) Limited and Mr. Din Dayal Jalan—incorporated by reference to Exhibit 4.65 of the annual report on Form 20-F for fiscal 2011 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on September 30, 2011.
- 4.94 Service Contract dated January 29, 2013 between Sterlite Industries (India) Limited and Mr. Din Dayal Jalan—incorporated by reference to Exhibit 4.66 of the annual report on Form-20F for fiscal 2013 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on July 30, 2013.
- 4.95 Service Agreement dated April 1, 2014 between Sesa Sterlite Limited and Mr. Din Dayal Jalan—incorporated by reference to Exhibit 4.86 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 4.96** Addendum to the Service Agreement (dated April 1, 2014) between Sesa Sterlite Limited and Mr. Din Dayal Jalan
- 8.1** List of subsidiaries of Vedanta Limited
- 11.1 Sterlite Industries (India) Limited—Code of Business Conduct and Ethics as amended till November 2011—incorporated by reference to Exhibit 11.1 of the annual report on Form 20-F for fiscal 2012 (File No. 001-33175) of Sterlite Industries (India) Limited, as filed with the SEC on May 25, 2012.
- 11.2 Sesa Sterlite Limited—Code of Business Conduct and Ethics as revised and approved by the board on January 28, 2014—incorporated by reference to Exhibit 11.2 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 11.3** Sesa Sterlite Limited—Code of Business Conduct and Ethics as revised and approved by the board on October 29, 2014
- 11.4** Vedanta Limited—Code of Business Conduct and Ethics as revised and approved by the board on April 29, 2015 and July 29, 2015
- 11.5** Vedanta Limited—Antitrust Guidance Notes
- 12.1** Certification by the Chief Executive Officer pursuant to 17 CFR 240. 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 12.2** Certification by the Chief Financial Officer pursuant to 17 CFR 240. 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 13.1** Certification by the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 13.2** Certification by the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 15.1 Reserves evaluation report dated June 12, 2014 by DeGolyer and MacNaughton—incorporated by reference to Exhibit 15.2 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 15.2 Appraisal Report by DeGolyer and MacNaughton as of March 31, 2014 on the Proved Reserves of certain Fields in India owned by Cairn India Limited for Sesa Sterlite Limited—incorporated by reference to Exhibit 15.3 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.



- 15.3 Appraisal Report by DeGolyer and MacNaughton as of March 31, 2013 on the Proved Reserves of certain Fields in India owned by Cairn India Limited for Sesa Sterlite Limited—incorporated by reference to Exhibit 15.4 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 15.4 Appraisal Report by DeGolyer and MacNaughton as of March 31, 2012 on the Proved Reserves of certain Fields in India owned by Cairn India Limited for Sesa Sterlite Limited—incorporated by reference to Exhibit 15.5 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 15.5 Appraisal Report by DeGolyer and MacNaughton as of March 31, 2011 on the Proved Reserves of certain Fields in India owned by Cairn India Limited for Sesa Sterlite Limited—incorporated by reference to Exhibit 15.6 of the annual report on Form-20F for fiscal 2014 (File No. 001-33175) of Sesa Sterlite Limited, as filed with the SEC on August 15, 2014.
- 15.6** Appraisal Report by DeGolyer and MacNaughton as of March 31, 2015 on the Proved Reserves of certain Fields in India owned by Cairn India Limited for Vedanta Limited.

** Filed herewith



20018GsPjMya=2Bw~

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile

SG5214AM023460
11.7.8

HKR tande0sg

14-Aug-2015 01:44 EST

32971 TX 296 5*

SNG

HTM ESS 0C

Page 1 of 1

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Date: August 14, 2015

VEDANTA LIMITED

By: /s/ Din Dayal Jalan

Name: Din Dayal Jalan

Title: Chief Financial Officer



20018GsPnWXm3zM6

Index to Consolidated Financial Statements

	<u>Page(s)</u>
<u>Report of Independent Registered Public Accounting Firm</u>	F-2
<u>Consolidated Statements of Profit or Loss for the years ended March 31, 2013, 2014 and 2015.</u>	F-3
<u>Consolidated Statements of Comprehensive Income for the years ended March 31, 2013, 2014 and 2015.</u>	F-4
<u>Consolidated Statements of Financial Position as at March 31, 2014 and 2015.</u>	F-5
<u>Consolidated Statements of Cash Flows for the years ended March 31, 2013, 2014 and 2015</u>	F-6
<u>Consolidated Statements of Changes in Equity for the years ended March 31, 2013, 2014 and 2015.</u>	F-7
<u>Notes to the Consolidated Financial Statements</u>	F-10



20018GsPjMya%N7w)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Vedanta Limited
Panaji, Goa, India

We have audited the accompanying consolidated statements of financial position of Vedanta Limited and subsidiaries (the "Company") as of March 31, 2015 and 2014, and the related consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended March 31, 2015, all expressed in Indian Rupees. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Vedanta Limited and subsidiaries as of March 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2015, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2015, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 14, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

Our audit for the year ended and as of March 31, 2015, also comprehended the translation of Indian Rupees amounts into United States dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. The translation of the consolidated financial statements amounts into United States dollars have been made solely for the convenience of the readers.

/s/ Deloitte Haskins & Sells LLP
Deloitte Haskins & Sells LLP
Gurgaon, India
August 14, 2015



VEDANTA LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(In millions except share or per share amounts unless otherwise stated)

For the year ended March 31,

		2013	2014	2015	2015
	Notes	(Rs. in million)	(Rs. in million)	(Rs. in million)	(US dollars in million) (Note 2)
Revenue	4	722,303	725,243	733,579	11,773.1
Cost of sales*		(556,663)	(557,900)	(995,968)	(15,984.1)
Gross profit / (loss)		165,640	167,343	(262,389)	(4,211.0)
Other operating income		3,791	4,541	4,802	77.1
Distribution expenses		(16,430)	(12,127)	(10,078)	(161.7)
Administration expenses		(23,490)	(32,229)	(31,550)	(506.4)
Operating profit / (loss)		129,511	127,528	(299,215)	(4,802.0)
Investment and other income	5	34,931	42,165	51,154	821.0
Finance and other costs	6	(54,716)	(72,821)	(63,398)	(1,017.5)
Profit / (loss) before tax		109,726	96,872	(311,459)	(4,998.5)
Income tax benefit / (expense)	7	7,502	(34,646)	108,320	1,738.4
Profit / (loss) for the year		117,228	62,226	(203,139)	(3,260.1)
Profit / (loss) attributable to:					
Equity holders of the parent		62,363	15,466	(128,350)	(2,059.9)
Non-controlling interests		54,865	46,760	(74,789)	(1,200.2)
Profit / (loss) for the year		117,228	62,226	(203,139)	(3,260.1)
Earnings / (loss) per share	27				
Basic		21.03	5.22	(43.29)	(0.7)
Diluted		21.03	5.22	(43.29)	(0.7)
Weighted average number of equity shares used in computing earnings per share					
Basic		2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871
Diluted		2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871

The accompanying notes are an integral part of these consolidated financial statements.

* Cost of sales for the year ended March 31, 2015 includes impairment charge of Rs. 406,144 million (\$ 6,518.1 million) (Refer note 8a).

The Group's (Refer note 1- Group overview) consolidated statements of profit or loss are presented disclosing expenses by function. The consolidated statements of profit or loss disclosing expenses presented by nature are in Note 32 (c).



VEDANTA LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions except share or per share amounts unless otherwise stated)

For the year ended March 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
	<u>(Rs. in million)</u>	<u>(Rs. in million)</u>	<u>(Rs. in million)</u>	<u>(US dollars in million) (Note 2)</u>
Profit / (loss) for the year	117,228	62,226	(203,139)	(3,260.1)
Other comprehensive income, net of income tax:				
Items that will not be reclassified subsequently to profit or loss				
Re-measurement of defined benefit obligation*	(346)	(98)	(457)	(7.3)
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	24,184	44,250	8,620	138.4
(Loss) / Gain on available-for-sale financial investments	(512)	(1)	151	2.4
Cash flow hedges*#	3,723	41	(758)	(12.2)
Reclassification of gain on available-for-sale financial investment to consolidated statements of profit / (loss)	(770)	(116)	—	—
Total other comprehensive income for the year, net of income tax	<u>26,279</u>	<u>44,076</u>	<u>7,556</u>	<u>121.3</u>
Total Comprehensive Income / (loss) for the year	<u>143,507</u>	<u>106,302</u>	<u>(195,583)</u>	<u>(3,138.8)</u>
Total Comprehensive Income / (loss) attributable to:				
Equity holders of the parent	69,757	27,582	(131,122)	(2,104.3)
Non-controlling interests	73,750	78,720	(64,461)	(1,034.5)
	<u>143,507</u>	<u>106,302</u>	<u>(195,583)</u>	<u>(3,138.8)</u>

* Refer to Note 7 for tax related to each component of other comprehensive income/ (loss)

Refer to Note 32(a) for amounts reclassified into consolidated statements of profit / (loss) for the year out of other comprehensive income/ (loss)

The accompanying notes are an integral part of these consolidated financial statements.



VEDANTA LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In millions except share or per share amounts unless otherwise stated)

As at		March 31, 2014	March 31, 2015	March 31, 2015
	Notes	(Rs. in million)	(Rs. in million)	(US dollars in million) (Note 2)
ASSETS				
Non-current assets				
Property, plant and equipment	8a	1,114,511	992,677	15,931.3
Exploration and evaluation assets	8b	617,570	341,831	5,486.0
Intangible assets	8c	6,984	6,593	105.8
Leasehold land prepayments		3,645	3,767	60.5
Deferred tax assets	7	73,082	76,487	1,227.5
Financial assets investments	10	111	262	4.2
Derivative financial assets	23	—	12	0.2
Current tax asset- non-current		22,616	26,562	426.3
Other non-current assets	11	12,815	11,563	185.6
Total non-current assets		1,851,334	1,459,754	23,427.4
Current assets				
Inventories	12	92,788	87,715	1,407.7
Current tax asset		4,729	230	3.7
Trade and other receivables	13	96,415	103,777	1,665.5
Short term investments	14	518,015	496,482	7,967.9
Derivative financial assets	23	3,235	1,035	16.6
Restricted cash and cash equivalents	15	2,463	4,090	65.6
Cash and cash equivalents	16	12,960	8,621	138.4
Total current assets		730,605	701,950	11,265.4
Total assets		2,581,939	2,161,704	34,692.8
LIABILITIES				
Current liabilities				
Short-term borrowings	17	161,728	161,233	2,587.6
Acceptances	18	90,718	94,660	1,519.2
Trade and other payables	19	181,661	165,993	2,664.0
Derivative financial liabilities	23	7,550	2,574	41.3
Retirement benefits	22	313	349	5.6
Provisions	20	1,126	4,870	78.2
Current tax liabilities		6,278	3,842	61.7
Total current liabilities		449,374	433,521	6,957.6
Net current assets		281,231	268,429	4,307.8
Non-current liabilities				
Long-term borrowings	17	547,375	517,852	8,310.9
Deferred tax liabilities	7	289,869	155,812	2,500.6
Retirement benefits	22	1,696	2,159	34.6
Provisions	20	17,061	11,166	179.2
Derivative financial liabilities	23	1,645	9	0.1
Other non-current liabilities	21	12,576	12,577	201.8
Total non-current liabilities		870,222	699,575	11,227.2
Total liabilities		1,319,596	1,133,096	18,184.8
Net assets		1,262,343	1,028,608	16,508.0
EQUITY				
Share capital	25	2,965	2,965	47.6
Securities premium		200,010	200,010	3,209.9
Other components of equity		23,164	20,693	332.1
Retained earnings		473,431	337,451	5,415.7
Equity attributable to equity holders of the parent		699,570	561,119	9,005.3
Non-controlling interests		562,773	467,489	7,502.7
Total Equity		1,262,343	1,028,608	16,508.0

The accompanying notes are an integral part of these consolidated financial statements.



VEDANTA LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions except share or per share amounts unless otherwise stated)

For the year ended March 31,

	2013	2014	2015	2015
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(US dollars in million) (Note 2)
Cash flows from operating activities				
Profit / (loss) for the year	117,228	62,226	(203,139)	(3,260.1)
Adjustments to reconcile profit to net cash provided by operating activities:				
Income tax (benefit) / expense recognised in profit or loss	(7,502)	34,646	(108,320)	(1,738.4)
Depreciation and amortization	117,103	121,887	111,091	1,782.9
Impairment of property, plant and equipment and exploration and evaluation assets	—	3,541	406,438	6,522.8
Provision for doubtful debts/advances	(8)	2,494	3,222	51.7
Unsuccessful exploration costs written off	2,822	653	7,867	126.3
Fair value gain on financial assets held for trading	(14,935)	(24,647)	(37,406)	(600.3)
Gain on sale of financial asset investments	(770)	(116)	—	—
(Profit) / Loss on sale of property, plant and equipment, net	(635)	327	153	2.5
Exchange loss, net	25,482	19,512	3,785	60.7
Gain on fair valuation of conversion option	(1,438)	(61)	—	—
Inventory Written off	—	—	2,226	35.7
Interest and dividend income	(19,226)	(17,402)	(12,998)	(208.7)
Interest expense	52,346	60,462	58,054	931.7
Changes in assets and liabilities:				
Decrease / (Increase) in trade and other receivables	35,198	(8,841)	(2,143)	(34.4)
(Increase)/ decrease in inventories	(25,125)	3,402	(1,746)	(28.0)
Decrease in other current and non-current assets	3,877	9,710	5,418	87.0
Increase/(Decrease) in trade and other payable	7,223	(2,694)	7,653	122.8
(Decrease) in other current and non-current liabilities	(23,611)	(8,655)	(5,408)	(86.8)
Proceeds from short-term investments	792,246	1,174,250	1,145,596	18,385.6
Purchases of short-term investments	(858,117)	(1,294,912)	(1,150,465)	(18,463.6)
Cash generated from operations	202,158	135,782	229,878	3,689.4
Interest paid	(48,918)	(49,625)	(84,816)	(1,361.2)
Interest received	3,051	16,678	18,453	296.2
Dividends received	1,802	67	1	0.0
Income tax paid	(60,983)	(46,703)	(37,806)	(606.7)
Net cash from operating activities	97,110	56,199	125,710	2,017.7
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible assets	(80,194)	(80,053)	(82,304)	(1,320.9)
Proceeds from sale of property, plant and equipment	150	3,864	392	6.3
Exploration and evaluation assets	(5,127)	(15,256)	(21,438)	(344.1)
Loans repaid by related parties	909	1,512	14	0.2
Loans to related parties	(26,457)	(4,985)	(1)	(0.0)
Proceeds from short-term deposits	142,465	696,833	155,515	2,495.9
Purchases of short-term deposits	(193,032)	(653,889)	(94,490)	(1,516.5)
Proceed from sale of available for sale financial assets	8,662	1,100	—	—
Net changes in restricted cash and cash equivalents	(552)	(1,757)	(1,627)	(26.1)
Net cash used in investing activities	(153,176)	(52,631)	(43,939)	(705.2)
Cash flows from financing activities				
Proceeds from/(repayment of) working capital loan, net	(653)	(8,275)	1,641	26.3
Proceeds from acceptances	208,765	207,344	174,029	2,793.0
Repayment of acceptances	(179,656)	(197,000)	(171,118)	(2,746.2)
Proceeds from other short-term borrowings	200,422	266,446	459,659	7,377.0
Repayment of other short-term borrowings	(205,483)	(332,337)	(513,716)	(8,244.5)
Proceeds from long-term borrowings	52,084	153,323	180,428	2,895.6
Repayment of long-term borrowings	(48,450)	(152,264)	(99,486)	(1,596.6)
Loan from related parties	10,069	90,087	730	11.7
Loan repaid to related parties	(15,527)	(5,628)	(80,463)	(1,291.3)



Acquisition of non-controlling interest in a subsidiary	(1,835)	—	—	—
Payment of dividends to equity holders of the parent, including dividend tax	(9,557)	(8,785)	(10,378)	(166.6)
Payment of dividends to non-controlling interests, including dividend tax	(8,915)	(18,271)	(16,703)	(268.1)
Proceeds from issue of shares at a subsidiary	591	145	147	2.4
Payment for buyback of shares at subsidiary (including buyback expenses)	—	(1,065)	(11,218)	(180.0)
Net cash provided/(used in) from financing activities	1,855	(6,280)	(86,448)	(1,387.3)
Effect of exchange rate changes on cash and cash equivalents	4,140	473	338	5.4
Net (decrease) in cash and cash equivalents	(50,071)	(2,239)	(4,339)	(69.6)
Cash and cash equivalents at the beginning of the year	65,270	15,199	12,960	208.0
Cash and cash equivalents at the end of the year ¹	15,199	12,960	8,621	138.4
<i>Supplementary disclosure of non-cash investing activities:</i>				
Payables for purchase of property, plant and equipment including exploration and evaluation assets	78,474	88,678	86,009	1,380.3

The accompanying notes are an integral part of these consolidated financial statements.

- for composition refer Note 16
- For the year ended March 31, 2014 there was an assignment of loan receivables from related parties against loan payable to a related party amounting to US\$ 916.2 million (Rs. 55,431million) which has been considered as non-cash item. For the year ended March 31, 2013 and 2015 there were no such transactions.



VEDANTA LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In millions except share or per share amounts unless otherwise stated)

	Attributable to equity holders of the parent							Non controlling interests	Total
	Share capital	Securities premium	Translation of foreign operations	Available for sale financial investments	Cash flow hedges	Retained earnings	Total		
Balance as at April 1, 2012	2,965	200,010	5,116	1,447	(3,170)	414,441	620,809	437,977	1,058,786
Profit for the year	—	—	—	—	—	62,363	62,363	54,865	117,228
Exchange differences on translation of foreign operations	—	—	5,310	—	—	—	5,310	18,874	24,184
Movement in available for sale financial investments	—	—	—	(553)	—	—	(553)	41	(512)
Reclassified to consolidated statements of profit or loss	—	—	—	(770)	—	—	(770)	—	(770)
Net movement in fair value of cash flow hedges, net of tax*#	—	—	—	—	3,632	—	3,632	91	3,723
Re-measurement of defined benefit obligation, net of tax*	—	—	—	—	—	(225)	(225)	(121)	(346)
Total comprehensive income / (loss) for the year	—	—	5,310	(1,323)	3,632	62,138	69,757	73,750	143,507
Adjustment for amount transferred to initial carrying amount of property, plant and equipment, net of tax	—	—	—	—	(34)	—	(34)	(12)	(46)
Change in Non-controlling interests	—	—	—	—	—	(366)	(366)	(140)	(506)
Dividend paid including tax on dividend	—	—	—	—	—	(9,557)	(9,557)	(8,915)	(18,472)
Balance as at March 31, 2013	2,965	200,010	10,426	124	428	466,656	680,609	502,660	1,183,269



	Attributable to equity holders of the parent						Non-controlling interests		Total
	Share capital	Securities premium	Translation of foreign operations	Available for sale financial investments	Cash flow hedges	Retained earnings	Total	Total	
Balance as at April 1, 2013	2,965	200,010	10,426	124	428	466,656	680,609	502,660	1,183,269
Profit for the year	—	—	—	—	—	15,466	15,466	46,760	62,226
Exchange differences on translation of foreign operations	—	—	12,101	—	—	—	12,101	32,149	44,250
Movement in available for sale financial investments	—	—	—	(1)	—	—	(1)	—	(1)
Reclassified to consolidated statement of profit or loss	—	—	—	(75)	—	—	(75)	(41)	(116)
Re-measurement of defined benefit obligation, net of tax*	—	—	—	—	—	(70)	(70)	(28)	(98)
Net movement in fair value of cash flow hedges, net of tax *#	—	—	—	—	161	—	161	(120)	41
Total comprehensive income / (loss) for the year	—	—	12,101	(76)	161	15,396	27,582	78,720	106,302
Change in Non-controlling interests	—	—	—	—	—	164	164	(336)	(172)
Dividend paid including tax on dividend	—	—	—	—	—	(8,785)	(8,785)	(18,271)	(27,056)
Balance as at March 31, 2014	2,965	200,010	22,527	48	589	473,431	699,570	562,773	1,262,343



Attributable to equity holders of the parent

	Share capital	Securities premium	Translation of foreign operations	Available for sale financial investments	Cash flow hedges	Retained earnings	Total	Non controlling interests	Total
Balance as at April 1, 2014	2,965	200,010	22,527	48	589	473,431	699,570	562,773	1,262,343
Loss for the year	—	—	—	—	—	(128,350)	(128,350)	(74,789)	(203,139)
Exchange differences on translation of foreign operations	—	—	(1,844)	—	—	—	(1,844)	10,464	8,620
Movement in available for sale financial investments	—	—	—	151	—	—	151	—	151
Re-measurement of defined benefit obligation, net of tax*	—	—	—	—	—	(301)	(301)	(156)	(457)
Net movement in fair value of cash flow hedges, net of tax *#	—	—	—	—	(778)	—	(778)	20	(758)
Total comprehensive income / (loss) for the year	—	—	(1,844)	151	(778)	(128,651)	(131,122)	(64,461)	(195,583)
Change in Non controlling interests	—	—	—	—	—	3,049	3,049	(14,120)	(11,071)
Dividend paid including tax on dividend	—	—	—	—	—	(10,378)	(10,378)	(16,703)	(27,081)
Balance as at March 31, 2015	2,965	200,010	20,683	199	(189)	337,451	561,119	467,489	1,028,608
Balance as at March 31, 2015 (in US dollars in million)	47.6	3,209.9	331.9	3.2	(3.0)	5,415.7	9,005.3	7,502.7	16,508.0

* Refer to Note 7 for tax related to each component of other comprehensive income / (loss)

Refer to Note 32(a) for amounts reclassified into consolidated statements of profit / loss for the year out of other comprehensive income/ (loss)



VEDANTA LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Group overview

Sterlite Industries (India) Limited (“SIIL”) and its consolidated subsidiaries (collectively, “Sterlite”) were principally engaged in non-ferrous metals and mining in India, Australia, Namibia, South Africa and Ireland. Sterlite was also in the business of commercial power generation and port operations in India. SIIL was incorporated on September 8, 1975 under the laws of the Republic of India and had its registered office at Tuticorin, Tamilnadu. SIIL’s shares were listed on National Stock Exchange and Bombay Stock Exchange in India. In June 2007, SIIL completed its initial public offering of American Depositary Shares, or ADS, each representing four equity shares, and listed its ADSs on the New York Stock Exchange. In July 2009, SIIL completed its follow-on offering of an additional 131,906,011 ADSs, each currently representing four equity shares, which were listed on the New York Stock Exchange.

Consolidation and Re-organisation of Sesa Goa Limited (“Sesa Goa”), SIIL, Vedanta Aluminium Limited (“Vedanta Aluminium”), Sterlite Energy Limited (“Sterlite Energy”) and The Madras Aluminium Company Limited (“MALCO”) to form Sesa Sterlite Limited (“SSL” or ‘the Company’), and transfer of Vedanta’s shareholding in Cairn India Limited to SSL.

On February 25, 2012, Vedanta Resources Plc (“Vedanta”), the ultimate parent company of SIIL, Sesa Goa, Vedanta Aluminium, Sterlite Energy, and MALCO announced an all-share merger of Vedanta’s majority owned subsidiaries Sesa Goa and Sterlite to create merged entity SSL and a consolidation of various subsidiaries held within Vedanta to effect the consolidation and simplification of Vedanta’s corporate structure through two series of transactions (together the “Re-organisation Transactions” consisting of the “Amalgamation and Re-organisation Scheme” and the “Cairn India Limited Consolidation”). The Re-organisation Transactions were executed during the year ended March 31, 2014 and the name of the merged entity was changed to Sesa Sterlite Limited with effect from September 18, 2013.

In August 2013, Sesa Goa had furnished to the Securities and Exchange Commission (“SEC”) a notice as required by Rule 12g-3(f) under the Securities Exchange Act of 1934, as amended (“Exchange Act”), which stated that Sesa Goa is the successor issuer to Sterlite under the Exchange Act and that the equity shares of Sesa Goa with a par value of Re. 1 each (“Sesa Goa Shares”) will be traded in the United States in the form of American Depositary Shares (“ADSs”), each ADSs representing four Sesa Goa Shares (the “Sesa Goa ADSs”) and such ADSs are deemed to be registered under Section 12(b) of the Exchange Act by operation of Rule 12g-3(a) under the Exchange Act.

The Amalgamation and Re-organisation Scheme

The Amalgamation and Re-organisation Scheme has been sanctioned by the Honorable High Court of Madras vide its order dated July 25, 2013 and the High Court of Judicature of Bombay at Goa vide its order dated April 3, 2013. The Amalgamation and Re-organisation Scheme was made effective in the month of August 2013.

In accordance with the Amalgamation and Re-organisation Scheme

- i. SIIL merged with and into Sesa Goa (which has been renamed as Sesa Sterlite Limited) through the issue of Sesa Goa shares to SIIL shareholders (other than MALCO) on a three for five basis resulting in the issue of 1,944,874,125 Sesa Goa shares to SIIL shareholders. The holders of SIIL ADSs received three Sesa Goa ADSs for every five existing Sterlite ADSs. The outstanding convertible bonds have become convertible bonds of Sesa Goa with equivalent rights and obligations;
- ii. MALCO’s power business was sold to Vedanta Aluminium for cash consideration of Rs. 1,500 million;
- iii. MALCO merged with and into Sesa Goa through the issue of Sesa Goa shares to the shareholders of MALCO on a seven for ten basis, resulting in the issue of 78,724, 989 Sesa Goa shares to the shareholders of MALCO and consequently, MALCO’s holding in SIIL was cancelled;
- iv. Sterlite Energy merged with and into Sesa Goa for no consideration;
- v. Vedanta Aluminium’s aluminium business demerged from Vedanta Aluminium and merged with and into Sesa Goa for no consideration. The name of Vedanta Aluminium was changed to Malco Energy Limited with effect from October 24, 2013; and
- vi. Through a separate but concurrent amalgamation under Indian and Mauritian law, Ekaterina Limited, a Mauritian company and a wholly owned subsidiary of Vedanta which held Vedanta’s 70.5% ownership interest in Vedanta Aluminium, merged with and into Sesa Goa through the issue of Sesa Goa shares to Ekaterina Limited on a one for twenty five basis resulting in issue of 72,304,334 of Sesa Goa shares. SIIL held the remaining 29.5% of the shares of Vedanta Aluminium and upon this concurrent amalgamation scheme becoming effective, Vedanta Aluminium became a wholly-owned subsidiary of SSL.



The name of the merged entity was changed to Sesa Sterlite Limited with effect from September 18, 2013. SSL has its registered office at Panjim in State of Goa in India.

On April 22, 2015, Sesa Sterlite Limited submitted to the SEC that its name has been changed to Vedanta Limited following the approval from the Registrar of Companies, Goa on April 21, 2015.

Vedanta Limited's shares are listed in India on the Bombay Stock Exchange and the National Stock Exchange. In connection with the merger of SIIL into Sesa Goa to form SSL, SSL (now "Vedanta Limited") has established an ADS facility and its ADSs are now listed on the New York Stock Exchange.

Cairn India Limited Consolidation

Pursuant to the share purchase agreement, dated February 25, 2012 between Bloom Fountain Limited ("BFL"), a wholly owned subsidiary of the Sesa Goa (now "Vedanta Limited") and Vedanta Resources Holdings Limited ("VRHL"), BFL acquired 38.68% shareholding in Cairn India Limited and an associated debt of \$ 5,998 million by way of acquisition of Twinstar Energy Holding Limited ("TEHL"), for a nominal cash consideration of \$ 1 on a closing date which was to be mutually agreed by purchaser and seller. Closing date was determined as August 26, 2013. Consequently, TEHL, Twin Star Mauritius Holdings Limited and Cairn India Limited (including all its subsidiaries) ("Cairn") have become subsidiaries of Vedanta Limited.

Acquisition of power assets

Through a slump sale agreement dated August 19, 2013 between Vedanta Aluminium and SSL (now "Vedanta Limited"), the power business consisting of 1,215 MW thermal power facility situated at Jharsuguda and 300 MW co-generation facility (90 MW operational and 210 MW under development) at Lanjigarh, has been purchased by Vedanta Limited at a consideration of Rs. 28,929 million.

Accounting for the Re-organisation Transaction

SIIL (now "Vedanta Limited"), its wholly owned subsidiary Sterlite Energy, Vedanta Aluminium, Sesa Goa, MALCO and Cairn were all subsidiaries of Vedanta, the ultimate holding company. Accordingly, the entire Re-organisation Transactions fell within the purview of the common control business combination transactions. The accounting policies described in Note 3(D) required that financial statements of the combined entity Sesa Sterlite to be presented on a combined basis retrospectively as if the transaction had occurred at the earliest reporting period (or from the date the entity came under common control where such a date is later) and accordingly the financial information for the fiscal years ended March 31, 2012 and 2013 were recast to give effect to the Re-organisation Transactions while presenting financial statements for the year ended March 31, 2014. The financial statements of Cairn is consolidated from December 8, 2011, the date of its acquisition by Vedanta.

During fiscal year 2015, Goa Energy Limited and Sterlite Infra Limited, wholly owned subsidiaries, merged with Vedanta Limited. The High Court of Bombay had approved the scheme of amalgamation of the Goa Energy Limited on March 12, 2015 and the High Court of Madras had approved the Scheme of Amalgamation of Sterlite Infra Limited on March 25, 2015.

Business Overview

Vedanta Limited and its consolidated subsidiaries (collectively, the "Group" or "Vedanta Limited") is a diversified natural resource company engaged in exploring, extracting and processing minerals and oil and gas. The Group engages in the exploration, production and sale of zinc, lead, silver, copper, aluminium, iron ore and oil and gas and have a presence across India, South Africa, Namibia, Ireland, Australia, Liberia, Sri Lanka and UAE. The Group is also in the business of commercial power generation and port operations in India.



Vedanta Limited is majority owned by Twin Star Holdings Limited (“Twin Star”), Finsider International Company Limited (“Finsider”), West Globe Limited (“West Globe”) and Welter Trading Limited (“Welter”) which are in turn wholly-owned subsidiaries of Vedanta, a public limited company incorporated in the United Kingdom and listed on the London Stock Exchange. Twin Star, Finsider, West Globe and Welter held 46.5%, 13.5%, 1.5% and 1.3% respectively of Vedanta Limited equity as at March 31, 2015.

The Group’s zinc India business is owned and operated by Hindustan Zinc Limited (“HZL”) in which it has a 64.9% interest as at March 31, 2015. HZL’s operations include five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one pyro metallurgical lead-zinc smelter, seven sulphuric acid plants, a silver refinery and nine captive power plants in the State of Rajasthan in Northwest India and one zinc ingot melting and casting plant at Haridwar and one silver refinery, one zinc ingot melting and casting plant and one lead ingot melting and casting plant at Pantnagar in the State of Uttarakhand in North India. Operations at the Visakhapatnam facility in the State of Andhra Pradesh consisting of a zinc smelter and a sulphuric acid plant which were suspended since the last quarter of fiscal 2012, has been discontinued in fiscal 2014.

The Group’s zinc international business is comprised of Skorpion mine and refinery in Namibia operated through THL Zinc Namibia Holdings (Proprietary) Limited (“Skorpion”), Lisheen mine in Ireland operated through Vedanta Lisheen Holdings Limited (“Lisheen”) and Black Mountain Mining (Proprietary) Limited (“BMM”), whose assets include the operational Black Mountain mine and the Gamsberg mine project which is in exploration stage, located in South Africa. The Group has 100% interest in Skorpion, 74% interest in BMM and 100% interest in Lisheen as at March 31, 2015.

The Group’s oil and gas business is owned and operated by Cairn and engaged in business of exploration and development and production of oil and gas, in which the Group has 59.9 % interest as at March 31, 2015. Cairn has a diversified asset base with nine blocks, one in state of Rajasthan in India, two on the west coast of India, four on the east coast of India, one in Sri Lanka and one in South Africa.

The Group’s iron ore business is owned by Vedanta Limited and by two wholly owned subsidiaries, Sesa Resources Limited and Sesa Mining Corporation Private Limited, and consists of exploration, mining and processing of iron ore, pig iron and metallurgical coke and generation of power. The mining operations are carried out at Codli group, Bicholim mine, Surla mine and the Sonshi group of mines in state of Goa and Narrain mines situated at state of Karnataka in India. The business also has a Metallurgical Coke and Pig Iron plant in state of Goa in India. Iron ore business also has a power plant in state of Goa in India for captive use. The Group’s iron ore business includes Western Cluster Limited (“WCL”) in Liberia which has iron ore assets and is a wholly owned subsidiary of the Group. WCL’s assets include development rights to western cluster and a network of iron ore deposits in West Africa.

The Group’s copper business is owned and operated by Vedanta Limited, Copper Mines of Tasmania Pty Ltd (“CMT”) and Fujairah Gold FZC and is principally one of custom smelting and includes a copper smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and three captive power plants at Tuticorin in Southern India, and a refinery and two copper rod plants at Silvassa in Western India. In addition, the Group owns and operates the Mt. Lyell copper mine in Tasmania, Australia through its subsidiary, CMT, which provides a small percentage of the copper concentrate requirements, and a precious metal refinery and copper rod plant in Fujairah through its subsidiary Fujairah Gold FZC in the UAE. The operations of Mt Lyell copper mine was suspended in January 2014 following a mud slide incident and the operations at Mt Lyell copper mine have been put into care and maintenance since July 9, 2014 following a rock fall incident in June 2014.

The Group’s aluminium business is owned and operated by Vedanta Limited and by Bharat Aluminium Company Limited (“BALCO”) in which it has a 51% interest as at March 31, 2015. Vedanta Limited aluminium operations include a refinery and a 75 MW captive power plant at Lanjigarh and a smelter and a 1215 MW captive power plant at Jharsuguda both situated in the State of Orissa in India. Vedanta Limited is currently in the process of ramping up of 1.25 million tonnes smelter facilities at Jharsuguda. Refinery expansion project being set up at Lanjigarh is currently on hold. BALCO’s operations include two bauxite mines, two power plants (of which one is used to produce power for captive consumption), and refining, smelting and fabrication facilities in Central India.

The Group’s power business is owned and operated by Vedanta Limited and by Talwandi Sabo Power Limited (“TSPL”), a wholly owned subsidiary of Vedanta Limited which are engaged in the power generation business in India. Vedanta Limited power operations include 2,400 MW (four units of 600 MW each) thermal coal-based commercial power facility at Jharsuguda in the State of Orissa in Eastern India and all four units of 600 MW are currently operational. TSPL had signed a power purchase agreement with the Punjab State Power Corporation Limited (“PSPCL”) for the establishment of 1,980 MW (three units of 660 MW each) thermal coal-based commercial power facilities and the first 660MW unit of the Talwandi Sabo power plant was capitalized on December 1, 2014 after successful completion of trial runs. The Power business also includes the 274 MW of wind power plants commissioned by HZL, 270 MW power plant at BALCO’s Korba facility which was previously for captive use before the shutdown of the 100,000 tpa aluminum smelter at Korba and 106.5 MW power plant at MALCO Energy Limited (“MEL”) situated near Mettur Dam in the State of Tamil Nadu in southern India.



The Group's other activities include Vizag General Cargo Berth Private Limited ("VGCB") in which the Group owns a 99.9 % interest. Vizag port project includes the mechanisation of coal handling facilities and upgradation of general cargo berth for handling coal at the outer harbour of Vishakhapatnam port on the east coast of India. VGCB commenced operations in the fourth quarter of fiscal 2013.

These consolidated financial statements of the Group were authorized for issuance by Vedanta Limited's board of directors on August 14, 2015.

2. Basis of preparation of financial statements

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB").

These consolidated financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost convention and on an accrual cost basis, except for derivative financial instruments, short-term investments and available-for-sale financial investments which are remeasured at fair values at the end of each reporting period as explained in the accounting policies below.

Application of new and revised standards:

The Group has adopted, with effect from April 1, 2014, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

The following new accounting Standards, amendments and interpretations became effective in the current reporting period:

Amendments to IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 (amended)—offsetting financial assets and liabilities do not change the current offsetting model in IAS 32. Current offsetting model requires an entity to offset a financial asset and financial liability in the statement of financial position only when the entity currently has a legally enforceable right of set-off and intends either to settle the asset and liability on a net basis or to realise the asset and settle the liability simultaneously. Through these amendments, IASB has clarified the meaning of 'currently have a legally enforceable right to set off' and 'simultaneous realisation and settlement'.

The amendments clarify that to result in offset of a financial asset and financial liability, a right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties. It must be legally enforceable in the normal course of business.

Amendments to IAS 36 Impairment of Assets: Recoverable amount disclosure for Non-Financial Assets

The amendment requires the disclosure of the recoverable amount of an asset (or CGU) only in periods in which impairment is recorded or reversed in respect of that asset (or CGU). The amendment also expands and requires the disclosure when an asset's (CGUs) recoverable amount is determined on the basis of fair value less cost of disposal.

Amendments to IAS 39 Financial Instruments: Recognition and measurement: Novation of Derivatives and Continuation of Hedge accounting

The amendment states that the novation of hedging instrument should not be considered an expiration or termination giving rise to discontinuation of hedge accounting when a hedging derivative is novated. It provides relief from discontinuing an existing hedging relationship when a novation that is not contemplated in the original hedging documentation meets specific criteria.

**Amendments to IFRS 10, IFRS 12 and IAS 27 (Oct 2012) Investment entities**

The amendments define an investment entity and introduce an exception from consolidation for investment entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27. The amendments also introduce new disclosure requirements related to investment entities and provide scope exemption for investment entities from IFRS 3 Business Combinations.

IFRIC 21: Levies

IFRIC 21 provides guidance recognition of a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. This interpretation clarifies that the obligating event that gives rise to a liability to pay a government levy is the activity that triggers the payment of levy as set out in the relevant legislation. An entity does not have constructive obligation to pay a levy that will be triggered by operating in a future period. However, it does not include income taxes, fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards.

Going concern

The consolidated financial statements have been prepared in accordance with the going concern basis of accounting.

Convenience translation

The consolidated financial statements are presented in Indian Rupee, the functional and presentation currency of the Company. Solely for the convenience of readers, the consolidated financial statements as at and for the year ended March 31, 2015 have been translated into US dollars (“\$”) at the noon buying rate of \$ 1.00 = Rs. 62.31 in the City of New York for cable transfers of Indian Rupee as certified for customs purposes by the Federal Reserve Bank of New York on March 31, 2015. No representation is made that the Indian Rupee amounts represent US dollar amounts or have been, could have been or could be converted into US dollars at such a rate or any other rate.

3. Significant accounting policies**A. Basis of consolidation****Subsidiary:**

The consolidated financial statements incorporate the results of Vedanta Limited and all its subsidiaries, being the entities that it controls. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies in line with accounting policies of the Group.

For non-wholly owned subsidiaries, a share of the profit / loss for the financial year and net assets is attributed to the non-controlling interests as shown in the consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated statements of financial position.

For acquisitions of additional interests in subsidiaries, where there is no change in control, the Group recognises a reduction to the non-controlling interest of the respective subsidiary with the difference between this figure and the cash paid, inclusive of transaction fees, being recognised in equity. In addition, upon dilution of controlling interests the difference between the cash received from sale or listing of the subsidiary shares and the increase to non-controlling interest is also recognised in equity. The results of subsidiaries acquired or disposed off during the year are included in the consolidated statements of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.



Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated unless costs cannot be recovered.

Joint arrangements

A Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is considered when there is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group has joint operations within its Oil and gas segment and participates in several unincorporated joint operations which involve the joint control of assets used in oil and gas exploration and producing activities. The Group accounts for its share of assets, liabilities, income and expenditure of joint ventures in which the Group holds an interest, classified in the appropriate balance sheet and statement of profit or loss headings.

B. Investments in associates

Investments in associates are accounted for using the equity method. An associate is an entity over which the Group is in a position to exercise significant influence over operating and financial policies. Goodwill arising on the acquisition of associates is included in the carrying value of investments in associate.

Investment in associates is initially recorded at the cost to the Group and then, in subsequent periods, the carrying value is adjusted to reflect the Group's share of the associate's consolidated profits or losses, other changes to the associate's net assets and is further adjusted for impairment losses, if any. The consolidated statements of profit or loss and consolidated statements of comprehensive income include the Group's share of associate's results, except where the associate is generating losses, share of such losses in excess of the Group's interest in that associate are not recognized. Losses recognised under the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the Group's interest that forms part of Group's net investment in the associate in the reverse order of their seniority (i.e. priority in liquidation).

Additional losses are provided for, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment of the asset transferred.

C. Revenue recognition

Revenues are measured at the fair value of the consideration received or receivable, net of discounts, volume rebates, outgoing sales taxes, excise duty and other indirect taxes. Revenues from sales are recognised when all significant risks and rewards of ownership of the commodity sold are transferred to the customer and the commodity has been delivered to the shipping agent. Revenues from sale of by-products are included in revenue.

Certain of the Group's sales contracts provide for provisional pricing based on the price on The London Metal Exchange ("LME"), as specified in the contract, when shipped. Final settlement of the price is based on the applicable price for a specified future period. The Group's provisionally priced sales are marked to market using the relevant forward prices for the future period specified in the contract and is adjusted in revenue.

Revenue from oil, gas and condensate sales represent the Group's share of oil, gas and condensate production, recognised on a direct entitlement basis, and tolling income received for third party use of operating facilities and pipelines in accordance with agreements.

Revenue from sale of power is recognised when delivered and measured based on rates as per bilateral contractual agreements with buyers and at rate arrived at based on the principles laid down under the relevant Tariff Regulations as notified by the regulatory bodies, as applicable.



Where the Group acts as a port operator, revenues and costs relating to each construction contract of service concession arrangements are recognised over the period of each arrangement only to the extent of costs incurred that are probable of recovery. Revenues and costs relating to operating phase of the port contract are measured at the fair value of the consideration received or receivable for the services provided.

Revenue from rendering of services is recognised on the basis of work performed.

Dividend income is recognised when the right to receive payment is established. Interest income is recognised using the effective interest rate method.

D. Business combinations

Acquisitions are accounted for under the purchase method. The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, are recognised at their fair value at the acquisition date.

Excess of purchase consideration and the acquisition date non-controlling interest over the acquisition date fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. Goodwill arising on acquisitions is reviewed for impairment annually. Where the fair values of the identifiable assets and liabilities exceed the cost of acquisition, the surplus is credited to the consolidated statements of profit or loss in the period of acquisition. Where it is not possible to complete the determination of fair values by the date on which the first post-acquisition financial statements are approved, a provisional assessment of fair value is made and any adjustments required to those provisional fair values are finalised within 12 months of the acquisition date.

The Group makes adjustments to the provisional fair value amounts recognised at the date of acquisition to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognised as of that date. The Group applies the measurement period adjustments retrospectively to the consolidated financial statements to reflect the measurement period adjustments as retrospectively recorded on the date of the acquisition as if measurement period adjustments had been recorded initially at the date of acquisition.

Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This accounting choice is made on a transaction by transaction basis.

Acquisition expenses are charged to consolidated statements of profit or loss in line with IFRS 3.

Common Control transactions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are scoped out of IFRS 3 and there is no authoritative literature for these transactions under IFRS. As a result, the Group adopted accounting principles similar to the pooling-of-interest method based on the predecessor values. The assets and liabilities of the acquired entity are recognised at the book values recorded in the ultimate parent entity's consolidated financial statements with the exception of certain income tax and deferred tax benefits arising on account of the common control transaction but relating to previous years, which are recognised retrospectively. The components of equity of the acquired companies are added to the same components within Group equity except that any share capital and investments in the books of the acquiring entity is cancelled and the differences, if any, is adjusted in the opening retained earnings. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior years' comparative information is only adjusted for periods during which the entities were under common control.

E (a) Property, plant and equipment

(i) Mining Properties and leases - The costs of mining properties, which include the costs of acquiring and developing mining properties and mineral rights, are capitalised as property, plant and equipment under the heading "Mining properties" in the year in which they are incurred.

When a decision is taken that a mining property is viable for commercial production (i.e. when the Group determines that the mining property will provide sufficient and sustainable return relative to the risks and the Group decided to proceed with the mine development), all further pre-production primary development expenditure other than land, buildings, plant and equipment is capitalised as part of the cost of the mining property until the mining property is capable of commercial production. From that point, capitalised mining properties are amortised on a unit-of-production basis over the total estimated remaining commercial reserves of each property or group of properties and are subject to impairment review.



Exploration and evaluation assets are recognized as assets at their cost of acquisition, subject to meeting the commercial production criteria as above and are subject to impairment review on annual basis, or more frequently if indicators of impairment exist.

The stripping cost incurred during the production phase of a surface mine is deferred to the extent the current period stripping cost exceeds the average period stripping cost over the life of mine and recognised as an asset if such cost provides a benefit in terms of improved access to ore in future periods and certain criteria are met. When the benefit from the stripping costs are realised in the current period, the stripping costs are accounted for as the cost of inventory.

Deferred stripping cost are included in mining properties within property, plant and equipment and disclosed as a part of mining properties. After initial recognition, the stripping activity asset is depreciated on a unit of production method over the expected useful life of the identified component of the ore body.

In circumstance, where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the same period.

Commercial reserves are proved and probable reserves. Changes in the commercial reserves affecting unit of production calculations are dealt with prospectively over the revised remaining reserves.

(ii) Oil and gas assets- (developing/producing assets)

For oil and gas assets a successful efforts based accounting policy is followed. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the consolidated statements of profit or loss.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant and equipment - development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the consolidated statements of profit or loss to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

(iii) Other property, plant and equipment

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the consolidated statements of profit or loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalised.

(iv) Assets in the course of construction

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

(v) Depreciation

Mining properties and other assets in the course of development or construction and freehold land are not depreciated.



• Mining properties:

Capitalised mining properties costs are amortised once commercial production commences, as described in “Property, plant and equipment - mining properties”.

• Oil and gas assets:

All expenditures carried within each field are amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or group of fields which are reliant on common infrastructure.

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

• Other assets:

Other buildings, plant and equipment, office equipment and fixtures, and motor vehicles are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Buildings:	
— Operations and administration	30-60 years
Plant and equipment	15-40 years
Office equipment and fixtures	5-10 years
Motor vehicles	8-10 years

Major inspection and overhaul costs are depreciated over the estimated life of the economic benefit derived from such costs. The carrying amount of the remaining previous overhaul cost is charged to the consolidated statements of profit or loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Group reviews the residual value and useful life of an asset at least at each financial year-end and, if expectations differ from previous estimates, the change(s) is accounted for as a change in accounting estimate.

(b) Exploration and evaluation assets

Exploration and evaluation expenditure incurred after obtaining the mining right or the legal right to explore are capitalised as Exploration and evaluation assets (intangible assets) and stated at cost less impairment. Exploration and evaluation assets are transferred to property, plant and equipment when the technical feasibility and commercial viability has been determined. Exploration and evaluation assets are assessed for impairment and losses, if any, is recognised prior to reclassification. Exploration and evaluation expenditure incurred prior to obtaining the mining right or the legal right to explore are expensed as incurred.

Exploration expenditure includes all direct and allocated indirect expenditure associated with finding specific mineral resources which includes depreciation and applicable operating costs of related support equipment and facilities and other costs of exploration activities:

- a. Acquisition costs - costs associated with acquisition of licenses and rights to explore, including related professional fees.



b. General exploration costs - costs of surveys and studies, rights of access to properties to conduct those studies (e.g., costs incurred for environment clearance, defense clearance, etc.), and salaries and other expenses of geologists, geophysical crews and other personnel conducting those studies.

c. Costs of exploration drilling and equipping exploration and appraisal wells.

Expenditure incurred on the acquisition of a license interest is initially capitalised on a license-by-license basis. Costs are held, un-depleted, within exploration and evaluation assets until such time as the exploration phase on the license area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised within "Exploration and evaluation assets" (intangible assets) and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well-by-well basis.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration costs are transferred into a single field cost center within property, plant and equipment - development/producing assets after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the consolidated statements of profit or loss.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the consolidated statements of profit or loss.

(c) Other intangible assets

Intangible assets arising out of service concession arrangements are accounted for as intangible assets where the Group has a contractual right to charge users of services when the projects are completed and is measured at the cost of such construction services completed. Such assets are amortised on straight line basis over the balance of license period.

F. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Such assets and disposal groups are presented separately on the face of the consolidated statements of financial position.

G. Financial instruments

(i). Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial asset investments, short-term investments, cash and cash equivalents, loans and receivables.

**(a) Financial asset investments**

Financial asset investments are classified as available-for-sale and are recorded at its fair value plus transaction costs that are directly attributable to the acquisition of financial asset investments and then remeasured at subsequent reporting dates to fair value. Unrealized gains and losses on financial asset investments are recognised directly in the consolidated statements of comprehensive income. Upon disposal or impairment of the investments, the gains and losses in other comprehensive income are reclassified into the consolidated statements of profit or loss.

Investments in unquoted equity instruments that do not have a market price and whose fair value cannot be reliably measured are measured at cost. Equity investments are recorded in non-current assets unless they are expected to be sold within one year.

(b) Short-term investments

Short-term investments represent short-term marketable securities and other bank deposits with an original maturity of more than three months.

Short-term marketable securities are categorized as held for trading and are initially recognised at fair value with any gains or losses arising on remeasurement recognised in the consolidated statements of profit or loss.

(c) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash at bank and in hand, and short-term deposits which have a maturity of three months or less from the date of acquisition, and are unrestricted as to withdrawal and usage.

(d) Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Trade receivables are stated at their transaction value as reduced by appropriate allowances for estimated irrecoverable amounts.

Loans and other receivables are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate (EIR) method.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The difference between the carrying amount of the financial liabilities derecognised and consideration paid and payable is recognised in the consolidated statement of profit or loss.

Financial assets and liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: Borrowings, Foreign currency convertible notes, trade and other payables.

(a) Borrowings

Interest bearing loans and borrowings are initially recorded at the fair value. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Amortised cost is calculated by taking into account the finance charges, including premiums payable on settlement or redemption and direct issue costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statements of profit or loss. The unamortised portion is classified with the carrying amount of debt.

**(b) Foreign currency convertible notes**

Convertible notes issued in foreign currency are convertible at the option of the holder into ordinary shares of the Group according to the terms of the issue. The conversion option which is not settled by exchanging a fixed amount of cash for a fixed number of shares is accounted for separately from the liability component as derivative and initially accounted for at fair value. The liability component is recognized initially at the difference between the fair value of the note and the fair value of the conversion option. Directly attributable notes issue costs are allocated to the liability component and the conversion option (expensed off immediately) in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the EIR method. The conversion option is subsequently measured at fair value at each reporting date, with changes in fair value recognized in consolidated statements of profit or loss. The conversion option is presented together with the related liability.

(c) Trade and other payables

Trade and other payables are recognised at their transaction cost, which is its fair value, and subsequently measured at amortised cost.

(iii) Derivative financial instruments

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Group enters into forward, option, swap contracts and other derivative financial instruments. The Group does not hold derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent financial position dates.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair Value Hedges –

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Group revokes the hedge relationship, the hedging instrument or hedged item expires or is sold, terminated, or exercised or no longer meets the criteria for hedge accounting.

Cash flow Hedges -

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in the consolidated statements of comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statements of profit or loss. The cumulative gain or loss previously recognized in the consolidated statements of comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognized in the consolidated statements of comprehensive income is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in the consolidated statements of comprehensive income is transferred to consolidated statements of profit or loss in the same period that the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in the consolidated statements of comprehensive income is transferred to consolidated statements of profit or loss.

**Hedge of net investment in foreign operation-**

For derivative instruments that are designated and qualify as a hedge of a net investment in a foreign currency, the gain or loss is reported in the consolidated statements of comprehensive income as part of the exchange difference on translation of foreign operations to the extent it is effective. Any ineffective portions of net investment hedges are recognized in other income/expense in the consolidated statement of profit or loss immediately. Under a hedge of a net investment, the cumulative gain or loss remains in the consolidated statements of comprehensive income when the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer qualifies for hedge accounting or the Group revokes designation of the hedge relationship. The cumulative gain or loss is recognised in the consolidated statements of profit or loss as part of the gain / loss on disposal when the net investment in the foreign operation is disposed.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the financial position date and gains or losses are recognized in the consolidated statements of profit or loss immediately.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the consolidated statements of profit or loss.

H. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

I. Borrowing costs

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use i.e. when they are capable of commercial production. Borrowing costs relating to the construction phase of a service concession arrangement is capitalised as part of the cost of the intangible asset. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is deducted from the total capitalised borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the year.

All other borrowing costs are recognized in the consolidated statements of profit or loss in the year in which they are incurred.

J. Impairment*Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the consolidated statements of profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in the consolidated statements of comprehensive income is transferred to the consolidated statements of profit or loss on recognition of impairment. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the consolidated statements of profit or loss. For available-for-sale financial assets that are equity securities, reversal is recognized directly in the consolidated statements of comprehensive income.

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

*Non-financial assets*

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment tests are carried out annually for all assets when there is an indication of impairment. The Group conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

If any such indication exists then an impairment review is undertaken, the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value for mineral and oil and gas assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

Exploration and evaluation assets:

In assessing whether there is any indication that an exploration and evaluation asset may be impaired, the company considers, as a minimum, the following indications:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale; and
- reserve information prepared annually by external experts.

When a potential impairment is identified, an assessment is performed for each area of interest in conjunction with the group of operating assets (representing a cash-generating unit) to which the exploration and evaluation assets is attributed. Exploration areas in which reserves have been discovered but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is under way or planned. To the extent that capitalised expenditure is no longer expected to be recovered, it is charged to the income statement.

**K. Government grants**

Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants relating to tangible fixed assets are treated as deferred income and released to the consolidated statements of profit or loss over the expected useful lives of the assets concerned. Other grants are credited to the consolidated statements of profit or loss as and when the related expenditure is incurred.

L. Inventories

Inventories (other than immaterial by-products and scrap) including work-in-progress are stated at the lower of cost and net realisable value, less any provision for obsolescence. Cost is determined on the following bases:

- purchased copper concentrate is recorded at cost on a first-in, first-out (“FIFO”) basis; all other materials including stores and spares are valued on a weighted average basis;
- finished products are valued at raw material cost plus costs of conversion, comprising labor costs and an attributable proportion of manufacturing overheads based on normal levels of activity and are moved out of inventory on a FIFO basis; and

Immaterial by-products and scrap are valued at net realisable value.

Net realisable value is determined based on estimated selling price, less further costs expected to be incurred to completion and disposal.

M. Taxation

Tax expense represents the sum of current tax and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Subject to exceptions below, deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes:

- tax payable on the future remittance of the past earnings of subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- deferred income tax is not recognised on goodwill which is not deductible for tax purposes or on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in other comprehensive income is recognised in the consolidated statements of comprehensive income and not in the consolidated statements of profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

N. Retirement benefit schemes

The Group operates or participates in a number of defined benefits and defined contribution pension schemes, the assets of which (where funded) are held in separately administered funds. For defined benefit pension schemes, the cost of providing benefits under the plans is determined by actuarial valuation separately each year for each plan using the projected unit credit method by independent qualified actuaries as at the year end.



Actuarial gains and losses arising in the year are recognised in full in other comprehensive income and are not recycled to the profit or loss. For defined contribution schemes, the amount charged to the consolidated statements of profit or loss in respect of pension costs and other post-retirement benefits is the contributions payable in the year.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset at the beginning of the period. Defined benefit costs are split into current service cost, past service cost, net interest cost or income and remeasurement and gains and losses on curtailments and settlements. Current service cost and past service cost, net interest/income is recognised within cost of sales, administrative expenses and distribution expenses.

O. Share based payments

The Company does not have any outstanding share based payments. VRPLC offers certain share based incentives under the Long-Term Incentive Plan ("LTIP") to employees and directors of the Company and its subsidiaries. VRPLC recovers the proportionate cost (calculated based on the grant date fair value of the options granted) from the respective group companies, which is charged to the consolidated statements of profit or loss.

Certain employees of Cairn receive part of their remuneration in the form of share based transactions, whereby employees render services in exchange for shares or rights over shares ('equity settled transactions'). The cost of equity-settled transactions with employees is measured at fair value at the date of grant and recognized over vesting period.

P. Provisions for liabilities and charges

Provisions represent liabilities to the Group for which the amount or timing is uncertain. Provisions are recognized when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the consolidated statements of profit or loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Q. Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mine or oil fields. Such costs, discounted to net present value, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged to the statement of profit or loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as finance and other cost in the consolidated statements of profit or loss.

Costs for the restoration of subsequent site damage, which is caused on an ongoing basis during production, are charged to the consolidated statements of profit or loss as extraction progresses. Where the costs of site restoration are not anticipated to be material, they are expensed as incurred.

R. Foreign currency translation

The functional currency for each entity in the Group is determined as the currency of the primary economic environment in which it operates. For all principal operating subsidiaries, the functional currency is normally the local currency of the country in which it operates with the exception of Cairn which has a US dollar functional currency as that is the currency of the primary economic environment in which it operates.

In the financial statements of individual group companies, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined. All exchange differences are included in the consolidated statements of profit or loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales, which are recognized in the consolidated statements of comprehensive income.



For the purposes of the consolidated financial statements, items in the consolidated statements of profit or loss of those entities for which the Indian Rupees (functional currency of the Company) is not the functional currency are translated into Indian Rupees at the average rates of exchange during the year. The related consolidated statements of financial position are translated at the rates as at the reporting date. Exchange differences arising on translation are recognised in the consolidated statements of comprehensive income. On disposal of such entities the deferred cumulative exchange differences recognised in equity relating to that particular foreign operation are recognised in the consolidated statements of profit or loss.

S. Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

T. Critical accounting judgments and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following accounting policies and/or notes:

i. **Note 8 and the accounting policy on property, plant and equipment- Mining and oil and gas reserve estimates and useful life of property, plant and equipment and intangible assets.**

Oil and gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques. The estimate is reviewed at each financial year end. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers. Net entitlement reserves estimates are subsequently calculated using the Group's current oil price and cost recovery assumptions, in line with the relevant agreements. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could impact the depreciation rates, carrying value of assets and environmental and restoration provisions.

The carrying value of mining property and leases is arrived at by depreciating the assets over the life of the mine using the unit of production method based on proved and probable reserves. The estimate of reserves is subject to assumptions relating to life of the mine and may change when new information becomes available. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or commodity prices could thus impact the carrying values of mining properties and leases and environmental and restoration provisions.

Details of impairment charge are disclosed in note 8a.

ii. **Accounting policy on impairment of assets**

In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, the Group's business plans and changes in regulatory environment are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the abovementioned factors could impact the carrying value of the assets.



iii. **Carrying value of exploration and evaluation fixed assets:**

Where a project is sufficiently advanced the recoverability of IFRS 6 Exploration assets are assessed by comparing the carrying value to higher of fair value less cost of disposal or value in use. Exploration assets are inherently judgemental to value and further details on the accounting policy are included in accounting note above. The amounts for exploration and evaluation assets represent active exploration projects. These amounts are written off to the consolidated statement of profit or loss as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indicators of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

Details of impairment charge and the assumptions used are disclosed in note 8 a.

iv. **Carrying value of developing / producing oil and gas assets:**

Management perform impairment tests on the Group’s developing / producing oil and gas assets at least annually with reference to indicators in IAS 36.

The impairment assessments are based on a range of estimates and assumptions, including:

<u>Estimates/assumptions</u>	<u>Basis</u>
Future production	proved and probable reserves, resource estimates and, in certain cases, expansion projects
Commodity prices	management’s best estimate benchmarked with external sources of information, to ensure they are within the range of available analyst forecast
Exchange rates	management best estimate benchmarked with external sources of information
Discount rates	cost of capital risk-adjusted for the risk specific to the asset/ CGU
Extension of PSC	assumed that PSC for Rajasthan block would be extended until 2030 on the same commercial terms

Any subsequent changes to cash flows due to changes in the above mentioned factors could impact the carrying value of the assets.

Details of impairment charge and the assumptions used are disclosed in note 8a.

v. **Assessment of impairment at Lanjigarh refinery:**

The Group has considered that the delay in obtaining environment clearances for the expansion of the alumina refinery at Lanjigarh and regulatory approval for bauxite mining as an indication of impairment. Hence, the Group has reviewed the carrying value of its property, plant and equipment at Lanjigarh as at balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment because the recoverable amount (estimated based on value in use) exceeded the carrying amounts.

The key assumptions and estimates used in determining the value in use of these assets were:

- The State of Odisha has abundant bauxite resources and under the terms of the Memorandum of understanding (‘MOU’) with the Government of Odisha, management is confident that bauxite will be made available in the short to medium term. The Company has entered into agreements with various suppliers internationally and domestically to ensure the availability of bauxite to run its refinery. In the initial years, the Company has assumed that bauxite will be purchased from third party suppliers in India and other countries, till the bauxite is sourced from own mines.
- The State of Odisha has taken certain measures including reservation of areas for mining operations or undertaking prospecting and constitution of Ministerial Committee for formulation of policy for supply of ores to Odisha based industries on long-term basis. On January 12, 2015, GOI has come out with an ordinance to amend the existing MMDR Act. The major change is in the process followed for grant of concessions i.e. from First come First serve basis to more transparent process of auction and to expedite the grant process.
- The management expects that the conditions for construction of the alumina refinery will be fulfilled and it is assumed that the approval for the expansion of the refinery would be received for commencement of production by fiscal 2018.



Management expects that the mining approvals for mining and the statutory approvals for the expansion project will be received as anticipated. Additionally the Group carries out impairment assessment for carrying value of these assets, every half year and challenges these assumptions. The Group has carried out a sensitivity analysis on the key variables like delay in obtaining approvals for refinery expansion and bauxite approval, appreciation of rupee against US dollar, discount rate and London Metal Exchange aluminium prices. The most significant variable is the estimated timeframe for obtaining regulatory approval for the mining and for refining capacity. The sensitivity analysis indicates that even if regulatory approvals for mines and expansion project are delayed by one year, the value in use is still expected to exceed the carrying value and costs.

The carrying amounts of property plant and equipment related to alumina refinery operations at Lanjigarh and related mining assets as at March 31, 2015 is Rs. 70,615 million (\$ 1,133.3 million) and March 31, 2014 is Rs. 72,063 million.

vi. **Assessment of impairment of Karnataka and Goa Iron ore mines:**

Karnataka mining

The mining ban in Karnataka was lifted on April 17, 2013 and the mining operations resumed with effect from December 28, 2013 but had to again suspend operations from July 31, 2014 due to the expiry of temporary working permission. Subsequent thereto, on execution of Mining Lease Deed and Mining lease renewal agreement during the year, the Company resumed mining operations in Karnataka on February 28, 2015. The carrying value of assets as at March 31, 2015 is Rs. 10,521 million (\$ 168.8 million) and March 31, 2014 is Rs. 10,835 million.

Goa mining

The Ministry of Environment and Forest has withdrawn its earlier order which had kept the environment clearances for iron ore mines in Goa in abeyance. The State Government of Goa has issued a mining leases policy and has revoked the order of temporary suspension on Iron ore mining in Goa. The Group has been allocated with an interim annual mining environmental clearance limit of 5.5 million tonnes (out of the total cap of 20 million tonnes for current year) of saleable ore which is expected to progressively increase in coming years.

The State Government of Goa, has renewed the mining leases and the Codli mine has started operations from August 10, 2015 and the Group expects to start mining activities at other iron ore mines at Goa in the second half of fiscal 2016, after receipt of all other regulatory clearances. The carrying value of assets as at March 31, 2015 is Rs. 45,029 million (\$ 722.7 million) and March 31, 2014 is Rs. 45,730 million.

Management has reviewed the carrying value of Karnataka and Goa mining assets as at the balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment as the recoverable amount (estimated based on higher of value in use and fair value less costs of disposal) exceeded the carrying amounts.

The Group has carried out a sensitivity analysis on key variables inter-alia delay in obtaining other approvals for commencement of mining leases, movement in iron ore prices, appreciation of rupee against US dollar.

vii. **Assessment of impairment at Western Cluster Limited (WCL):**

The project in Liberia is at the exploration stage and the Group has considered the suspension of exploration in Liberia due to the Ebola epidemic and falling iron ore prices as an indication for impairment. The Group expects to start mining activities at iron ore mines in Liberia during fiscal 2020, after receipt of all regulatory clearances and approval of mining leases. Hence, the Group has reviewed the carrying value of its exploration and evaluation assets at WCL as at balance sheet date, estimated the recoverable amounts of these assets and concluded that there was no impairment because the recoverable amount (estimated based on higher of value in use and fair value less costs of disposal) exceeded the carrying amounts. The carrying value of assets as at March 31, 2015 is Rs.8,180 million (\$ 131.3 million).

viii. **Note 20 and the accounting policy on restoration, rehabilitation and environmental costs:**

Provision is made for costs associated with restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of extractive industries and they are normally incurred at the end of the life of the mine or oil fields. The costs are estimated on the basis of mine closure plans and the estimated discounted costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting the Group's obligations at that time.

The provision for decommissioning oil and gas assets is based on the current estimate of the costs for removing and decommissioning producing facilities, the forecast timing of settlement of decommissioning liabilities and the appropriate discount rate.

A corresponding provision is created on the liability side. The capitalised asset is charged to the consolidated statements of profit or loss over the life of the asset through depreciation over the life of the operation and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

ix. **Note 29 on contingencies:**

The Group has significant capital commitments in relation to various capital projects which are not recognized on the consolidated statements of financial position. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Guarantees are also provided in the normal course of business. There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the consolidated financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Group involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

x. **Note 7 and accounting policy on taxation:**

In preparing consolidated financial statements, the Group recognises income taxes in each of the jurisdictions in which it operates. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. The uncertain tax positions are measured at the amount expected to be paid to taxation authorities when the group determines that the probable outflow of economic resources will occur. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

U. Recently issued accounting pronouncements:

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 9 - Financial Instruments

IFRS 9 "Financial Instruments" was issued by IASB in October 2010 as part of its project for revision of the accounting guidance for financial instruments. The new standard provides guidance with respect to classification and measurement of financial assets and financial liabilities. In July, 2014, IASB has published the final version of IFRS 9 'Financial Instruments' bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The standard will be effective for annual periods beginning on or after January 1, 2018, with early application permitted.

***IFRS 15 – Revenue from contracts with Customers***

IFRS 15 – Revenue from contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance, including industry-specific guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new Standard will come into effect on January 1, 2018, with early application permitted.

Amendments to IFRS 11 – Acquisition of an interest in a joint operation

Amendments to IFRS 11 – Acquisition of an interest in a joint operation requires that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, it shall apply, to the extent of its share in accordance with this standard, all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in this standard and disclose the information that is required in those IFRSs in relation to business combinations. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted but corresponding disclosures are required. The amendments apply prospectively.

Amendment to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

IASB has issued Amendment to IAS 16 and IAS 38 to clarify that the use of methods based on revenue to calculate the depreciation is not appropriate. This is because such methods reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits Revenue is presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The new Standard will come into effect on January 1, 2016, with early application permitted.

Amendments to IAS 19(Revised 2011) – Defined Benefit Plans: Employee Contributions

Amendments to IAS 19 (Revised 2011) – Defined Benefit Plans: Employee Contributions clarify the requirements that relate to contributions to be attributed to the period of service whereby contributions from employees or third parties are linked to service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in those contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. This amendment is effective for annual periods beginning on or after July 1, 2014.

Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycle

Annual Improvements to IFRSs: 2010-2012 Cycle and Annual Improvements to IFRSs: 2011-2013 Cycle, are part of annual process of revising and improving existing standards. These are effective for annual periods beginning on or after July 1, 2014.

- IFRS 8 (Operating Segments) provides that an entity need to disclose the judgements made by management in applying the aggregation criteria to operating segments. An entity is also required to provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.
- IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- IAS 24 (Related Party Disclosures) clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.



- IFRS 2 (Share based payments) clarifies definition of vesting condition and 'market condition' and adds definitions for 'performance condition' and 'service condition'.
- IFRS 13 (Fair value Measurement) clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
- IFRS 3 Business Combination clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. It requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.
- IFRS 13 Fair value measurement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*.
- IFRS 14 – Regulatory deferral accounts was issued by IASB in January 2014 and is effective from January 1, 2016. This IFRS allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. Existing IFRS preparers are prohibited from applying this standard. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognize them on first time application of IFRS.

The Company is currently evaluating the impact, if any; the adoption of recently issued accounting standards and the annual improvements to IFRSs will have on the Company's consolidated financial statements.

4. Revenue

For the year ended March 31,	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Revenue, gross of excise duty	757,048	757,915	769,483	12,349.3
Less: excise duty	(34,745)	(32,672)	(35,904)	(576.2)
Revenue, net of excise duty	722,303	725,243	733,579	11,773.1

Below table summarises revenue of the Group from its primary products for the year ended March 31, 2013, 2014 and 2015:

For the year ended March 31,	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Copper Cathode	79,035	77,049	79,546	1,276.6
Copper rods	119,702	103,407	92,670	1,487.2
Iron Ore	16,522	56	2,183	35.0
Metallurgical coke	1,719	1,792	1,410	22.6
Pig Iron	8,617	14,562	16,068	257.9
Zinc Metal	101,498	122,931	134,228	2,154.2
Lead Metal	16,904	19,460	19,767	317.2
Silver Metal	21,016	16,000	12,867	206.5
Zinc and Lead mined metal	31,569	24,397	21,657	347.6
Aluminium - Ingot	42,490	44,714	55,320	887.8
Aluminium - rods	42,968	42,678	49,016	786.6
Aluminium - billets	12,500	16,856	17,792	285.5
Aluminium - rolled products	9,634	8,310	7,533	120.9
Oil	174,776	185,809	145,465	2,334.5
Gas	742	1,295	1,480	23.8
Gold Bars	10,293	14,502	23,183	372.1
Silver Bars	1,917	2,685	3,263	52.4
Power	34,863	38,395	36,863	591.6
Others (including export incentives)	30,283	23,017	49,172	789.3
Revenue-gross of Excise Duty	757,048	757,915	769,483	12,349.3
Less: Excise Duty	(34,745)	(32,672)	(35,904)	(576.2)
Revenue-net of Excise Duty	722,303	725,243	733,579	11,773.1

**5. Investment and other income**

For the year ended March 31,	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Fair value gain on financial assets held for trading	14,935	24,647	37,406	600.3
Interest income on financial assets held for trading	1,382	3,051	5,091	81.7
Interest income on bank deposits	12,338	9,783	3,163	50.8
Interest income on loans and receivables	3,313	4,241	4,760	76.5
Dividend income on available for sale investments	85	1	1	0.0
Dividend income on financial assets held for trading	1,704	54	—	—
Gain on sale of financial asset investments ^{(1) (2)}	770	116	—	—
Foreign exchange gain net	462	285	750	12.0
Capitalisation of interest income ⁽³⁾	(58)	(13)	(17)	(0.3)
	34,931	42,165	51,154	821.0

Notes:

- (1) Refer Note 10.
- (2) The Company's investment in Hudbay Minerals Inc. was sold during the fiscal year 2013 for a consideration of \$ 151.8 million (Rs. 8,287 million) and the resultant gain amounting to \$14.1 million (Rs. 770 million) was reclassified from equity to consolidated statements of profit or loss.
- (3) Capitalisation of interest income relates to the income from temporary surplus funds, specifically borrowed to acquire/ construct qualifying assets.

6. Finance and other costs

For the year ended March 31,	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Interest on borrowings other than convertible notes ⁽¹⁾	50,949	57,054	56,990	914.6
Interest on convertible notes ⁽¹⁾	4,896	5,750	3,605	57.9
Unwinding of discount on provisions	717	952	1,062	17.0
Gain on fair valuation of conversion option	(1,438)	(61)	—	—
Net foreign exchange loss on foreign currency borrowings	14,851	16,141	8,404	134.9
Bank charges	1,233	1,424	1,746	28.0
Other	588	1,081	1,496	24.1
Capitalisation of finance costs ⁽²⁾	(17,080)	(9,520)	(9,905)	(159.0)
	54,716	72,821	63,398	1,017.5

**Notes:**

- (1) Finance costs include Rs. 55,845 million, Rs. 62,804 million and Rs. 60,595 million (\$ 972.5 million) in respect of financial liabilities which are carried at amortised cost using the effective interest rate method for the year ended March 31, 2013, 2014 and 2015 respectively.
- (2) Capitalisation of borrowing costs relates to funds borrowed both specifically and generally to acquire/ construct qualifying assets. The capitalisation rate relating to general borrowings was approximately 10.70%, 9.83% and 8.97% for the year ended March 31, 2013, 2014 and 2015 respectively.

7. Income tax expense***Overview of the Indian direct tax regime***

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed for tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, the entities profit or loss is subject to the higher of the regular income tax payable or the minimum alternative tax (“MAT”).

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India (“Indian GAAP”) adjusted in accordance with the provisions of the (Indian) Income tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays and similar exemptions, the use of tax losses carried forward and retirement benefit costs. Statutory income tax is charged at 30% plus a surcharge and education cess. The combined Indian statutory tax rate for the fiscal year 2012-13 was 32.45%, 2013-14 was 33.99%, for the fiscal year 2014-15 was 33.99% and for the fiscal year 2015-16 will be 34.61%.

MAT is assessed on book profits adjusted for certain limited items as compared to the adjustments allowed for assessing regular income tax under normal provisions. MAT for the fiscal year 2013-14 and 2014-15 was chargeable at 18.50% plus a surcharge and education cess. The combined Indian statutory tax rate of MAT for the fiscal year 2013-14 and 2014-15 was 20.96% and for the fiscal year 2015-16 will be 21.34%. MAT paid in excess of regular income tax during a year can be set off against regular income taxes within a period of ten years succeeding the assessment year in which MAT credit arises subject to the limits prescribed.

Income tax returns submitted by companies are regularly subjected to a comprehensive review and challenge by the tax authorities. There are appellate procedures available to both the tax authorities and taxpayers and it is not uncommon for significant or complex matters in dispute to remain outstanding for several years before they are finally resolved by the High Court or the Supreme Court.

There are various tax exemptions or tax holidays available to companies in India. The most important to the Companies in the Group are:

- *The industrial undertakings’ exemption* — Profits of newly constructed industrial undertakings located in designated area at India can benefit from a tax holiday. A typical tax holiday would exempt 100% of the profits from the undertaking for five years, and 30% for five years thereafter. This deduction is available only for units established prior to March 31, 2012
- *The power plants (including wind power plants) exemption* — Profits on newly constructed power plants are eligible for a tax holiday. A typical holiday would exempt 100% of profits for ten consecutive years within the first 15 years of the power plants’ operation. The start of the exemption period is at the discretion of a company. This exemption is available only for units established till March 31, 2017.
- *The industrial undertakings’ exemption – Production of Mineral Oil* - Profits of newly constructed industrial undertakings engaged in production of Mineral Oil are eligible for a tax holiday. A typical tax holiday would exempt 100% of the profits of the undertaking for a period of seven consecutive assessment years. This deduction is available only to blocks licensed under a contract awarded prior to April 1, 2011.
- *Investment Allowance u/s. 32 AC of the Income Tax Act* - Incentive for acquisition and installation of new high value Plant or Machinery to manufacturing companies by providing an additional deduction of 15% of the actual cost of Plant or Machinery acquired and installed between April 1, 2013 and March 31, 2015. The actual cost of the new Plant or Machinery should exceed Rs.1,000 million to be eligible for this deduction. The Finance (No. 2) Act 2014, has extended this allowance till March 2017, while reducing the threshold cost of Plant or Machinery for claiming deduction to Rs. 250 million.



The total effect of such tax holidays were Rs. 48,162 million (impact on basic EPS Rs. 16.24), Rs. 39,816 million (impact on basic EPS Rs. 13.43), and Rs. 13,793 million (\$ 221.4 million) (impact on basic EPS Rs. 4.65) (\$ 0.07) for the years ended March 31, 2013, 2014 and 2015 respectively.

Business losses in India can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Losses arising out of transfer of capital assets in India can be carried forward for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. The carried forward long term capital losses can be set-off only against long term capital gains. Short term capital losses can be set off only against capital gains (which can be either long term or short term capital gain).

The major components of income tax expense for the year ended March 31, 2013, 2014 and 2015 are indicated below:

(a) Consolidated statements of profit or loss

For the year ended March 31,	<u>2013</u> (Rs. in million)	<u>2014</u> (Rs. in million)	<u>2015</u> (Rs. in million)	<u>2015</u> (US dollars in million)
Current tax:				
Current tax on profit for the year	49,302	35,327	35,896	576.1
Charge/ (credit) in respect of current tax for earlier years	(3,132)	12,404	29	0.5
Total current tax	46,170	47,731	35,925	576.6
Deferred tax:				
Origination and reversal of temporary differences	(53,672)	(2,179)	(145,333)	(2,332.5)
Charge in respect of Deferred tax for earlier years	—	—	1,088	17.5
Increase in tax rate	—	(10,906)	—	—
Total deferred tax	(53,672)	(13,085)	(144,245)	(2,315.0)
Tax expense / (credit) for the year	(7,502)	34,646	(108,320)	(1,738.4)
Effective income tax rate (%)	(6.8%)	35.8%	34.8%	34.8%

(b) Consolidated statements of comprehensive income

For the year ended March 31,	<u>2013</u> (Rs. in million)	<u>2014</u> (Rs. in million)	<u>2015</u> (Rs. in million)	<u>2015</u> (US dollars in million)
Deferred tax (credit) / charge on:				
- cash flow hedges	110	332	(59)	(0.9)
- reclassification adjustments on cash flow hedges	130	(110)	(332)	(5.3)
- remeasurement of defined benefit obligation	—	—	(260)	(4.2)
	240	222	(651)	(10.4)



A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

For the year ended March 31,	2013	2014	2015	2015
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(US dollars in million)
Accounting profit / (loss) before tax	109,726	96,872	(311,459)	(4,998.5)
Statutory income tax rate	32.45%	33.99%	33.99%	33.99%
Tax at Indian statutory income tax rate	35,601	32,927	(105,865)	(1,699.0)
Disallowable expenses	1,386	221	711	11.4
Non-taxable income	(4,802)	(3,662)	(5,024)	(80.6)
Tax holidays and similar exemptions	(48,162)	(39,816)	(13,793)	(221.4)
Change in deferred tax balances due to the change in Indian income tax rates from 32.45% to 33.99% for 2014	—	10,906	—	—
Effect of tax rates differences of subsidiaries operating in other jurisdictions	6,195	6,875	7,682	123.3
Dividend distribution tax	3,788	4,222	4,133	66.3
Unrecognised MAT credit	601	36	—	—
Charge/(credit) in respect of previous years	(3,132)	12,404	1,117	17.9
Utilisation of tax losses	(2,127)	(4,777)	(3,913)	(62.8)
Loss in respect of which deferred tax assets not recognized due to uncertainty	3,404	16,437	5,292	84.9
Others	(254)	(1,127)	1,340	21.6
	(7,502)	34,646	(108,320)	(1,738.4)

There are certain income-tax related legal proceedings which are pending against the Group. Potential liabilities, if any have been adequately provided for, and the Group does not currently estimate any probable material incremental tax liabilities in respect of these matters.

Deferred tax assets/liabilities

The Group has recognised significant amounts of deferred tax. The majority of the deferred tax liabilities represent accelerated tax relief for the depreciation of property plant and equipment and the depreciation on mining reserves. Significant components of deferred tax assets/liabilities recognized in the consolidated statements of financial position are as follows:

For the year ended March 31, 2013:

Significant components of deferred tax liabilities/(assets)	Opening balance as at April 1, 2012	Charged/ (credited) to Statement of profit or loss	Charged/ (credited) to equity	Exchange difference transferred to translation of foreign operation	Total as at March 31, 2013
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)
Property, plant and equipment, Exploration and Evaluation and other intangible assets	290,371	(12,354)	—	13,720	291,737
Unabsorbed depreciation/business loss	(14,906)	(11,219)	—	12	(26,113)
Voluntary retirement scheme	(342)	(49)	—	11	(380)
Employee benefits	(448)	(132)	—	2	(578)
Fair value of derivative assets/ liabilities	1,301	(674)	240	1	868
Fair valuation of other assets/liabilities	985	579	—	—	1,564
MAT credits entitlement	(30,432)	(30,652)	—	30	(61,054)
Other temporary differences	(425)	829	—	11	415
Total	246,104	(53,672)	240	13,787	206,459



For the year ended March 31, 2014:

	Opening balance as at April 1, 2013	Charged/ (credited) to Statement of profit or loss	Charged/ (credited) to equity	Exchange difference transferred to translation of foreign operation	Total as at March 31, 2014
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)
Significant components of deferred tax liabilities/(assets)					
Property, plant and equipment, Exploration and Evaluation and other intangible assets	291,737	23,286	—	23,187	338,210
Unabsorbed depreciation/business loss	(26,113)	(4,576)	—	160	(30,529)
Voluntary retirement scheme	(380)	(65)	11	7	(427)
Employee benefits	(578)	89	—	3	(486)
Fair value of derivative assets/ liabilities	868	(194)	211	—	885
Fair valuation of other assets/liabilities	1,564	2,118	—	—	3,682
MAT credits entitlement	(61,054)	(33,502)	—	(212)	(94,768)
Other temporary differences	415	(241)	—	46	220
Total	206,459	(13,085)	222	23,191	216,787

For the year ended March 31, 2015:

	Opening balance as at April 1, 2014	Charged/ (credited) to Statement of profit or loss	Charged/ (credited) to equity	Exchange difference transferred to translation of foreign operation	Total as at March 31, 2015	Total as at March 31, 2015
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(US dollars in million)
Significant components of deferred tax liabilities/(assets)						
Property, plant and equipment, Exploration and Evaluation and other intangible assets	338,210	(123,455)	—	7,361	222,116	3,564.7
Unabsorbed depreciation/business loss	(30,529)	855	—	6	(29,668)	(476.1)
Voluntary retirement scheme	(427)	(267)	—	—	(694)	(11.1)
Employee benefits	(486)	291	(260)	11	(444)	(7.1)
Fair value of derivative assets/ liabilities	885	(1,018)	(391)	—	(524)	(8.4)
Fair valuation of other assets/liabilities	3,682	5,955	—	25	9,662	155.1
MAT credits entitlement	(94,768)	(24,065)	—	—	(118,833)	(1,907.1)
Other temporary differences	220	(2,541)	—	31	(2,290)	(36.9)
Total	216,787	(144,245)	(651)	7,434	79,325	1,273.1

Deferred tax assets and liabilities have been offset where they arise in the same legal entity and taxing jurisdiction but not otherwise.

Deferred tax assets on carry forward unused tax losses have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax asset at respective entities.



Subsequent to March 31, 2015, as a result of the change in the tax rate applicable to the Group's Indian entities from 33.99% to 34.61% that was substantively enacted in May, 2015 and will be effective April 1, 2015, the net deferred tax liability as at 31st March, 2015, on re-measurement, would increase by Rs.2,088 million (\$ 33.5 million).

Unused tax losses/ unused tax credit for which no deferred tax asset is recognized amount to Rs. 83,209 million and Rs. 94,335 million (\$ 1,514.0 million) as at March 31, 2014 and March 31, 2015 respectively. The unused tax losses as at March 31, 2015 expire, if unutilized, based on the year of origination as follows:

Nature of unutilised tax losses/ unused tax credit	Financial year of expiry	2015	2015
		(Rs. in million)	(US dollar in million)
Business losses			
- Skorpion	FY 2020-21 to FY 2022-23	4,882	78.4
- VGCB	FY 2018-19 to FY 2021-22	88	1.4
- CMT	No Limit	2,466	39.6
- TMHL	FY 2016-17 to FY 2019-20	47,947	769.6
- TSPL	FY 2018-19 to FY 2021-22	71	1.1
- SMCL	FY 2020-21 to FY 2022-23	627	10.1
- SRL	FY 2022-23	550	8.8
Depreciation losses			
- VGCB	No limit	2,006	32.2
- MEL	No limit	19,992	320.8
- TSPL	No limit	1,374	22.0
- SMCL	No limit	118	1.9
Long term capital losses			
- Vedanta Limited	FY 2018-19 to FY 2021-22	2,697	43.3
- HZL	FY 2018-19 to FY 2022-23	9,483	152.2
- MEL	FY 2015-16	1	0.0
- Cairn	FY 2020-21	1,945	31.2
- SMCL	FY 2015-16	1	0.0
Short term capital losses			
- MEL	FY 2015-16	4	0.1
		94,252	1,512.7
Unused tax credit			
- CMT	No Limit	83	1.3
		94,335	1,514.0

The Group had unused MAT credit amounting to Rs. 4,225 million and Rs. 4,193 million (\$ 67.3 million) as at March 31, 2014 and 2015 respectively. Such tax credits have not been recognised on the basis that recovery is not probable in the foreseeable future. Unrecognised MAT credit expires, if unutilized, based on the year of origination as follows:

Financial year ending March 31,	(Rs. in million)	(US dollar in million)
2016	198	3.2
2017	1,036	16.6
2018	137	2.2
2019	520	8.3
2020	517	8.3
2021	1,035	16.6
2022	633	10.2
2023	81	1.3
2024	36	0.6
	4,193	67.3



20018GsPnWND0xP6

As at March 31, 2014 and 2015, the Group has not recognised any deferred tax liabilities for taxes that would be payable on the Group's share in unremitted earnings of certain of its subsidiaries because the Group controls when the liability will be incurred and it is probable that the liability will not be incurred in the foreseeable future. The amount of unremitted earnings was Rs. 635,026 million and Rs. 760,430 million (\$ 12,204.0 million) as at March 31, 2014 and 2015 respectively.



8 (a). Property, plant and equipment –

	<u>Mining property</u>	<u>Land and buildings</u>	<u>Plant and equipment</u>	<u>Motor vehicles</u>	<u>Office equipment and fixtures</u>	<u>Oil and Gas Properties</u>	<u>Total</u>	<u>Total</u>
	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>US dollars in million</u>
Cost								
April 01, 2013	154,714	62,817	429,364	1,870	5,722	426,971	1,081,458	
Additions	4,369	8,202	19,330	534	1,135	23,420	56,990	
Disposals	—	(137)	(2,531)	(229)	(68)	—	(2,965)	
Foreign exchange	918	(38)	(291)	95	(12)	44,675	45,347	
March 31, 2014	160,001	70,844	445,872	2,270	6,777	495,066	1,180,830	18,950.9
Additions	1,929	11,145	70,035	406	1,195	43,911	128,621	2,064.2
Transfer during the year from exploration and evaluation assets	—	—	—	—	—	32,646	32,646	523.9
Disposals	(121)	(18)	(1,817)	(257)	(62)	—	(2,275)	(36.5)
Foreign exchange	(1,552)	(386)	(2,547)	35	24	22,325	17,899	287.3
March 31, 2015	160,257	81,585	511,543	2,454	7,934	593,948	1,357,721	21,789.8
Accumulated depreciation and impairment								
April 01, 2013	75,615	10,027	123,448	699	2,738	95,483	308,010	
Charge for the year	6,541	2,361	26,199	599	713	84,761	121,174	
Disposals	—	(83)	(1,762)	(140)	(37)	—	(2,022)	
Foreign exchange	316	(15)	(140)	56	(5)	9,470	9,682	
Impairment	2,630	243	—	—	—	—	2,873	
March 31, 2014	85,102	12,533	147,745	1,214	3,409	189,714	439,717	7,056.9
Charge for the year	4,753	2,566	24,367	422	1,235	76,929	110,272	1,769.8
Disposals	(121)	(10)	(1,277)	(168)	(37)	—	(1,613)	(25.9)
Foreign exchange	(1,254)	(251)	(1,389)	24	1	12,799	9,930	159.4
Impairment	—	—	—	—	—	132,211	132,211	2,121.8
March 31, 2015	88,480	14,838	169,446	1,492	4,608	411,653	690,517	11,082.0
March 31, 2014	74,899	58,311	298,127	1,056	3,368	305,352	741,113	
Asset under construction (Including capital advances)							373,398	
Total							1,114,511	
March 31, 2015	71,777	66,747	342,097	962	3,326	182,295	667,204	10,707.8
Asset under construction (Including capital advances)							325,473	5,223.5
Total							992,677	15,931.3
March 31, 2015 (US dollars in million)	1,151.9	1,071.2	5,490.4	15.4	53.4	2,925.6		



1. During the year ended March 31, 2015 an Impairment charge of Rs. 406,144 million (\$ 6,518.1 million) was recognised on oil and gas assets which mainly relates to Rajasthan and Sri Lanka block. This impairment was triggered by the significant fall in the crude oil prices. The impairment loss has been included in cost of sales. Of this charge, Rs. 132,211 million (\$ 2,121.8 million) (refer note 8(a)) has been recorded against oil and gas properties and Rs. 273,933 million (\$ 4,396.3 million) (refer note 8(b)) against exploration and evaluation assets. The valuation remains sensitive to price and further deterioration in long term prices may result in additional impairment.

For oil and gas properties, CGUs identified are on the basis of a PSC ('Production Sharing Contract') level as it is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of the CGU, Rs. 362,987 million (\$ 5,825.5 million), was determined based on fair value less costs of disposal approach, a level-3 valuation technique in the fair value hierarchy. This is based on the cash flows expected to be generated by the projected oil or natural gas production profiles up to the expected dates of cessation of production sharing contract (PSC)/cessation of production from each producing field based on current estimates. Reserves assumptions for fair value less costs of disposal discounted cash flow tests consider all reserves that a market participant would consider when valuing the asset, which are usually broader in scope than the reserves used in a value-in-use test. Discounted cash flow analysis used to calculate fair value less costs of disposal uses assumption for short term (five years) oil price and the long term nominal price of US\$84 per barrel for fiscal 2020 derived from a consensus of various analyst recommendations and thereafter, inflated at a rate of 2.5% per annum. The cash flows are discounted using the post-tax nominal discount rate of 10.32% derived from the entity's post-tax weighted average cost of capital. Also refer note 3 (T) (iv) for other key assumptions.

The impairment loss relates to the 'Oil and Gas' business reportable segment. The impairment charge of Rs. 273,933 million (\$ 4,396.3 million) of exploration and evaluation assets also includes Rs. 48,192 million (\$ 773.4 million) impairment charge relating to exploration wells in Sri Lanka, as the development of hydrocarbons in the said block is not commercially viable at the current prices.

2. Additions includes deferred stripping cost of Rs. 1,087 million and net reversal of Rs. 52 million (\$ 0.8 million), decommissioning and restoration cost of Rs. 1,180 million and reversal of Rs. 4,147 million (\$ 66.6 million) for the years ended March 31, 2014 and March 31, 2015 respectively.
3. Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in Note 17 on "Borrowings". Interest (net) capitalised as part of property, plant and equipment was Rs. 9,507 million and Rs. 9,888 million (\$ 158.7 million) for the years ended March 31, 2014 and March 31, 2015, respectively.
4. Depreciation charge for the year includes Rs. 9 million and Rs.15 million (\$ 0.2 million) capitalised as property, plant and equipment during the year ended March 31, 2014 and 2015 respectively.
5. During the year ended March 31, 2015, in line with its accounting policy, the Group has carried out a review of the useful life of its assets. Considering the physical condition of the assets and benchmarking analysis, the Group has revised the useful life. The carrying value of the assets has been depreciated over the revised remaining useful life with effect from October, 1 2014.

As a result the net depreciation charge for the year is lower by Rs. 4,337 million (\$ 69.6 million) and loss after tax is lower by Rs. 2,863 million (\$ 45.9 million) (net of deferred tax impact of Rs. 1,474 million (\$23.7 million)). The changes made to the useful economic lives is expected to have an impact on the depreciation charge going forward, although the quantum per asset class will vary depending on whether the useful life has increased or decreased.

6. Impairment charge for the year ended March 31, 2014 of Rs. 2,873 million relates to mining property and land assets at Lisheen mines. This was as a result of fall in forecasted LME and price of zinc and lead. The recoverable amount has been determined based on its value of use. The discount rate of 5.3% was used in determining the value in use.



7. Assets under construction as at March 31, 2014 is after an impairment charge of Rs. 668 million recognized during year ended March 31, 2014 which relates to, impairment of mining assets of Jharsuguda Aluminium at Lanjigarh as the MOEF has rejected the Stage II forest clearance for the Niyamgiri mining project during the fiscal year 2014. Further an impairment charge of Rs. 294 million (\$ 4.7 million) has been recognized in administration expenses during the year ended March, 31 2015 in respect of expenditure incurred on coal blocks allotted to the Balco (Aluminium Segment), due to cancellation of coal blocks by the Supreme Court of India.

Plant and equipment includes refineries, smelters, power plants and related facilities, data processing equipment and electrical fittings.

8 (b) Exploration and evaluation assets

	<u>Gambsterg Mine Project</u>	<u>Oil and Gas</u>	<u>Western Cluster Project</u>	<u>Total</u>	<u>Total</u>
	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>US dollars in million</u>
Cost					
April 01, 2013	11,196	529,219	6,716	547,131	
Additions	—	15,299	—	15,299	
Unsuccessful Exploration Cost	—	(653)	—	(653)	
Foreign exchange	(381)	55,468	706	55,793	
March 31, 2014	10,815	599,333	7,422	617,570	9,911.3
Additions	—	20,999	439	21,438	344.1
Unsuccessful Exploration Cost	—	(7,867)	—	(7,867)	(126.3)
Transfer during the year to property plant and equipment	—	(32,646)	—	(32,646)	(523.9)
Foreign exchange	(963)	17,913	319	17,269	277.1
Impairment*	—	(273,933)	—	(273,933)	(4,396.3)
March 31, 2015	9,852	323,799	8,180	341,831	5,486.0
Exploration and Evaluation Assets as at:					
March 31, 2014	10,815	599,333	7,422	617,570	9,911.3
March 31, 2015	9,852	323,799	8,180	341,831	5,486.0
March 31, 2015 (US dollars in million)	158.1	5,196.6	131.3		

* Refer foot note 1 to note 8 (a)

8 (c) Other Intangible assets

	<u>Port Concession Rights</u>	<u>Software License</u>	<u>Others</u>	<u>Total</u>	<u>Total</u>
	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>Rs. in million</u>	<u>US dollars in million</u>
Cost					
April 01, 2013	5,875	1,440	—	7,315	
Additions	89	407	504	1000	
Foreign exchange difference	—	64	—	64	
March 31, 2014	5,964	1,911	504	8,379	134.5
Additions	50	269	37	356	5.7
Foreign exchange difference	—	43	—	43	0.7
March 31, 2015	6,014	2,223	541	8,778	140.9
Accumulated depreciation and impairment					
April 01, 2013	10	630	—	640	
Charge for the year	212	507	3	722	
Foreign exchange difference	—	33	—	33	
March 31, 2014	222	1,170	3	1,395	22.4
Charge for the year	220	481	52	753	12.1
Foreign exchange difference	—	37	—	37	0.6
March 31, 2015	442	1,688	55	2,185	35.1
Other Intangibles as at:					
March 31, 2014	5,742	741	501	6,984	112.1
March 31, 2015	5,572	535	486	6,593	105.8
March 31, 2014 (US dollars in million)	89.4	8.6	7.8		



20018GsPnWm6oxd6

- (1) Vizag General Cargo Berth Private Limited (VGCB), a special purpose vehicle, was incorporated for the coal berth mechanization and upgradation at Visakhapatnam port. Vedanta Limited owns 99.9% in VGCB. The project is to be carried out on a design, build, finance, operate, transfer basis and the concession agreement between Visakhapatnam Port and VGCB was signed on June 10, 2010. On October 8, 2010, VGCB was awarded with the concession after fulfilling conditions stipulated as a precedent to the concession agreement. Visakhapatnam Port has provided, in lieu of license fee an exclusive license to VGCB for designing, engineering, financing, constructing, equipping, operating, maintaining, and replacing the project/project facilities and services. The concession period is 30 years from the date of the award of the concession. The upgraded capacity is 10.18 mmtpa and the Vishakhapatnam Port would be entitled to receive 38.10% share of the gross revenue as royalty. VGCB commenced operations in the fourth quarter of fiscal 2013. VGCB is entitled to recover a tariff from the user(s) of the project facilities and services as per its tariff notification. The tariff rates are linked to the Wholesale Price Index (WPI) and would accordingly be adjusted as specified in the concession agreement every year. The ownership of all infrastructure assets, buildings, structures, berths, wharfs, equipment and other immovable and movable assets constructed, installed, located, created or provided by VGCB at the project site and/or in the port's assets pursuant to concession agreement would be with VGCB until expiry of this concession agreement. The cost of any repair, replacement or restoration of the project facilities and services shall be borne by VGCB during the concession period. VGCB has to transfer all its rights, titles and interest in the project facilities and services free of cost to Visakhapatnam Port at the end of the concession period. Intangible asset - port concession rights represents consideration for construction services. Revenue from construction contract of service concession arrangements on exchanging construction services for the port concession rights amounting to Rs. 48 million and Nil have been recognised in the consolidated statements of profit or loss for the year ended March 31, 2014 and 2015, respectively.
- (2) Software licenses are amortised over a period of three years.
- (3) Others include the right to use the sewerage treatment plant at the Zinc India which is amortised over a period of twenty five years.

9. Non-controlling Interests ('NCI') and joint operations

Details of subsidiaries that have material non-controlling interests

The Group consists of a parent company, Vedanta Limited, incorporated in India and a number of subsidiaries held directly and indirectly by the Group which operate and are incorporated around the world. Note 31 to the financial statements lists the details of share holdings in the subsidiaries.

The Non-controlling interests that are material to the Group relate to Hindustan Zinc Limited (HZL) and Cairn India Limited (Cairn).

As on March 31, 2015, NCIs hold an economic interest by virtue of their shareholding of 35.08% and 40.12% respectively in HZL and Cairn. The respective NCI holdings in previous year were 35.08% and 41.15% respectively.

The principal place of business of HZL and Cairn is in India.



The table below shows summarized financial information of subsidiaries of the Group that have material non-controlling interests. The summarized financial information below represents amounts before inter-company eliminations.

	As at March 31, 2014		As at March 31, 2015		As at March 31, 2015	
	HZL	Cairn	HZL	Cairn	HZL	Cairn
	(Rs. in million)		(Rs. in million)		(US dollars in million)	
Current assets	281,553	295,231	332,099	235,241	5,329.8	3,775.3
Non-current assets	120,903	975,591	137,397	653,669	2,205.0	10,490.6
Current liabilities	15,207	44,914	18,646	59,922	299.2	961.7
Non-current liabilities	683	264,176	1,829	134,466	29.4	2,158.0
Equity attributable to owners of the Group	251,594	562,680	292,141	412,051	4,688.5	6,612.9
Non-controlling interests	134,972	399,052	156,880	282,471	2,517.7	4,533.3
	For the year ended					
	March 31, 2014		March 31, 2015		March 31, 2015	
	HZL	Cairn	HZL	Cairn	HZL	Cairn
	(Rs. in million)		(Rs. in million)		(US dollars in million)	
Revenue	134,590	187,103	145,887	146,945	2,341.3	2,358.3
Expenses	(65,853)	(132,341)	(64,424)	(403,356)	(1,033.9)	(6,473.4)
Profit / (loss) for the year	68,737	54,762	81,463	(256,411)	1,307.4	(4,115.1)
Profit / (loss) attributable to owners of the Group	44,625	32,197	52,887	(153,343)	848.8	(2,461.0)
Profit / (loss) attributable to non-controlling interests	24,112	22,565	28,576	(103,068)	458.6	(1,654.1)
Profit / (loss) for the year	68,737	54,762	81,463	(256,411)	1,307.4	(4,115.1)
Other comprehensive income / (loss) attributable to the owners of the Group	(206)	21,328	(144)	14,660	(2.3)	235.3
Other comprehensive income / (loss) attributable to non-controlling interests	(112)	14,973	(78)	10,849	(1.3)	174.1
Other comprehensive income / (loss) during the year	(318)	36,301	(222)	25,509	(3.6)	409.4
Total comprehensive income / (loss) attributable to the owners of the Group	44,419	53,525	52,743	(138,683)	846.5	(2,225.7)
Total comprehensive income / (loss) attributable to non-controlling interests	24,000	37,538	28,498	(92,219)	457.3	(1,480.0)
Total comprehensive income / (loss) during the year	68,419	91,063	81,241	(230,902)	1,303.8	(3,705.7)
Dividends paid to non-controlling interests, including dividend tax	5,376	12,093	6,590	10,114	105.8	162.3
Net cash inflow/(outflow) from operating activities	(7,140)	53,302	39,896	127,046	640.3	2,038.9
Net cash inflow/(outflow) from investing activities	21,848	(21,468)	(22,894)	(91,465)	(367.4)	(1,467.9)
Net cash inflow/(outflow) from financing activities	(15,325)	(30,018)	(18,785)	(36,290)	(301.5)	(582.4)
Net cash inflow/(outflow)	(617)	1,816	(1,783)	(709)	(28.6)	(11.4)

The effect of changes in ownership interests in subsidiaries that did not result in a loss of control is as follows:

	Year ended March 31, 2015		Year ended March 31, 2015	
	HZL	Cairn ⁽¹⁾	HZL	Cairn ⁽¹⁾
	(Rs. In million)		(US dollars in million)	
Changes in NCI	—	(14,248)	—	(228.7)

(1) Change in non-controlling interests is due to buy back of shares and issue of employee share options.

**Joint Operations**

The Group participates in several unincorporated joint operations which involve the joint control of assets used in oil and gas exploration and producing activities which are as follows:

Operating Blocks	Nature of activities	Participating Interest (%)
India:		
Block PKGM-1 (Ravva)	Exploration and production	22.50
Block CB-OS/2-Exploration	Exploration	60.00
Block CB/OS-2 Development and production areas	Production	40.00
Block RJ-ON-90/1 Development and production areas	Production (Largest producing block of the Group, strategic to the group)	70.00
Block RJ-ON-90/1-Exploration	Exploration	100.00
Block PR-OSN-2004/1	Exploration	35.00
South Africa		
South Africa Block 1	Exploration	60.00
Non Operating Blocks		
India:		
Block KG-ONN-2003/1*	Exploration and appraisal	49.00

* Operatorship has been transferred to Oil and Natural Gas Corporation (ONGC) with effect from July 7, 2014

10. Financial asset investments

Financial asset investments represent investments classified and accounted for as available-for-sale investments

Movements for the year ended March 31,	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
As at April 01,	1,212	111	1.8
Changes in fair value	(1)	151	2.4
Disposed during the year	(1,100)	—	—
As at March 31,	111	262	4.2

All available for sale financial assets are quoted and non current. Quoted investments represent investments in equity securities that present the Group with opportunities for return through dividend income and gains in value. The fair values of such securities are determined by reference to published price quotations in active markets.

During the year ended March 31, 2014, the investment held by HZL in Andhra Pradesh Gas Power Corporation Limited, was sold for an aggregate consideration of Rs. 1,100 million. The gain on fair valuation of Rs. 116 million recognised in the consolidated statements of other comprehensive income in the year ended March 31, 2013 was recycled to the consolidated statements of profit or loss during the previous year.

11. Other non-current assets

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Deposits in respect of closure cost and future redundancy payments ¹	5,211	1,710	27.4
Site restoration assets ²	1,907	2,279	36.6
Deposits with Government Authorities	4,114	3,588	57.6
Other non-current assets	1,583	3,986	64.0
	12,815	11,563	185.6



- ¹ held as collateral in respect of closure cost and future redundancy payments payable to employees of Lisheen on termination of their employment on or before the mine closure.
- ² includes deposit in Site Restoration Fund of Rs.1,354 million and Rs.1,727 million (\$ 27.7 million) and investment in a rehabilitation trust of Rs. 553 million and Rs.552 million (\$ 8.9 million) as at March 2014 and 2015, respectively.

12. Inventories

Inventories consist of the following:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Raw materials and consumables	51,002	53,145	852.9
Work-in-progress	29,390	28,487	457.2
Finished goods	12,396	6,083	97.6
	92,788	87,715	1,407.7

Inventories with a carrying amount of Rs. 69,321 million and Rs. 57,759 million (\$ 927.0 million) have been pledged as security against certain bank borrowings of the Group as at March 31, 2014 and 2015, respectively.

13. Trade and other receivables

Trade and other receivables (net of allowances) consist of the following:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Trade receivables	45,970	38,867	623.8
Trade receivables from related parties	630	470	7.6
Loans to related parties	163	160	2.6
Balance with Government authorities	6,360	8,495	136.3
Prepayments	1,380	4,116	66.1
Claims/refunds receivable	2,230	5,862	94.1
Advances for supplies	6,957	8,512	136.6
Cash call / receivables from joint operations	26,593	29,576	474.7
Deposits in respect of closure cost and future redundancy payments*	—	2,290	36.7
Other receivables	6,132	5,429	87.0
	96,415	103,777	1,665.5

- * held as collateral in respect of closure cost and future redundancy payments payable to employees of Lisheen on termination of their employment on or before the mine closure.

The credit period given to customers ranges from zero to 90 days. Other receivables primarily include deposits and interest receivable. For terms and conditions of loans to related parties, refer Note 31 on related party disclosures.

Trade receivables with a carrying value of Rs. 14,366 million and Rs. 21,127 million (\$339 million) have been given as collateral towards borrowings as at March 31, 2014 and 2015 respectively.

**Allowances for trade and other receivables**

The change in the allowance for trade and other receivables is as follows:

	<u>2014</u> <u>(Rs. in million)</u>	<u>2015</u> <u>(Rs. in million)</u>	<u>2015</u> <u>(US dollars in million)</u>
As at April 01,	1,258	8,682	139.3
Allowance made during the year	7,586	5,936	95.3
Reversals during the year	(139)	—	—
Written off	(65)	(173)	(2.8)
Foreign Exchange difference	42	295	4.7
As at March 31,	<u>8,682</u>	<u>14,740</u>	<u>236.5</u>

14. Short-term investments

Short-term investments consist of the following:

	<u>As at March 31,</u>		
	<u>2014</u> <u>(Rs. in million)</u>	<u>2015</u> <u>(Rs. in million)</u>	<u>2015</u> <u>(US dollars in million)</u>
Bank deposits	115,339	50,310	807.4
Other investments ¹	402,676	446,172	7,160.5
	<u>518,015</u>	<u>496,482</u>	<u>7,967.9</u>

Other investments include mutual fund investments and bonds and are fair valued through the consolidated statements of profit or loss. Bank deposits are made for the periods of more than three months depending on the cash requirements of the Group and earn interest at the respective deposit rates.

The Group has pledged short-term investments of Rs. 1,871 million and Rs. 2,252 million (\$36.1 million) as at March 31, 2014 and 2015 respectively, to secure certain banking facilities.

¹ Includes Rs. 3,251 million and Rs. 5,222 million (\$83.8 million) invested in bonds of a related party as at March 31, 2014 and 2015 respectively.

**15. Restricted cash and cash equivalents**

Restricted cash and cash equivalents consist of the following:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Cash at banks	1,976	3,805	61.1
Short-term deposits	487	285	4.5
	2,463	4,090	65.6

Cash at banks is restricted in use as it relates to unclaimed deposits and debentures, dividends and interest on debentures. Cash at banks also include a sum of Rs.1,431 million (\$ 23.0 million) deposited in an escrow account for the buyback of its own shares by Cairn as of March 31, 2014 and March 31, 2015. Restricted short term deposits relates to deposits created with the bank to service interest cost on borrowings.

16. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Cash at banks and in hand	6,185	5,848	93.9
Short-term deposits	6,775	2,773	44.5
	12,960	8,621	138.4

Short-term deposits are made for periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

17. Borrowings

Short-term borrowings represent borrowings with an original maturity of less than one year and current portion of long-term borrowings. Long-term borrowings represent borrowings with an original maturity of greater than one year. Maturity distribution is based on contractual maturities. Interest rates on floating-rate debt are linked to benchmark rates.

Short-term borrowings consist of:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Banks and financial institutions	82,023	103,521	1,661.4
Current portion of long-term borrowings	79,705	57,712	926.2
Short-term and current portion of long term borrowings	161,728	161,233	2,587.6
Weighted average interest rate on short-term borrowings	7.8%	7.9%	7.9%



Long-term borrowings consist of:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Banks and financial institutions	265,423	301,302	4,835.5
Non-convertible debentures	85,915	111,200	1,784.6
Convertible notes	40,791	—	—
Loans from Related Party	234,016	162,100	2,601.5
Other	935	962	15.5
Long-term borrowings	627,080	575,564	9,237.1
Less: Current portion of long-term borrowings	(79,705)	(57,712)	(926.2)
Long-term borrowings, net of current portion	547,375	517,852	8,310.9

Major borrowings are as follows:

Working capital loans

The Group has credit facilities from various banks for meeting working capital requirements, generally in the form of credit lines for establishing letters of credit, packing credit in foreign currency or PCFC, cash credit, bank guarantees and bills discounting. Amounts outstanding under working capital loans as at March 31, 2014 and March 31, 2015 were Rs. 14,461 million and Rs. 16,416 million (\$263.4 million) respectively.

As at March 31, 2015, the working capital loan of Rs. 16,416 million (\$263.4 million) comprises the following:-

(a) At BALCO, Rs. 520 million (\$ 8.3 million) of a working capital loan and cash credit limit bearing a weighted average interest rate of 10.51%. This working capital facility is secured by hypothecation of BALCO's stock of raw materials, work-in-progress, semi-finished, finished products, consumable stores and spares, bills receivables, book debts and all other movables, both present and future. The charges ranks pari passu among banks under the multiple banking arrangements, both for fund based and non fund based facilities.

(b) At Fujairah Gold FZC, a US Dollar denominated loan facility of Rs. 2,239 million (\$ 35.9 million) having interest rate based on the London Inter Bank Offer Rate or LIBOR, plus 143 basis points. This loan facility is backed by a comfort letter issued by Vedanta Limited.

(c) At Vedanta Limited, a US Dollar denominated Bill discounting facility of Rs. 6,308 million (\$ 101.2 million). This facility bears an average interest rate of LIBOR plus 45 basis points.

(d) At Vedanta Limited, a working capital facility of Rs. 141 million (\$ 2.3 million). The facility is carrying an interest rate of 10.50%.

(e) At Vedanta Limited, credit facilities from various banks for meeting working capital requirements in the form of credit lines for export packing credits and pre shipment packing credit amounting to Rs. 4,955 million (\$79.5 million). Out of the facility Rs. 2,000 million (\$32.1 million) is carrying an interest rate of 9.50%. The balance Rs. 2,955 million (\$47.4 million) is carrying an interest rate of LIBOR plus 65-70 basis points.

(f) At Vedanta Limited, credit facility in form of Pre Shipment / Export Packing Credit and Cash credit amounting to Rs. 2,253 million (\$36.2 million) at LIBOR + 0.55 basis points.

**Foreign currency loans**

In November 2008, BALCO obtained a US dollar denominated loan facility of \$ 25 million from DBS Bank Limited, arranged by its Mumbai Branch, to meet the capital expenditure requirement on projects. The rate of interest payable on this facility was six-month LIBOR plus 345 basis points. First installment of DBS ECB of US\$ 8.3 million was paid on November 25, 2013 and the balance installments were payable in November 2014 and November 2015. This facility was secured by first pari passu charges on all movable fixed assets including plant and machinery related to the 1200 MW power project and the 3.25 LTPA Smelter project both present and future along with secured lenders. The amount outstanding under this facility as at March 31, 2014 was \$ 16.7 million. The same has been fully prepaid in November 2014.

In July 2011, BALCO entered into an agreement with SBI London for External Commercial Borrowing of \$ 200 million to part finance for setting up a 3.25 LTPA Aluminium Smelter along with a Thermal Power Plant of 1200 MW at Korba. This facility is secured by first pari passu charges on all the fixed assets (excluding land) of the project, both present and future along with secured lenders. The interest rate on this facility is six-month LIBOR plus 290 basis points. This loan is repayable in three annual equal installments beginning August 2016, August 2017 and August 2018. As at March 31, 2014 and March 31, 2015, the balance outstanding under this facility was \$198.3 million and \$200.3 million (Rs. 12,478 million) respectively.

In October 2011 and January 2013, Vedanta Limited had obtained and fully drawn down an External Commercial Borrowing from Axis Bank of \$ 500 million and \$ 44.6 million in two tranches at an interest rate of LIBOR plus 400 basis points for \$ 500.0 million and LIBOR plus 360 basis points for \$ 44.6 million. During the year the ECB has been refinanced by Standard Chartered Bank and ICICI Bank at an interest rate of LIBOR plus 170 basis points for \$ 500.0 million and LIBOR plus 129 basis points for \$ 44.6 million. The ECB is repayable in three annual installments of \$ 200 million, \$ 200 million and \$ 100 million on April 21, 2015, April 21, 2016, April 21, 2017 respectively and \$ 44.6 million in July 2015. The ECB is secured by all present and future movable assets of Jharsuguda Aluminium including its movable plant and machinery, equipment, machinery, spare tools and accessories. This loan is also backed by guarantee from Vedanta Resources Plc. As at March 31, 2014 and March 31, 2015 the amount of outstanding balance was \$ 545.2 million and \$ 543.8 million (Rs. 33,885 million) respectively.

In August 2008, Vedanta Limited obtained an External Commercial Borrowing from ICICI Bank, Singapore for \$100 million at an interest rate of US \$ LIBOR plus 240 basis points which had a negative lien undertaking on the assets of the Jharsuguda Aluminium, both present and future, excluding assets already charged in favor of ICICI bank and other lenders. As at March 31, 2014, the amount outstanding was \$24.8 million (Rs. 1,491 million). The same has been fully repaid during the year.

Term loans

In September 2013, Vedanta Limited had received a sanction of Rs. 10,000 million loan from Axis Bank at an interest rate of 10.50% p.a. The loan was secured by way of mortgage and charge on all the immovable properties, both present and future, of Jharsuguda 2400 MW power plant and a second charge by way of hypothecation on all the movable fixed assets. As at March 31, 2014 the outstanding amount under this facility was Rs. 9,952 million. The same has been fully repaid during the year.

In December 2013, Vedanta Limited had received a sanction of Rs. 10,000 million loan from Canara bank at an interest rate of 11.20% p.a. The loan is secured by way of mortgage and charge on all the immovable properties, both present and future, of Jharsuguda 2400 MW power plant and a second charge by way of hypothecation on all the movable fixed assets. The loan is repayable in 16 quarterly installments from the end of quarter ending March 2015 till December 2018. As at March 31, 2014 and March 31, 2015, the amount outstanding under this facility was Rs. 3,990 million and Rs. 9,367 million (\$150.3 million) respectively.

During the previous years, Vedanta Limited had also taken loans from State Bank of India at an interest rate of 11.75% p.a. These loans were secured by (i) first priority charge by way of hypothecation of all present and future unencumbered and encumbered movable fixed asset for the Alumina refinery expansion at Lanjigarh and smelter expansion Project at Jharsuguda (including but not limited to Plant and Machinery, Machinery Spares, tools and accessories, base stock funded by the Rupee Facility of the Project) (ii) first charge by way of mortgage on all present and future immovable fixed asset (including leasehold land, if any) acquired or to be acquired for the project of Jharsuguda Aluminium (iii) first Charge on the debt service receivable account and all monies lying to the credit of such account from time to time (iv) second charge on current assets of Jharsuguda Aluminium for the project (v) These term loans were also backed by a Corporate Guarantee from Vedanta Resources Plc. These loans were repayable as Rs. 4961 million within one year, Rs. 9,922 million within second year, Rs. 62,012 million within third year to fifth year, Rs. 18,480 million beyond fifth year. As at March 31, 2014 the amount outstanding under this facility was Rs. 95,375 million. The same has been fully repaid during the year.



In March 2014, Vedanta Limited had taken a loan of Rs. 18,000 million from Axis Bank at an interest rate of 10.50%. These loans are secured by a first charge by way of mortgage / hypothecation of movable / immovable of all present and future assets of Jharsuguda Aluminium. As at March 31, 2014 the amount outstanding under this facility was Rs. 17,801 million. In May 2014 the said facility was enhanced by Rs. 2,000 million. This facility bears a floating interest rate of bank's base rate plus 25 basis points. These loans are secured by a first parri passu charge by way of mortgage / hypothecation of movable / immovable properties of all present and future assets of Aluminium Division, including leasehold land. During the year the same has been down sold to below mentioned banks

Sl. No.	Bank	Amount Repayable in (Rs. in million)			Amount Outstanding as at March 31, 2015	
		Feb-17	Feb-18	Feb-19	Rs. in million	US dollars in million
1	Axis Bank	750	875	875	2,480	39.8
2	Vijaya Bank	750	875	875	2,480	39.8
3	Corporation Bank	1,500	1,750	1,750	4,961	79.6
4	Bank of India	1,500	1,750	1,750	4,961	79.6
5	Syndicate Bank	1,500	1,750	1,750	4,961	79.6
TOTAL					19,843	318.4

In July 2014, Vedanta Limited has taken term loan of Rs. 50,000 million from State Bank of India at a floating interest rate of bank's base rate plus 60 basis points. This loan is secured by creating first pari-passu charge by way of hypothecation of the movable and mortgage on immovable fixed assets of the Aluminium Division, both present and future, including leasehold land. The same is repayable in quarterly instalments by December 2021. As at March 31, 2015 the amount outstanding under this facility was Rs. 43,143 million (\$692.4 million)

In April 2014, Vedanta Limited had taken term loan of Rs. 10,000 million from Union Bank of India at a floating interest rate of bank's base rate plus 40 basis points. This loan is secured by creating first pari-passu charge by way of hypothecation of the movable and mortgage on immovable fixed assets of the Aluminium Division, both present and future, including leasehold land. The same is repayable in quarterly instalments by December 2020. As at March 31, 2015 the amount outstanding under this facility was Rs. 9,828 million (\$157.7 million).

In April 2014, Vedanta Limited has taken term loan of Rs. 20,000 million from Bank of India at a floating interest rate of bank's base rate plus 30 basis points. This loan is secured by creating first pari-passu charge by way of hypothecation of the movable and mortgage on immovable fixed assets of the Aluminium Division, both present and future, including leasehold land. The same is repayable in quarterly instalments by September 2020. As at March 31, 2015 the amount outstanding under this facility was Rs. 18,989 million (\$304.8million).

In April 2014, Vedanta Limited has taken term loan of Rs. 10,250 million from Syndicate Bank at a floating interest rate of bank's base rate plus 25 basis points. This loan is secured by creating first pari-passu charge by way of hypothecation of the movable and mortgage on immovable fixed assets of the Aluminium Division, both present and future, including leasehold land. The same is repayable in quarterly instalments by December 2020. As at March 31, 2015 the amount outstanding under this facility was Rs. 10,117 million (\$162.4 million).

In April 2014, Vedanta Limited has taken term loan of Rs. 20,000 million from Bank of Baroda at a floating interest rate of bank's base rate plus 25 basis points. This loan is secured by creating first pari-passu charge by way of hypothecation of the movable and mortgage on immovable fixed assets of the Aluminium Division, both present and future, including leasehold land. The same is repayable in quarterly instalments by December 2020. As at March 31, 2015 the amount outstanding under this facility was Rs. 19,738 million (\$316.8 million).

In April 2014, Vedanta Limited has taken term loan of Rs. 5,000 million from State Bank of Bikaner and Jaipur at a floating interest rate of bank's base rate plus 25 basis points. This loan is secured by creating first pari-passu charge by way of hypothecation of the movable and mortgage on immovable fixed assets of the Aluminium Division, both present and future, including leasehold land. The same is repayable in quarterly instalments by December 2020. As at March 31, 2015 the amount outstanding under this facility was Rs. 4,935 million (\$79.2 million).



In September 2014, TSPL has availed a rupee term loan facility of Rs. 5,000 million from Kotak Mahindra Bank at an average floating interest rate based on Bank's Base rate plus 0.10%. The facility is secured by first pari passu charge on the assets of TSPL both present and future, with an unconditional and irrevocable corporate guarantee by Vedanta Limited. The facility is repayable as first 50% of the loan amount in 24 quarterly installments starting from December 2015 and balance 50% of loan amount in March 2021. As at March 31, 2015 the amount outstanding was Rs. 4,983 million (\$80.0 million).

In June 2013, TMHL had taken a term loan of \$ 1,200 million from Standard Chartered Bank. The loan bears an interest rate of LIBOR plus 275 basis points and is due for repayment in four equal annual installments starting from June 2015. The facility is guaranteed by Vedanta Resources Plc. Further TEHL has pledged all the shares it holds in TMHL as security for this loan. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was \$ 1,189.5 million and \$ 1,192.0 million (Rs. 74,610 million) respectively.

In August 2014, TMHL had availed term loan facility of \$ 500 million from Standard Chartered Bank and First Gulf Bank PJSC of which \$ 250 million is under a commodity Murahaba structure (Islamic Financing) and balance \$ 250 million is under a conventional loan structure. Out of the said facility \$ 287.5 million bears an interest rate of LIBOR plus 275 basis points with an average maturity of about five years from the date of first drawdown in August 2014 and balance amount of \$212.5 million bears an interest rate of LIBOR plus 340 basis points with an average maturity of about six years from the date of first drawdown in August 2014. As at March 31, 2015, the amount outstanding was \$ 487.6 million (Rs. 30,518 million).

During the previous years and current year, TMHL has taken loans from Vedanta Resources Jersey II Limited amounting to \$3,900 million and \$11.9 million respectively. These loans bear an average interest rate of 7.34% p.a. and are repayable from May 2016 to January 2019. As at March 31, 2014 and March 31, 2015 the amount outstanding was \$ 3,893.8 million and \$ 2,589.8 million (Rs. 162,100 million) respectively.

Buyers' credit

In June 2009, BALCO obtained one-time non-fund based limit of Rs. 6,250 million from Axis Bank for the purchase of capital goods for projects. The facility was secured by first pari passu charge on project movable assets of BALCO (except borrowings in Indian currency i.e. BALCO could create charge on fixed assets for the domestic borrowings). The interest rate on this facility was LIBOR plus 200 basis points. As at March 31, 2014 the amount outstanding under this facility was Rs. 1,003 million. The same has been duly repaid during the year.

In October 2011, BALCO obtained a non-fund based limit of Rs. 7,500 million from ICICI Bank for the purpose of import of capital goods, which is secured by exclusive charge on assets imported under the facility. The interest rate on this facility is six-month LIBOR plus 112 basis points. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was Rs. 5,865 million and Rs. 3,722 million (\$59.7 million) respectively. The said outstanding amount is repayable on various dates from June 2015 to March 2017.

In March 2012, VGCB has obtained a non-fund based limit of Rs. 1,500 million from Axis Bank for the purpose of import of capital goods, which is secured by a first pari passu floating charge on movable and immovable assets and unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is LIBOR plus 200 basis points. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was Rs. 967 million and Rs. 1,144 million (\$18.4 million) respectively. The said outstanding amount is repayable on various dates up to May 2015. This facility has been extended for repayment to May 2017.

In August 2010, TSPL obtained a non-fund based limit of Rs. 10,000 million from ICICI Bank for the purpose of import of capital goods, which is secured by a first charge on a pari passu basis on all the movable assets of TSPL and is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is LIBOR plus 87 basis points. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was Rs. 7,911 million and Rs. 53 million (\$0.8 million) respectively. The said outstanding amount which was repayable in June 2015 has been paid.

In July 2013, TSPL obtained a non-fund based limit of Rs. 2,500 million from Yes Bank for the purpose of import of capital goods, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is LIBOR plus 34 basis points. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was Rs. 2,292 million and Rs. 2,388 million (\$38.3 million) respectively. The said outstanding amount is repayable from July 2015 to October 2015.

In October 2013, TSPL obtained a non-fund based limit of Rs. 2,500 million from Yes Bank for the purpose of import of capital goods, which is secured by subservient charge on all the movable assets of TSPL and is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is LIBOR plus 52 basis points. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was Rs. 2,293 million and Rs. 1,794 million (\$28.8 million) respectively. The said outstanding amount is repayable from July 2015 to October 2015.



20018GsPnWm7MxngU

In November 2011, TSPL obtained a non-fund based limit of Rs. 5,000 million from State Bank of India for the purpose of import of capital goods, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility was LIBOR plus 173 basis points. As at March 31, 2014 the balance outstanding under this facility was Rs. 5,834 million. The same has been duly repaid during the year.

In January 2012, TSPL obtained a non-fund based limit of Rs. 5,000 million from Axis Bank for the purpose of import of capital goods, which is secured by a first charge on a pari passu basis on all the movable assets of TSPL and is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility was LIBOR plus 190 basis points. As at March 31, 2014 the balance outstanding under this facility was Rs. 5,684 million. The same has been duly repaid during the year.

In July 2012, TSPL obtained a non-fund based limit of Rs. 3,900 million from Punjab National Bank for the purpose of import of capital goods, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility was LIBOR plus 85 basis points. As at March 31, 2014, the outstanding amount under this facility was Rs. 3,655 million. The same has been duly repaid during the year.

In December 2013, TSPL obtained a non-fund based limit of Rs. 2,000 million from IndusInd Bank for the purpose of import of capital goods, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is LIBOR plus 33 basis points. As at March 31, 2014 and March 31, 2015 the amount outstanding was Rs. 614 million and Rs. 641 million (\$10.3 million) respectively. The said outstanding amount was repayable in June 2015 and has been repaid.

In March 2014, TSPL obtained a non-fund based limit of Rs. 5,000 million from ICICI Bank for the purpose of import of capital goods, which is secured by a first charge on a pari passu basis on all the movable assets of TSPL and is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is LIBOR plus 33 basis points. As at March 31, 2014 and March 31, 2015 the amount outstanding was Rs. 595 million and Rs. 3,493 million (\$56.1 million) respectively. The said outstanding amount is repayable from May 2015 to March 2016.

In January 2015, TSPL obtained a non-fund based limit of Rs. 3,000 million from Axis Bank for the refinancing of Buyers credit completing three years, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is 3 month LIBOR plus 150 basis points. As at March 31, 2015 the balance outstanding under this facility was Rs. 2,438 million (\$39.1 million). The outstanding amount is repayable in December 2016 and January 2017.

In March 2015, TSPL obtained a non-fund based limit of Rs. 1,000 million from ICICI Bank for the refinancing of Buyers credit completing three years, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. The interest rate on this facility is 3 month LIBOR plus 140 basis points. As at March 31, 2015 the balance outstanding under this facility was Rs. 254 million (\$4.1 million). The outstanding amount is repayable in March 2017.

Vedanta Limited had credit terms relating to purchases of property, plant and equipment. These loans bear average interest at LIBOR plus 26-55 basis points. These are secured by all of the fixed assets of Jharsuguda Aluminium, immovable or movable, present and future, on a pari passu basis with other term lenders and with priority over other creditors. These project buyer's credits are repayable from May 2015 to February 2016. As at March 31, 2014 and March 31, 2015 the amount outstanding was Rs. 1,320 million and Rs. 222 million (\$3.6 million) respectively.

Non-convertible debentures (NCDs)

In October 2008, Vedanta Limited issued NCDs of Rs. 4,000 million to the Life Insurance Corporation of India at an interest rate of 11.50% p.a. and secured by first pari passu charge in favor of Debenture Trustees on the immovable properties situated at Mauje Ishwarpura, Taluka Kadi, District Mehsana, and Gujarat and in the District of Kalahandi, Orissa. These NCDs are further secured by first pari passu charge over the fixed assets of Jharsuguda Aluminium pertaining to IMTPA Lanjigarh Alumina Refinery. These NCDs are redeemable in three equal installments payable at October 22, 2015, October 22, 2014 and October 22, 2013 respectively. The first and second installment had been paid on respective due dates. As at March 31, 2014 and March 31, 2015, the amount outstanding under this facility was Rs. 2,667 million and Rs. 1,333 million (\$ 21.4 million) respectively.



In October, November and December 2012, Vedanta Limited had issued NCDs for an aggregate amount of Rs. 20,000 million. Out of these, Rs. 10,000 million NCDs were issued at a coupon rate of 9.40% p.a., while another Rs. 10,000 million NCDs have been issued at a coupon rate of 9.24% p.a. These NCDs are secured by way of mortgage on the immovable property of the Company situated at Sanaswadi in the State of Maharashtra and also by way of hypothecation on the movable fixed assets of Jharsuguda 2400 MW Power plant with a security cover of 1.25 times on the face value of outstanding NCDs at all time during the currency of NCDs. These NCDs are redeemable in tranches of Rs. 5,000 million each on December 20, 2022, December 6, 2022, November 27, 2022 and October 25, 2022. In respect of all the four tranches of NCDs, the debenture holders and the Company have put and call option respectively at the end of the 5 years from the respective date of the allotment of the NCDs. As at March 31, 2014 and March 31, 2015 the outstanding amount under this facility was Rs. 19,949 million and Rs. 19,958 million (\$ 320.3 million) respectively.

In April 2013, Vedanta Limited had issued NCDs for an aggregate amount of Rs. 25,000 million with an interest rate of 9.10% per annum. These NCDs are secured by way of mortgage on the immovable property of the Company situated at Tuticorin in the State of Tamilnadu and also by way of first ranking pari passu charge over the tangible and intangible movable fixed assets, both present and future of Jharsuguda 2,400 MW power plant with a security cover of 1.25 times on the face value of outstanding NCDs at all times during the tenure of the NCD. These NCDs are redeemable on April 5, 2023. The debenture holders of these NCDs and the Company have put and call option at the end of the 5 years from the respective date of the allotment of the NCDs. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was Rs. 24,966 million and Rs. 24,973 million (\$400.8 million) respectively.

In July 2013, Vedanta Limited had issued NCDs for an aggregate amount of Rs. 12,000 million in two tranches of Rs. 7,500 million and Rs. 4,500 million, with an interest rate of 9.17% per annum. These NCDs are secured by way of mortgage on the immovable property of the Company situated at Tuticorin in the state of Tamilnadu and also by way of first pari passu charge over the movable fixed assets of Lanjigarh refinery expansion project including 210 MW power plant project, with a security cover of 1.25 times on the face value of outstanding NCDs at all times during the tenure of the NCD. These NCDs are redeemable on July 4, 2023 for Rs. 7,500 million and on July 5, 2023 for Rs. 4,500 million. The debenture holders of these NCDs and the Company have put and call option at the end of the 5 years from the respective date of the allotment of the NCDs. As at March 31, 2014 and March 31, 2015 the amount outstanding under this facility was Rs. 11,978 million and Rs. 11,987 million (\$192.4 million) respectively.

In November 2008, BALCO issued Rs. 5,000 million in Indian Rupee denominated NCDs to Life Incorporation of India. The debentures are repayable in three equal yearly installments beginning in November 2013, November 2014 and November 2015. The applicable interest rate is 12.25% per annum. The debentures are secured and have a pari passu charge on BALCO's movable and immovable properties tangible or intangible assets, other than BALCO's current assets to the extent of 1.33 times the issued amount of the debentures. The first and second installments had been already repaid within due dates. As at March 31, 2014 and March 31, 2015 the outstanding balance was Rs. 3,333 million and Rs. 1,667 million (\$ 26.7 million) respectively.

In May 2013, BALCO had issued NCDs of Rs. 5,000 Million to Kotak Mahindra Bank and Axis Bank Limited. The debentures are repayable in two equal installments in November 2015 and May 2016. The applicable interest rate is 8.59% per annum. The debentures are secured and have a first pari passu charge over fixed assets of BALCO with minimum security cover of 1.10 times. As at March 31, 2014 and March 31, 2015 the amount outstanding was Rs. 4,995 million and Rs. 4,998 million (\$ 80.2 million) respectively.

In August 2014, BALCO had issued NCDs of Rs. 5,000 million to Deutsche Bank. The debentures are repayable in August 2017. The applicable interest rate is 10.25% per annum. The debentures are secured and have a first pari passu charge over fixed assets of BALCO with minimum security cover of 1.25 times. As at March 31, 2015 the amount outstanding was Rs. 5,000 million (\$80.2 million).

In December 2010 and January 2011, TSPL had issued NCDs of Rs. 15,000 million to ICICI Bank at a rate of 9.8% per annum. The first tranche of Rs. 7,500 million was issued in December 2010 and second tranche for the balance amount was issued in January 2011. The NCDs are secured by first pari passu charge on the assets of TSPL both present and future, with a minimum asset cover of 1.25 times during the tenure of the NCDs (including the debt service reserve account) and unconditional and irrevocable corporate guarantee by Vedanta Limited. NCDs have tenure of 13 years from the respective date of allotment, repayable in twelve equal quarterly installments after 10 years of allotment. As at March 31, 2014 and March 31, 2015, the amount outstanding was Rs. 15,027 million and Rs. 15,052 million (\$ 241.6 million) respectively.



In September 2014 (two tranches), November 2014 and March 2015, TSPL has issued NCDs of Rs. 8,250 million in four tranches of Rs. 1,200 million, Rs. 1,800 million, Rs. 2,000 million and Rs. 3,250 million at an interest rate of 9.60%, 9.70%, 9.27% and 8.91% respectively to various asset management companies for fresh project funding and repayment of loan. These NCDs are secured by first pari passu charge on the assets of TSPL both present and future with a minimum asset cover of 1.1 times during the tenure of NCDs (including the debt service reserve account) and an unconditional and irrevocable corporate guarantee by Vedanta Limited. These NCDs are repayable in tranches as Rs. 1,200 million in September 2016, Rs. 1,800 Million in September 2017, Rs. 2,000 million in November 2017 and balance Rs. 3,250 million in April 2018. As at March 31, 2015 the amount outstanding was Rs. 8,232 million (\$ 132.1 million).

In May 2013, VGCB issued NCDs to IDFC Bank of Rs. 3,000 million at an interest rate of 9% per annum. These NCDs are redeemable on May 6, 2016, and also carry a put and call option exercisable at the end of 2nd year, May 6, 2015. The NCDs are secured 1.1 times of the face value of outstanding debentures, by way of charge on the fixed assets of the VGCB. As at March 31, 2014 and March 31, 2015, the amount outstanding was Rs. 3,000 million and Rs. 3,000 million (\$ 48.1 million) respectively.

In October 2014, Vedanta Limited had issued NCDs of Rs. 15,000 million at an interest rate of 9.36% per annum. These NCDs are repayable in two installments of Rs. 9,750 million and Rs. 5,250 million in October 2017 and December 2017 respectively. These NCDs are secured by way of mortgage on the immovable property of the Vedanta Limited situated at Tuticorin in the State of Tamilnadu and also by way of first ranking pari passu charge over "movable fixed assets" in relation to the Company's Iron Ore business (pig iron and metallurgical coke assets) and Power Plant assets located in Goa and the Copper plant assets located at Tuticorin with a security cover of 1.25 times on the face value of outstanding NCDs at all times during the tenure of the NCDs. As at March 31, 2015 the amount outstanding was Rs. 15,000 million (\$240.7 million).

Commercial papers

During the current year and previous years, Vedanta Limited had issued commercial papers to various asset management companies for funding project payables. These commercial papers bear coupon rate of interest ranging between 8.15% p.a to 10.15% p.a. These were issued for short duration and are due for repayment within one year starting from April 2015 to June 2015. As at March 31, 2014 and March 31, 2015 the outstanding amount was Rs. 32,014 million and Rs. 34,664 million (\$ 556.3 million) respectively.

During the current year and previous years, BALCO had issued commercial papers to various asset management companies for funding project loan repayment and operational payables. These commercial papers bear an average coupon rate of interest of 8.95% p.a. These were issued for a short duration and are repayable in April 2015 and June 2015. As at March 31, 2014 and March 31, 2015 the amount outstanding was Rs. 11,080 million and Rs. 19,597 million (\$314.5 million) respectively.

During the current year and previous years, TSPL had issued commercial papers to various asset management companies for funding project payables, which is backed by unconditional and irrevocable corporate guarantee from Vedanta Limited. These commercial papers bear an average coupon rate of interest of 9.06% p.a. These are repayable from April 2015 to June 2015. As at March 31, 2015 the amount outstanding was Rs. 25,565 million (\$410.3million)

Convertible notes

Convertible Senior Notes or Convertible Notes, due 2014

On October 29, 2009, Vedanta Limited (erstwhile Sterlite Industries India Limited) raised \$ 500 million by issue of 4.0% Convertible Notes of \$ 1,000 each (the "Convertible Notes"). Subject to certain exceptions, the note holders had an option to convert these Convertible Notes into ADSs (each ADS now represents four equity shares. Prior to the bonus issue and the share split of the equity shares of the Company on June 25, 2010, each ADS represented one equity share) at any time prior to business day immediately preceding the maturity date at a conversion rate of 42.8688 ADSs per \$ 1,000 principal amount of notes which was equal to a conversion price of approximately \$ 23.33 per ADS. Upon effectiveness of the scheme of Amalgamation and Arrangement, conversion rate had been changed to 25.7213 ADSs per \$1,000 principal amount of notes which was equal to a conversion price of approximately \$38.88 per ADS. Further, at any time after November 4, 2012, Vedanta Limited has a right to redeem in whole or parts of the Convertible Notes, subject to meeting certain conditions. The amount which Vedanta Limited was required to pay contractually on October 30, 2014 was \$ 500 million, unless previously converted, redeemed or purchased and cancelled. The amount outstanding as at March 31, 2014 was Rs. 28,710 million. During the year the same has been duly repaid.

5% Convertible Bonds of \$ 100,000 each amounting to US\$ 500 million issued by Vedanta Limited (erstwhile Sesa Goa Limited) in Financial Year 2009-10. The bondholders had an option to convert these FCCBs into shares, at a conversion price of Rs. 346.88 per share and at a fixed rate of exchange on conversion of Rs. 48.00 per US\$ 1.00 at any time on or after December 9, 2009. The conversion price was subject to adjustment in certain circumstances. The FCCBs may be redeemed in whole, but not in part, on or after October 30, 2012, subject to certain conditions. Unless previously converted, redeemed or repurchased and cancelled, the FCCBs fall due for redemption on October 31, 2014 at par. The amount outstanding as on March 31, 2014 was Rs. 12,081 million. During the year the same has been duly repaid.

**18. Acceptances**

Acceptances consist of:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Payable under trade financing arrangements	90,718	94,660	1,519.2
	90,718	94,660	1,519.2

Acceptances comprise of credit availed from financial institutions for payment to suppliers for raw materials purchased by the Group. The arrangements are interest-bearing and are payable within one year. The fair value of acceptances is not materially different from the carrying values presented.

19. Trade and other payables

Trade and other payables consist of:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Trade payables	84,025	58,700	942.1
Advances from customers	3,408	3,197	51.3
Amount due to related parties	27,024	2,999	48.1
Creditors for capital expenditure	35,129	69,078	1,108.6
Security deposit and retentions	10,362	9,849	158.1
Payable on ASARCO claim [Refer Note 29(c)(i)]	4,973	—	—
Other payables	16,740	22,170	355.8
	181,661	165,993	2,664.0

Trade payables are non-interest bearing and are normally settled within 1 day to 180 days terms. The fair value of trade and other payables is not materially different from the carrying values presented. Other payables include statutory and other dues. Amount due to related parties as of March 31, 2015 includes advance of Rs. 13 million (\$ 0.2 million).

20. Provisions

	Restoration, rehabilitation and environmental	Other	Total
	(a) (Rs. in million)	(b) (Rs. in million)	(Rs. in million)
As at April 01, 2013	13,321	3,041	16,362
Additions	224	154	378
Disposals	—	(126)	(126)
Unwinding of discount and effect of changes in discount rate	213	—	213
Exchange differences	897	463	1,360
As at March 31, 2014	14,655	3,532	18,187
Classification as at March 31, 2014			
Current	358	768	1,126
Non-current	14,297	2,764	17,061
	14,655	3,532	18,187



	Restoration, rehabilitation and environmental (a) <u>(Rs. in million)</u>	Other (b) <u>(Rs. in million)</u>	<u>Total (Rs. in million)</u>	<u>Total (US dollars in million)</u>
As at April 01, 2014	14,655	3,532	18,187	291.9
Additions	373	2,023	2,396	38.5
Disposal	(229)	(318)	(547)	(8.8)
Change in estimate	(4,147)	—	(4,147)	(66.6)
Unwinding of discount	1,062	—	1,062	17.0
Exchange differences	(428)	(487)	(915)	(14.6)
As at March 31, 2015	11,286	4,750	16,036	257.4
Classification as at March 31, 2015				
Current	390	4,480	4,870	78.2
Non-current	10,896	270	11,166	179.2
	11,286	4,750	16,036	257.4

(a) Restoration, rehabilitation and environmental

The provision for restoration, rehabilitation, decommissioning and environmental represents the Group's best estimate of the costs which will be incurred in the future to meet the obligations under the laws of the land, the terms referred to in the Group's mining and other licenses and contractual arrangements. Within India, the principal restoration, rehabilitation and environmental provisions are recorded within Cairn where a legal obligation exists relating to oil and gas fields where costs are expected to be incurred in restoring the site of production facility at the end of producing life of oil fields. These amounts become payable upon closure of the mines or oil and gas fields and are expected to be incurred over a period of 1 to 25 years.

(b) Other

Other provisions comprise the Group's best estimate of the costs based on the possibility of occurrence in the future to settle certain legal, tax and other claims outstanding against the Group. The timing of cash flows in respect of such provisions cannot be reasonably determined. This also includes provision recognized pursuant to the introduction of The Mines and Mineral (Development and Regulation) Amendment Act, 2015, the timing and amount of which is uncertain.



Further, this also includes one onerous contract related to redundancy cost at Lisheen. The provision for redundancy cost becomes payable to employees on their termination of employment on or before the mine closure.

21. Other non-current liabilities

Non-current liabilities consist of:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Security deposits and retentions	12,314	11,706	187.8
Others	262	871	14.0
	12,576	12,577	201.8

22. Employee benefits

The Group participates in defined contribution and benefit schemes, the assets of which are held (where funded) in separately administered funds.

For defined contribution schemes the amount charged to the consolidated statements of profit or loss is the total of contributions payable in the year.

For defined benefit pension schemes, the cost of providing benefits under the plans is determined by actuarial valuation separately each year for each plan using the projected unit credit method by independent qualified actuaries as at the year end. Actuarial gains and losses arising in the year are recognized in full in other comprehensive income for the year.

Defined contribution schemes

The Group contributed a total of Rs. 1,159 million, Rs. 1,499 million, Rs. 1,413 million (\$22.7 million) for the years ended March 31, 2013, 2014 and 2015 respectively, to the following defined contribution plans.

Central provident fund

In accordance with the Indian Provident Fund Act, employees are entitled to receive benefits under the Provident Fund. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12.0% for 2015) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI) or to independently managed and approved funds. The Group has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the consolidated statements of profit or loss in the period they are incurred. Where the contributions are made to independently managed and approved funds, shortfall in actual return, if any, from the return guaranteed by the State are made by the employer. There is no such shortfall in the actual return for independently managed funds for the year ended March 31, 2014 and 2015. The benefits are paid to employees on their retirement or resignation from the Group.

Superannuation

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. Vedanta Limited and each relevant Indian subsidiary holds a policy with Life Insurance Corporation of India ("LIC"), to which each of these entities contributes a fixed amount relating to superannuation and the pension annuity is met by LIC as required, taking into consideration the contributions made. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated statements of profit or loss in the period they are incurred.

Australian pension scheme

The Group also participates in defined contribution superannuation schemes in Australia. The contribution of a proportion of an employee's salary in a superannuation fund is a legal requirement in Australia. The employer contributes, into the employee's fund of choice, 9.50% of an employee's gross remuneration where the employee is covered by an industrial agreement and 12.50% of the basic remuneration for all other employees. All employees have the option to make additional voluntary contributions. The Group has no further obligations under the scheme beyond its monthly contributions which are charged to the consolidated statements of profit or loss in the period they are incurred.



Skorpion Zinc Provident Fund, Namibia

The Skorpion Zinc Provident Fund is a defined contribution fund and is compulsory to all full time employees under the age of 60. The Group contribution to the fund is a fixed percentage of 9% per month of pensionable salary, whilst the employee contributes 7% with the option of making additional contributions, over and above the normal contribution, up to a maximum of 12%.

The Fund provides disability cover which is equal to the member’s fund credit and a death cover of 2 times annual salary in the event of death before retirement.

Black Mountain (Pty) Limited, South Africa Pension and Provident Funds

BMM has two retirement funds, both administered by Alexander Forbes, a registered financial service provider. Both funds form part of the Alexander Forbes umbrella fund and are defined contribution funds. The purpose of the funds is to provide retirement and death benefits to all eligible employees. Both the fund plans are defined contribution schemes for its employees and amount of contribution paid or payable during the year is charged to profit or loss. Group contributes at a fixed percentage of 10.5% for up to supervisor grade and 15% for others.

Lisheen Mine, Ireland Pension Funds

Lisheen participates in a defined contribution pension scheme for all employees. The plan requires Lisheen to contribute 5% of annual basic salary of the employee and the employee is required to also contribute 5% of their annual basic salary. Under the terms of the executive scheme a contribution of 15% each is made by Lisheen and by the individual. Employees may also make additional voluntary contributions subject to certain limits. The Lisheen’s contribution will continue until an employee terminates employment or reaches the retirement age of 65, whichever happens first.

Defined benefit plans

Post-Retirement Medical Benefits:

The Group has a scheme of post retirement medical benefits for employees at BMM. Based on an actuarial valuation conducted as at year end, a provision is recognised in full for the benefit obligation. The scheme is unfunded. The obligation relating to post retirement medical benefits at BMM were Rs. 324 million and Rs.345 million (\$ 5.5 million) as at March 31, 2014 and 2015 respectively. The obligation under this plan is unfunded. The Group considers these amounts as not material and accordingly has not provided further disclosures as required by IAS 19 (Revised 2011) “Employee benefits”. The remeasurement loss on post retirement medical benefits at NIL, NIL and Rs. 22 million (\$0.4 million) for the year ended March 31, 2013, 2014 and 2015 respectively has been recognized in other comprehensive Income.

Gratuity plan

In accordance with the Payment of Gratuity Act of 1972, Vedanta Limited and its Indian subsidiaries contribute to a defined benefit plan (the “Gratuity Plan”) covering certain categories of employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee’s last drawn salary and the number of years of employment with the Group.

Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan. In case where there is no Gratuity Plan, full provision is recognised in the consolidated statements of financial position.



Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

	Year ended March 31, 2013	Year ended March 31, 2014	Year ended March 31, 2015
Discount rate	8.0%	9.0% - 9.1%	7.8% - 7.9%
Expected rate of increase in compensation level of covered employees	3.0% - 12.0%	3.0% - 12.0%	5.0% to 10.0%

In India, the mortality tables used, assume that a person aged 60 at the end of the balance sheet date has a future life expectancy of 19 years.

Assumptions regarding mortality for Indian entities are based on mortality tables of 'Indian Assured Lives Mortality (2006-2008)' published by the Institute of Actuaries of India.

Amount recognised in the consolidated statements of financial position consists of:

	Year ended March 31, 2013 (Rs. Million)	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2015 (Rs. Million)	Year ended March 31, 2015 (US dollars in million)
Fair value of plan assets	2,521	2,754	2,824	45.3
Present value of defined benefit obligations	(4,352)	(4,439)	(4,987)	(80.0)
Net liability arising from defined benefit obligation	(1,831)	(1,685)	(2,163)	(34.7)

Amounts recognised in consolidated statement of profit or loss in respect of defined benefit pension schemes are as follows:

	Year ended March 31, 2013 (Rs. Million)	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2015 (Rs. Million)	Year ended March 31, 2015 (US dollars in million)
Current service cost	251	260	281	4.5
Net Interest cost	130	138	134	2.1
Total charge to consolidated statements of profit or loss	381	398	415	6.6

Amounts recognised in the consolidated statement of comprehensive income in respect of defined benefit pension scheme are as follows:

	Year ended March 31, 2013 (Rs. Million)	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2015 (Rs. Million)	Year ended March 31, 2015 (US dollars in million)
Remeasurements of the net defined benefit obligation:-				
Actuarial (gains) / losses arising from changes in demographic assumptions	—	(7)	18	0.3
Actuarial losses / (gains) arising from changes in financial assumptions	26	(260)	319	5.1
Actuarial losses arising from experience adjustments	351	412	349	5.6
(Return) / Loss on Plan assets (excluding amounts included in net interest cost)	(31)	(47)	9	0.1
Remeasurement of the net defined benefit liability	346	98	695	11.1



The movement during the year ended March 31, 2015 of the present value of the defined benefit obligation was as follows:

	Year ended March 31, 2013 (Rs. Million)	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2015 (Rs. Million)	Year ended March 31, 2015 (US dollars in million)
At 1 April	(3,983)	(4,352)	(4,439)	(71.2)
-Current service cost	(251)	(260)	(281)	(4.5)
Benefits paid	581	666	800	12.8
Interest cost of scheme liabilities	(322)	(348)	(381)	(6.1)
Actuarial gains / (losses) arising from changes in demographic assumptions	—	7	(18)	(0.3)
Actuarial (losses) / gains arising from changes in financial assumptions	(26)	260	(319)	(5.1)
Actuarial (losses) arising from experience adjustment	(351)	(412)	(349)	(5.6)
At March 31,	(4,352)	(4,439)	(4,987)	(80.0)

The movement during the year ended March 31, 2015 in the fair value of plan assets was as follow:

	Year ended March 31, 2013 (Rs. Million)	Year ended March 31, 2014 (Rs. Million)	Year ended March 31, 2015 (Rs. Million)	Year ended March 31, 2015 (US dollars in million)
At 1 April	2,417	2,521	2,754	44.1
Contributions received	375	535	286	4.6
Benefits paid	(494)	(559)	(454)	(7.3)
Remeasurement gain / (loss) arising from return on plan assets	31	47	(9)	(0.1)
Interest income	192	210	247	4.0
At March 31,	2,521	2,754	2,824	45.3

% allocation of plan assets Assets by category	LIC		ICICI		HDFC	
	As at March 31		As at March 31		As at March 31	
	2014	2015	2014	2015	2014	2015
Government securities	46.6	45.0	—	20.0	—	24.3
Debentures/bonds	34.6	35.0	9.0	45.0	—	69.3
Equity instruments	4.6	10.0	6.0	6.0	—	—
Fixed Deposits	14.2	—	25.0	21.0	—	—
Money market instruments	0.0	10.0	60.0	8.0	—	6.4
	100.0	100.0	100.0	100.0	—	100.0

The actual return on plan assets was Rs. 257 million and Rs. 238 million (\$3.9 million) for the years ended March 31, 2014 and 2015 respectively.

The weighted average duration of the defined benefit obligation is 11.50 years and 11.80 years for the years ended March 31, 2014 and 2015 respectively.

The group expects to contribute Rs. 478 million (\$ 7.7 million) to the funded defined benefit plans in fiscal 2016.

**Sensitivity analysis**

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

	Increase / (Decrease) in defined benefit obligation (US dollars in million)
Discount rate	
Increase by 0.50 %	(2.7)
Decrease by 0.50%	2.8
Expected rate of increase in compensation level of covered employees	
Increase by 0.50 %	2.3
Decrease by 0.50%	(0.3)

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the statement of financial positions.

Risk analysis

Group is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

Investment risk

Most of the Indian defined benefit plans are funded with Life Insurance Corporation of India (LIC), ICICI Prudential Life (ICICI) and HDFC Standard Life. Group does not have any liberty to manage the fund provided to LIC, ICICI prudential and HDFC Standard Life.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for Group's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk

A decrease in the interest rate on plan assets will increase the plan liability.

Longevity risk/ Life expectancy

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

23. Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on the consolidated statements of financial position. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 and Note 3.



Financial assets and liabilities:

The following tables present the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2014 and 2015.

As at March 31, 2014

Financial assets	(Rs. in million)						Total fair value
	Cash	Held for trading	Loans and receivables	Available for sale financial assets	Derivatives used for hedging	Total carrying value	
<i>Financial assets investments</i>							
— at fair value	—	—	—	111	—	111	111
Other non—current assets	—	—	8,339	—	—	8,339	8,293
Trade and other receivables	—	—	76,717	—	—	76,717	76,717
<i>Short-term investments</i>							
—Bank deposits	—	—	115,339	—	—	115,339	115,339
—Other investments	—	402,676	—	—	—	402,676	402,676
Derivative financial assets	—	—	—	—	3,235	3,235	3,235
Cash and cash equivalents	12,960	—	—	—	—	12,960	12,960
Restricted cash and cash equivalents	2,463	—	—	—	—	2,463	2,463
	15,423	402,676	200,395	111	3,235	621,840	621,794

The consolidated statements of financial position and Note 13 “Trade and other receivables” include balances with government authorities of Rs. 6,360 million, prepayments of Rs. 1,380 million, advance for supplies of Rs. 6,957 million and claims and other receivables of Rs. 5,001 million which are not financial assets and hence have been excluded from the above table.

The consolidated statements of financial position and Note 11 “Other non current assets” include balances with government authorities of Rs. 4,114 million and claims and other receivables of Rs. 362 million which are not financial assets and hence have been excluded from the above table.

As at March 31, 2014

Financial liabilities	(Rs. in million)			Total fair value
	Derivatives used for hedging	Amortised cost	Total carrying value	
<i>Borrowings</i>				
—Short-term	—	120,937	120,937	120,937
—Long term (other than convertible notes)	—	547,375	547,375	545,219
—Convertible notes	—	40,791	40,791	43,281
<i>Acceptances</i>				
Trade and other payables	—	167,721	167,721	167,721
Derivative financial liabilities	9,195	—	9,195	9,195
Total	9,195	967,542	976,737	977,071



The consolidated statements of financial position and Note 19 "Trade and other payables" include advances from customers of Rs.3,408 million and other payables which includes balances due to government authorities of Rs. 3,646 million, other employees benefits of Rs. 2,991 million and security deposits and other payables of Rs. 3,895 million which are not financial liabilities and hence have been excluded from the above table.



As at March 31, 2015:

	(Rs. in million)						(US dollar in million)		
	Cash	Held for trading	Loans and receivables	Available for sale financial assets	Derivatives used for hedging	Total carrying value	Total fair value	Total carrying value	Total fair value
Financial assets									
<i>Financial assets investments</i>									
— at fair value	—	—	—	262	—	262	262	4.2	4.2
Other non—current assets	—	—	5,798	—	—	5,798	5,798	93.1	93.1
Trade and other receivable	—	—	72,918	—	—	72,918	72,918	1,170.2	1,170.2
<i>Short term investments</i>									
—Bank deposits	—	—	50,310	—	—	50,310	50,310	807.4	807.4
—Other investments	—	446,172	—	—	—	446,172	446,172	7,160.5	7,160.5
Derivative financial assets	—	—	—	—	1,047	1,047	1,047	16.8	16.8
Cash and cash equivalents	8,621	—	—	—	—	8,621	8,621	138.4	138.4
Restricted cash and cash equivalents	4,090	—	—	—	—	4,090	4,090	65.6	65.6
	12,711	446,172	129,026	262	1,047	589,218	589,218	9,456.2	9,456.2

The consolidated statements of financial position and Note 13 “Trade and other receivables” include balances with government authorities of Rs. 8,148 million (\$ 130.8 million), prepayments of Rs. 4,116 million (\$ 66.1 million), advance for supplies of Rs. 8,512 million (\$ 136.6 million) and claims and other receivables of Rs. 10,083 million (\$ 161.8 million) which are not financial assets and hence have been excluded from the above table.

The consolidated statements of financial position and Note 11 “Other non current assets” include balances with government authorities of Rs. 3,431 million (\$ 55.1 million) and claims and other receivables of Rs. 2,334 million (\$ 37.4 million) which are not financial assets and hence have been excluded from the above table.

As at March 31, 2015:

	(Rs. in million)			(US dollars in million)		
	Derivatives used for hedging	Amortised cost	Total carrying value	Total fair value	Total carrying value	Total fair value
Financial liabilities						
<i>Borrowings</i>						
—Short term	—	161,233	161,233	161,233	2,587.6	2,587.6
—Long term	—	517,852	517,852	530,449	8,310.9	8,513.1
Acceptances	—	94,660	94,660	94,660	1,519.2	1,519.2
Trade and other payables*	—	163,932	163,932	162,350	2,631.0	2,605.5
Derivative financial liabilities	2,583	—	2,583	2,583	41.4	41.4
Total	2,583	937,677	940,260	951,275	15,090.1	15,266.8

* Includes financial liabilities of Rs. 10,130 million (\$ 162.6 million) grouped under “other non current liabilities”.

The consolidated statements of financial position and Note 19 “Trade and other payables” include advances from customers of Rs. 3,210 million (\$ 51.5 million) and other payables which includes balances due to government authorities of Rs. 6,118 million (\$ 98.2 million), other employees benefits of Rs. 661 million (\$ 10.6 million) and security deposits and other payables of Rs. 2,202 million (\$ 35.3 million) which are not financial liabilities and hence have been excluded from the above table.



Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The below tables summarises the categories of financial assets and liabilities as at March 31, 2014 and 2015 measured at fair value:

As at March 31, 2014	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
	(Rs. in million)		
Financial assets			
<i>At fair value through profit or loss</i>			
— Held for trading	402,676	—	—
—Derivative financial assets			
—Commodity contracts	402	—	—
— Forward foreign currency contracts	—	915	—
— Forward foreign currency contracts (Net investment in foreign operation)	—	1,918	—
<i>Available-for-sale investments</i>			
— Financial asset investments held at fair value	111	—	—
	403,189	2,833	—
Financial liabilities			
<i>At fair value through profit or loss</i>			
—Derivative financial liabilities			
—Interest rate swap	—	1,725	—
—Commodity contracts	86	—	—
—Forward foreign currency contracts	—	7,384	—
	86	9,109	—

As at March 31, 2015	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
	(Rs. in million)			(US dollars in million)		
Financial assets						
<i>At fair value through profit or loss</i>						
— Held for trading	375,396	70,776	—	6,024.6	1,135.9	—
—Derivative financial assets						
—Commodity contracts	—	442	—	—	7.1	—
—Forward foreign currency contracts	—	108	—	—	1.7	—
— Forward foreign currency contracts (Net investment in foreign operation)	—	497	—	—	8.0	—
<i>Available-for-sale investments</i>						
— Financial asset investments held at fair value	262	—	—	4.2	—	—
	375,658	71,823	—	6,028.8	1,152.7	—
Financial liabilities						
<i>At fair value through profit or loss</i>						
Derivative financial liabilities						
— Commodity Contracts	—	96	—	—	1.5	—
— Interest rate swap	—	511	—	—	8.2	—
—Forward foreign currency contracts	—	1,976	—	—	31.7	—
	—	2,583	—	—	41.4	—

**Movement in the fair value of embedded derivative on convertible notes (Level 3 item):**

As at March 31,	2014 Rs. in Million	2015 Rs. in Million	2015 US dollars in million
As at April 01,	61	—	—
Credited to consolidated statements of profit or loss (Refer Note 6- Finance and other cost)	(61)	—	—
As at March 31,	—	—	—

There are no transfers into or out of Level 3 of the fair value hierarchy.

The below tables summarises the fair value of financial liabilities which are carried at amortised cost as at March 31, 2014 and 2015:

As at March 31, 2014	(Level 2) (Rs. in million)	(Level 2) US dollars in million
Financial Liabilities		
- Long-term borrowings	545,219	8,513.1
- Convertible notes	43,281	137.2
	588,500	8,650.3

As at March 31, 2015	(Level 2) (Rs. in million)	(Level 2) US dollars in million
Financial Liabilities		
- Long-term borrowings	530,449	8,513.1
- Other non current liabilities	8,548	137.2
	538,997	8,650.3

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants.

The following methods and assumptions were used to estimate the fair values:

- Short-term marketable securities traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. Other short term marketable securities are valued on the basis of market trades, poll and primary issuances for securities issued by the same or similar issuer and for similar maturities or based on the applicable spread movement for the security derived based on the aforementioned factor(s).
- Trade and other receivables (excluding non financial assets), trade and other payables (excluding non financial liabilities) and short-term borrowings: Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Non-current financial assets and financial liabilities: Either the carrying value approximates the fair value or fair value have been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread.
- Long-term fixed-rate and variable-rate borrowings: Fair value has been determined by the Group based on parameters such as interest rates, specific country risk factors, and the risk characteristics of the financed project. Accordingly the fair value of convertible notes as at March 31, 2014 was Rs. 43,281 million. The convertible notes were repaid during the year. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value have been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk free rate of return adjusted for the appropriate credit spread. The fair value of the embedded derivative liability of convertible notes has been calculated using “Auxiliary Reversed Binomial Tree method” and using the following significant assumptions as at March 31, 2014:
 - the implied volatility as 48.46% and 69.64% as at March 31, 2014 and
 - the Share price of \$ 3.15 and ADS price of \$ 12.42 as at March 31, 2014.



- Quoted available-for-sale financial assets investments: Fair value is derived from quoted market prices in active markets.
- Derivative contracts: The Group enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts and Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques for such derivatives include forward pricing using present value calculations, foreign exchange spot and forward premium rates. Commodity contracts are valued using the forward LME rates of commodities actively traded on the listed metal exchange i.e. London Metal Exchange, United Kingdom (U.K.).

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.

The estimated fair value amounts as at March 31, 2015 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

There were no transfers between Level 1 and Level 2 during the year.

Risk management

The Group's businesses are subject to several risks and uncertainties including financial risks.

The Group's documented risk management polices act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, commodity price risk, foreign exchange risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers at both the corporate and individual subsidiary level. Each operating subsidiary in the Group has in place risk management processes which are in line with the Group's policy. Each significant risk has a designated 'owner' within the Group at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated. The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. Key business decisions are discussed at the monthly meetings of the Executive Committee, an advisory committee empowered by the board of directors (the "board") which performs advisory function for board for decision making. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Group's risk situation
- improve financial returns

Treasury management

The Group's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The treasury policies are approved by the Board and adherence to these policies is strictly monitored at the Executive Committee meetings. Day-to-day treasury operations of the subsidiary companies are managed by their respective finance teams within the framework of the overall Group's treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a central team while short-term funding for routine working capital requirements is delegated to subsidiary companies. A monthly reporting system exists to inform senior management of investments, debt, currency, commodity and interest rate derivatives. The Group has a strong system of internal control which enables effective monitoring of adherence to Group's policies. The internal control measures are effectively supplemented by regular internal audits.



The investment portfolio at the Group and Indian entities is independently reviewed by CRISIL Limited and our portfolio has been rated as “Very Good”.

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and interest rate and currency swaps and these are subject to the Group’s guidelines and policies. Interest rate swaps are taken to achieve a balance between fixed and floating rates and currency swaps are taken primarily to convert the Group’s exposure to non-US dollar currencies to INR.

Commodity price risk

The Group is exposed to the movement of base metal commodity prices on the London Metal Exchange. Any decline in the prices of the base metals that the Group produces and sells will have an immediate and direct impact on the profitability of the businesses. As a general policy, the Group aims to sell the products at prevailing market prices. As much as possible, the Group tries to mitigate price risk through favorable contractual terms. The Group undertakes hedging activity in commodities to a limited degree. Hedging is used primarily as a risk management tool and, in some cases, to secure future cash flows in cases of high volatility by entering into forward contracts or similar instruments. The hedging activities are subject to strict limits set out by the Board and to a strictly defined internal control and monitoring mechanism. Decisions relating to hedging of commodities are taken at the Executive Committee level and with clearly laid down guidelines for their implementation by the subsidiaries.

Financial instruments with commodity price risk are entered into in relation to following activities:

- economic hedging of prices realised on commodity contracts
- purchases and sales of physical contracts
- cash flow hedging of revenues forecasted highly probable transactions

Aluminum

The requirement of the primary raw material, alumina, is partly met from own sources and the rest is purchased primarily on negotiated price terms. Sales prices are linked to the LME prices. At present the Group on selective basis hedges the aluminium content in outsourced alumina to protect its margins.

The Group also enters into hedging arrangements for its aluminium sales to realise month of sale LME prices.

Copper

The Group’s custom smelting copper operations at Tuticorin benefits from a natural hedge except to the extent of a possible mismatch in quotation periods between the purchase of concentrate and the sale of finished copper. The Group’s policy on custom smelting is to generate margins from Treatment charges/Refining charges or “TcRc”, minimising conversion cost, generating a premium over LME on sale of finished copper, sale of by-products and from achieving import parity on domestic sales. Hence, mismatches in quotation periods are actively managed to ensure that the gains or losses are minimised. The Group hedges this variability of LME prices and tries to make the LME price an indifferent cost between purchases of copper concentrate and sales of finished products, both of which are linked to the LME price. The Group also benefits from the difference between the amounts paid for quantities of copper content received and copper recovered in the manufacturing process, also known as ‘free copper’.

The Group’s copper mines in Tasmania, Australia, during the year supplied approximately 0.03 % of the requirement of the custom copper smelter at Tuticorin. Hence, TcRc is a major source of income for the Indian copper smelting operations. Fluctuations in TcRc is influenced by factors including demand and supply conditions prevailing in the market for mine output. The Group’s copper business has a strategy of securing a majority of its concentrate feed requirement under long-term contracts with mines.

*Zinc India*

The sales prices of zinc and lead are linked to the LME prices. The Group has some long-term volume contracts with some customers where the prices are linked to prevailing LME prices at the time of shipment. The Group hedges custom production of Indian operation through forwards contracts or other instruments. Raw material for zinc and lead is mined in India.

Zinc International

Raw material for zinc and lead is mined in Namibia, South Africa and Ireland with sales prices linked to the LME prices.

Iron ore

Iron ore is mined in India and the Group exports majority of its Iron ore production at Index based international prices on spot contracts where price is fixed based on the prevailing index price on the date of agreement and on long term contracts wherein the price is arrived by averaging the price of the quarter/ week preceding the date of bill of lading.

Iron ore prices in the domestic market in India tend to follow international prices. Contract prices are determined by the government-owned agency, NMDC, which usually reacts to firm rise in international prices, though with a lag time, by increasing the domestic prices to align with the international prices.

The Group has historically not used derivatives for iron ore commodity hedging.

Oil and gas

The prices of various crude oils are based upon the price of the key physical benchmark crude oil such as Dated Brent, West Texas Intermediate, and Dubai/Oman etc. The crude oil prices move based upon market factors like supply and demand. The regional producers price their crude basis these benchmark crude with a premium or discount over the benchmark based upon quality differential and competitiveness of various grades.

Natural gas markets are evolving differently in important geographical markets. There is no single global market for natural gas. This could be owing to difficulties in large-scale transportation over long distances as compared to crude oil. Globally, there are three main regional hubs for pricing of natural gas, which are USA (Henry Hub Prices), UK (NBP Price) and Japan (imported gas price, mostly linked to crude oil).

This table illustrates the impact of a 10% movement in LME / LBMA, Oil and Iron Ore prices based on volumes, costs and exchange rates for fiscal 2014 and 2015 and provide the estimated impact on operating profit assuming all other variables remain constant.

10 percent movement in price	Change in operating profit		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Copper	1,322	622	10.0
Zinc India	10,794	11,253	180.6
Zinc International	3,888	3,617	58.0
Aluminum	6,637	8,647	138.8
Oil	16,738	11,623	186.5
Iron ore	4	230	3.7
Total	39,383	35,992	577.6

The impact of a 10 percent movement in prices on net profit and equity would be Rs. 23,474 million (\$ 376.7 million).

Further, the impact of change in copper LME for provisionally priced copper concentrate purchase at Vedanta Limited Copper custom smelting operations is pass through in nature and as such will not have any impact on profitability.

Financial risk

The Group's Board approved financial risk policies comprise liquidity, currency, interest rate and counterparty risk. The Group does not engage in speculative treasury activity but seeks to manage risk and optimize interest and commodity pricing through proven financial instruments.

*(a) Liquidity*

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

Vedanta Limited's current ratings from CRISIL are CRISIL AA+/negative for long term and CRISIL A1+ for short-term programmes. These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms. The Group generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises.

The maturity profile of the Group's financial liabilities based on the remaining period from the date of financial position to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Group.

As at March 31, 2014
Payment due by year

	<u><1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>>5 years</u>	<u>Total</u>
	<u>(Rs. in million)</u>				
Acceptances	90,718	—	—	—	90,718
Trade and other payables	167,721	—	—	—	167,721
Borrowings (other than convertible notes)	255,646	207,554	264,096	162,299	889,595
Convertible notes	43,080	—	—	—	43,080
Derivative liabilities	7,550	1,645	—	—	9,195
	564,715	209,199	264,096	162,299	1,200,309

As at March 31, 2015
Payment due by year

	<u><1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>>5 years</u>	<u>Total</u>
	<u>(Rs. in million)</u>				
Acceptances	94,660	—	—	—	94,660
Trade and other payables*	153,802	8,068	2,025	37	163,932
Borrowings (other than convertible notes)	205,274	210,655	250,282	181,298	847,509
Derivative liabilities	2,574	9	—	—	2,583
	456,310	218,732	252,307	181,335	1,108,684
US dollars in million	7,323.2	3,510.4	4,049.3	2,910.2	17,793.1

* Includes financial liabilities grouped under "other non current liabilities".

As at March 31, 2014, the Group had access to funding facilities of Rs. 521,537 million of which Rs. 103,699 million was not yet drawn, as set out below:

Funding facility	Total facility	Drawn	Un drawn
	(Rs. in million)	(Rs. in million)	(Rs. In million)
Less than 1 year	497,513	397,673	99,840
2-5 years and above	24,024	20,165	3,859
Total	521,537	417,838	103,699



As at March 31, 2015, the Group had access to funding facilities of Rs. 466,975 million (\$ 7,494.4 million) of which Rs. 114,227 million (\$ 1,833.2 million) was not yet drawn, as set out below:

Funding facility	Total facility	Drawn	Un drawn
	(Rs. in million)	(Rs. in million)	(Rs. in million)
Less than 1 year	441,198	333,012	108,186
2-5 years and above	25,777	19,736	6,041
Total	466,975	352,748	114,227
US dollars in million	7,494.4	5,661.2	1,833.2

Collateral

The Group has pledged a part of its trade receivables, short-term investments and cash and cash equivalents in order to fulfill the collateral requirements for the financial facilities in place. The counterparties have an obligation to return the securities to the Group. There are no other significant terms and conditions associated with the use of collateral.

The details related to the fair value of collateral have been stated in Note 13, 14 and 15.

(b) Foreign exchange risk

Fluctuations in foreign currency exchange rates may have an impact on the consolidated statements of profit or loss, the consolidated statements of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from the fluctuations primarily in the US dollar, Australian dollar, Namibian dollar, AED, ZAR, GBP and Euro against the functional currencies of Vedanta Limited and its subsidiaries.

Exposures on foreign currency loans are managed through the Group wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Group strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

The Group uses forward exchange contracts, currency swaps and other derivatives to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are outstanding amounts payable for imported raw materials, capital goods and other supplies as well as financing transactions and loans denominated in foreign currencies. The Group is also exposed to foreign exchange risk on its exports and foreign exchange risk on its net investment in foreign operations. Most of these transactions are denominated in US dollars. The policy of the Group is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts and other instruments. Short-term net exposures are hedged progressively based on their maturity. A more conservative approach has been adopted for project expenditures to avoid budget overruns. Longer term exposures, except part of net investment in foreign operations exposures, are normally unhedged. However all new long-term borrowing exposures are being hedged. The hedge mechanisms are reviewed periodically to ensure that the risk from fluctuating currency exchange rates is appropriately managed.

The following analysis is based on the gross exposure as at the reporting date which could affect the consolidated statements of profit or loss and consolidated statements of comprehensive income. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Group as disclosed under the section on "Derivative financial instruments"

	As at March 31, 2014		As at March 31, 2015		As at March 31, 2015	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(Rs. in million)	(US dollars in million)	(US dollars in million)
US dollar	150,729	651,592	82,051	525,684	1,316.8	8,436.6
Australian dollar	244	829	44	611	0.7	9.8
Euro	6,349	4,680	2,442	3,722	39.2	59.7
Namibian dollar	415	1,206	594	1,460	9.5	23.4
ZAR	1,093	844	977	840	15.7	13.5
GBP	2,058	307	566	43	9.1	0.7
Canadian dollar and other	661	73	47	31	0.8	0.5



The Group's exposure to foreign currency arises where a group entity holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity, with US dollar being the major non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The results of Group's operations may be affected largely by fluctuations in the exchange rates between the Indian Rupee, Australian dollar, Namibia dollar and ZAR against the US dollar. The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 10% against the functional currency of the respective entities.

A 10% appreciation/depreciation of the respective foreign currencies with respect to the functional currency of the respective entities and its subsidiaries would result in net decrease/increase in the Group's profit or loss and equity for the fiscal year 2014 and 2015 by Rs. 10,512 million and Rs. 12,113 million (\$ 194.4 million) respectively.

(c) Interest rate risk

The Group is exposed to interest rate risk on short-term and long-term floating rate instruments. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates.

The borrowings of the Group are principally denominated in Indian Rupees and US dollars with mix of fixed and floating rates of interest. The US dollar debt is split between fixed and floating rates (linked to US dollar LIBOR) and the Indian Rupee debt is principally at fixed interest rates. The Group has a policy of selectively using interest rate swaps, option contracts and other derivative instruments to manage its exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a monthly basis.

The Group invests cash and liquid investments in short-term deposits and debt mutual funds, some of which generate a tax-free return, to achieve the Group's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements; however the counterparty invests in the agreed securities with known maturity tenure and return and hence has manageable risk.

The exposure of the Group's financial assets as at March 31, 2014 to interest rate risk is as follows:

	<u>Floating rate financial assets</u> (Rs. in million)	<u>Fixed rate financial assets</u> (Rs. in million)	<u>Non-interest bearing financial assets</u> (Rs. in million)	<u>Total financial assets</u> (Rs. in million)
Financial assets	341,976	202,657	73,972	618,605
Derivative financial assets	—	—	3,235	3,235
	341,976	202,657	77,207	621,840

The weighted average interest rate on the fixed rate financial assets is 6.6% p.a. and the weighted average period for which the rate is fixed is 2.35 years.

The exposure of the Group's financial liabilities as at March 31, 2014 to interest rate risk is as follows:

	<u>Floating rate financial liabilities</u> (Rs. in million)	<u>Fixed rate financial liabilities</u> (Rs. in million)	<u>Non-interest bearing financial liabilities</u> (Rs. in million)	<u>Total financial liabilities</u> (Rs. in million)
Financial liabilities	324,404	480,896	162,242	967,542
Derivative financial liabilities	—	—	9,195	9,195
	324,404	480,896	171,437	976,737

The weighted average interest rate on the fixed rate financial liabilities is 6.3% p.a. and the weighted average period for which the rate is fixed is 3.71 years.



The exposure of the Group's financial assets as at March 31, 2015 to interest rate risk is as follows:

	<u>Floating rate financial assets</u> (Rs. in million)	<u>Fixed rate financial assets</u> (Rs. in million)	<u>Non-interest bearing financial assets</u> (Rs. in million)	<u>Total financial assets</u> (Rs. in million)
Financial assets	380,016	134,557	73,598	588,171
Derivative financial assets	—	—	1,047	1,047
	380,016	134,557	74,645	589,218
(US dollars in million)	6,098.8	2,159.5	1,197.9	9,456.2

The weighted average interest rate on the fixed rate financial assets is 6.9% p.a. and the weighted average period for which the rate is fixed is 2.8 years.

The exposure of the Group's financial liabilities as at March 31, 2015 to interest rate risk is as follows:

	<u>Floating rate financial liabilities</u> (Rs. in million)	<u>Fixed rate financial liabilities</u> (Rs. in million)	<u>Non-interest bearing financial liabilities</u> (Rs. in million)	<u>Total financial liabilities</u> (Rs. in million)
Financial liabilities	351,202	421,501	164,974	937,677
Derivative financial liabilities	—	—	2,583	2,583
	351,202	421,501	167,557	940,260
(US dollars in million)	5,636.4	6,764.6	2,689.1	15,090.1

The weighted average interest rate on the fixed rate financial liabilities is 9.2% p.a. and the weighted average period for which the rate is fixed is 2.0 years.

The table below illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest expense on loans and borrowings for fiscal 2015. The risk estimate provided assumes that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

Movement in interest rates	US dollar interest rates		
	<u>2014</u> (Rs. in million)	<u>2015</u> (Rs. in million)	<u>2015</u> (US dollars in million)
0.50%	1,481	1,756	28.2
1.00%	2,962	3,512	56.4
2.00%	5,924	7,024	112.7

(d) Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group is exposed to credit risk for receivables, cash and cash equivalents, short-term investments, financial guarantees and derivative financial instruments.

Credit risk on receivables is limited as almost all credit sales are against letters of credit and guarantees of banks of national standing. Moreover, given the diverse nature of the Group's businesses trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10.0% or more of revenue on a consolidated basis in any of the years indicated except for our oil and gas business, where a single customer accounted for 11.3 % of our revenue on a consolidated basis in fiscal year 2014. The history of trade receivables shows a negligible provision for bad and doubtful debts. The credit risk on the loans to associate and other related parties is supported by a Letter of comfort from Vedanta. Therefore, the Group does not expect any material risk on account of non-performance by any of the Group's counterparties.



For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. For derivative and financial instruments, the Group attempts to limit the credit risk by only dealing with reputable banks and financial institutions having high credit-ratings assigned by international credit-rating agencies. These exposures are further reduced by having standard International Swaps and Derivatives Association (ISDA) master agreements including set-off provisions with each counterparty. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes and bonds.

The carrying value of the financial assets other than cash represents the maximum credit exposure. The Group's maximum exposure to credit risk at March 31, 2014 and March 31, 2015 is Rs. 606,417 million and Rs. 576,507 million (\$ 9,252.2 million).

The maximum credit exposure on financial guarantees given by the Group for various financial facilities is described in Note 29 on "Commitments, contingencies, and guarantees".

None of the Group's cash equivalents, including time deposits with banks, are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2015, that defaults in payment obligations will occur except as described in Note 13 on allowance for impairment of trade and other receivables.

Of the year end trade and other receivable balance the following were past due but not impaired:

As at March 31	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Less than 1 month	2,424	2,400	38.5
Between 1 - 3 months	7,533	2,975	47.7
Between 3 - 12 months	2,462	3,628	58.2
Greater than 12 months	1,816	3,917	62.9
	<u>14,235</u>	<u>12,920</u>	<u>207.3</u>

Receivables are deemed to be past due or impaired with reference to the Group's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Receivables amounting to Rs. 3,055 million (\$ 49.0 million), of the Power division of the Group have been impaired during the year primarily as a result of an ongoing dispute in relation to a tariff agreement with a power supply company. Further, receivables from a Joint Operation Partner in respect of oil and gas segment of the Group, amounting to Rs.2,714 million (\$ 44.4 million), have been impaired due to uncertainty of its recoverability.

The credit quality of the Group's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Group actively seeks to recover the amounts in question and enforce compliance with credit terms.

Derivative financial instruments

The Group uses derivative instruments as part of its management of exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Group does not acquire or issue derivative financial instruments for trading or speculative purposes. The Group does not enter into complex derivative transactions to manage the treasury and commodity risks. Both treasury and commodities derivative transactions are normally in the form of forward contracts and these are subject to the Group guidelines and policies.

All derivative financial instruments are recognized as assets or liabilities on the consolidated statements of financial position and measured at fair value, generally based on quotations obtained from financial institutions or brokers. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.



20018GsPnWNFxyb60

The fair values of all derivatives are separately recorded in the consolidated statements of financial position within current and non-current assets and liabilities. Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative.



The Group uses derivative instruments as part of its management of exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The use of derivatives can give rise to credit and market risk. The Group tries to control credit risk as far as possible by only entering into contracts with reputable banks and financial institutions. The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

Embedded derivatives

Derivatives embedded in other financial instruments or other contracts are treated as separate derivative contracts and marked-to-market when their risks and characteristics are not clearly and closely related to those of their host contracts and the host contracts are not fair valued.

In respect of embedded derivative conversion option, a 10% increase in Vedanta Limited's ADR/share price would have resulted in an approximate loss of Rs. 1 million for the fiscal 2014 and a 10% decrease in Vedanta Limited's ADR/share price would have resulted in an approximate gain of Rs. 1 million for the fiscal 2014.

A 10% increase in implied volatility would have resulted in an approximate loss of Rs. 1 million for fiscal 2014. A 10% decrease in implied volatility would have resulted in an approximate gain of Rs. 1 million for fiscal 2014.

No embedded derivative conversion option was outstanding as of March 31, 2015.

Cash flow hedges

The Group also enters into forward exchange and commodity price contracts for hedging highly probable forecast transaction and account for them as cash flow hedges and states them at fair value. Subsequent changes in fair value are recognized in equity until the hedged transaction occurs, at which time, the respective gain or losses are reclassified to the consolidated statements of profit or loss. These hedges have been effective for the year ended March 31, 2015.

The Group uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. The Group hedged part of its foreign currency exposure on capital commitments during fiscal 2015. Fair value changes on such forward contracts are recognized in the consolidated statements of comprehensive income.

The majority of cash flow hedges taken out by the Group during the year comprise non-derivative hedging instruments for hedging the foreign exchange rate of highly probable forecast transactions.

The cash flows related to above are expected to occur during the year ended March 31, 2016 and consequently may impact the consolidated statements of profit or loss for that year depending upon the change in the commodity prices and foreign exchange rates movements. For cash flow hedges regarded as basis adjustments to initial carrying value of the property, plant and equipment, the depreciation on the basis adjustments made is expected to affect the consolidated statements of profit or loss between fiscal year 2016 to 2038.

Fair value hedge

The fair value hedges relate to forward covers taken to hedge currency exposure and commodity price risks.

The Group's sales are on a quotational period basis, generally one month to three months after the date of delivery at a customer's facility. The Group enters into forward contracts for the respective quotational period to hedge its commodity price risk based on average LME prices. Gains and losses on these hedge transactions are substantially offset by the amount of gains or losses on the underlying sales.

The Group uses foreign exchange contracts from time to time to optimize currency risk exposure on its foreign currency transactions. Fair value changes on such forward contracts are recognized in the consolidated statements of profit or loss.

Non-qualifying/economic hedge

The Group enters into derivative contracts which are not designated as hedges for accounting purposes, but provide an economic hedge of a particular transaction risk or a risk component of a transaction. Hedging instruments include copper, aluminium and zinc future contracts on the LME and certain other derivative instruments. Fair value changes on such derivative instruments are recognized in the consolidated statements of profit or loss.



20018GsPnWrbvqZgF

The Group has partly hedged its foreign exchange risk in net investment in foreign operations. Exchange differences arising from the translation of the net investment in foreign operations are recognised directly in equity. Gains and losses on those hedging instruments on forward exchange contracts designated as hedges of the net investments in foreign operations are recognised in equity to the extent that the hedging relationship is effective. These amounts are included in exchange differences on translation of foreign operations as stated in the consolidated statements of comprehensive income. Gains and losses relating to hedge ineffectiveness are recognised immediately in the consolidated statements of profit or loss for the period. Gains and losses accumulated in the translation reserve are included in the consolidated statements of profit or loss when the foreign operation is disposed off. The fair value of the Group's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

	As at March 31, 2014		As at March 31, 2015			
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	(Rs. in million)		(US dollars in million)			
Current						
<i>Cash flow hedges*</i>						
— Commodity contracts	40	18	158	—	2.5	—
— Forward foreign currency contracts	—	306	—	—	—	—
<i>Fair value hedges**</i>						
— Commodity contracts	38	3	235	1	3.8	0.0
— Forward foreign currency contracts	915	5,473	94	1,255	1.5	20.2
<i>Net investment in foreign operation***</i>	1,918	—	497	—	8.0	—
<i>Non-qualifying hedges</i>						
— Commodity contracts	324	65	49	95	0.8	1.5
— Forward foreign currency contracts	—	1,605	2	712	0.0	11.4
— Interest rate swap	—	83	—	511	—	8.2
Non Current						
<i>Fair value hedges**</i>						
— Forward Foreign Currency Contracts	—	—	12	9	0.2	0.1
<i>Non-qualifying hedges</i>						
— Interest rate Swap	—	1,642	—	—	—	—
Total	3,235	9,195	1,047	2,583	16.8	41.4

*Hedge of net investment in foreign operation*

- * Refer consolidated statements of profit or loss and consolidated statements of change in equity for the change in the fair value of cash flow hedges.
- ** The change in fair value hedge of Rs. 35 million and Rs. 234 million (\$ 3.8 million) in commodity contracts and Rs. 4,558 million and Rs. 1,161 million (\$ 18.6 million) on forward foreign currency contracts for the fiscal 2014 and 2015 respectively, has been recognised in the consolidated statements of profit or loss and offset with the similar gains on the underlying sales.
- *** Comprises loss of Rs. 1,020 million (\$ 16.4 million) recognised in consolidated statements of comprehensive income and gain of Rs. 1,517 million (\$ 24.3 million) recognised in consolidated statements of profit or loss.

24. Capital management

The Group's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Group's overall strategy remains unchanged from previous year.

The Group sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation, convertible debt securities, and other long term borrowings. The Group's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

The Group monitors capital on the basis of the net debt to equity ratio. The Group is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises all components excluding other components of equity (which comprises the cash flow hedges, translation of foreign operations and available-for-sale financial investments).

The following table summarizes the capital of the Group:

As at March 31,	<u>2014</u>	<u>2015</u>	<u>2015</u>
	<u>(Rs. in million)</u>	<u>(Rs. in million)</u>	<u>(US dollars in million)</u>
Equity	1,286,819	1,045,071	16,772.1
Cash and cash equivalents (Note 15 and 16)	15,423	12,711	204.0
Short term investments (Note 14)	518,015	496,482	7,967.9
Total cash (a)	533,438	509,193	8,171.9
Short-term borrowings	161,728	161,233	2,587.6
Long-term borrowings	547,375	517,852	8,310.9
Total debt (b) (Note 17)	709,103	679,085	10,898.5
Net debt (c)=(b-a)	175,665	169,892	2,726.6
Total capital (equity+net debt)	1,462,484	1,214,963	19,498.7
Net debt to equity ratio	0.1	0.2	0.2



20018GsPnWNG4ZCgl

25. Shareholders' equity

Authorised Share Capital:

As at March 31, 2015 the authorised equity share capital of Vedanta Limited comprised 51,270,100,000 equity shares with a par value of Re 1 each.

Issued, subscribed and fully paid up share capital:

Vedanta Limited's issued equity share capital was Rs. 2,965 million (\$ 47.6 million) consisting of 2,965,004,871 equity shares.

Retained earnings includes amongst others, general reserve, debenture redemption reserve and preference share redemption reserve.

General reserves

Under the Indian Companies Act, a general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10.0% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to the amendment to the Companies Act during the year, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn. The balances in the standalone financial statements of Vedanta Limited's general reserves, as determined in accordance with applicable regulations, were Rs. 119,125 million (\$ 1,911.8 million) as at March 31, 2015.

Debenture redemption reserve

The Indian Companies Act requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Companies are required to maintain 25% as a reserve of outstanding redeemable debentures. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. Retained earnings of the standalone financial statements of Vedanta Limited's as at March 31, 2015 include Rs. 6,684 million (\$ 107.3 million) of debenture redemption reserve.

Preference share redemption reserve

The Indian Companies Act provides that companies that issue preference shares may redeem those shares from profits of the Company which otherwise would be available for dividends, or from proceeds of a new issue of shares made for the purpose of redemption of the preference shares. If there is a premium payable on redemption, the premium must be provided for, either by reducing the additional paid in capital (securities premium account) or net income, before the shares are redeemed.

If profits are used to redeem preference shares, the value of the nominal amount of shares redeemed should be transferred from profits (retained earnings) to the preference share redemption reserve account. This amount should then be utilised for the purpose of redemption of redeemable preference shares. This reserve can be used to issue fully paid-up bonus shares to the shareholders of Vedanta Limited. Retained earnings of the standalone financial statements of Vedanta Limited include Rs. 769 million (\$ 12.3 million) of preference share redemption reserve as at March 31, 2015.

Dividends

Each equity share holder is entitled to dividends as and when Vedanta Limited declares and pays dividends after obtaining shareholder approval / board approval in case of an interim dividend. Dividends are paid in Indian Rupees. Remittance of dividends outside India is governed by Indian law on foreign exchange and is subject to applicable taxes.

On April 29, 2014 the board of directors of Vedanta Limited recommended a final dividend of Rs. 1.75 (\$0.03) per equity share for the year ended March 31, 2014, which was approved by the shareholders' at the annual general meeting, held on July 11, 2014. The dividend amounting to Rs. 5,188 million (\$ 83.3 million) has been paid on July 15, 2014.

On October 29, 2014 the board of directors of Vedanta Limited declared an interim dividend of Rs. 1.75 (\$ 0.03) per equity share for the year ended March 31, 2015. The dividend amounting to Rs. 5,188 (\$ 83.3 million) has been paid on November 10, 2014.



On April 29, 2015 the board of directors of Vedanta Limited recommended a final dividend of Rs. 2.35 (\$0.03) per equity share for the year ended March 31, 2015, which was approved by the shareholders' at the annual general meeting, held on July 11, 2015. The dividend amounting to Rs. 6,967 million (\$ 111.8 million) has been paid on July 15, 2015.

Dividends are payable from the profits determined under Indian GAAP -

If profits for a year are insufficient to declare dividends, dividends for that year may be declared and paid out from accumulated profits on the following conditions:

- The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by the company in the three years immediately preceding that year;
- The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of the company's paid-up share capital and free reserves as appearing in the latest audited financial statement;
- The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared;
- The balance of reserves after such withdrawal shall not fall below fifteen per cent of the company's paid up share capital as appearing in the latest audited financial statement; and
- The dividend cannot be declared unless carried over previous losses and depreciation not provided in previous year or years are set off against profit of the company of the current year

26. Share-Based Compensation Plans

The Shareholders of the Company by way of Postal Ballot on March 30, 2015 approved the Vedanta Employees Stock Option Scheme (ESOS) and Issue of Securities to the Employees of Vedanta Limited and that of the Holding/Subsidiary Company(ies) of Vedanta Limited. No options have been granted to any Employees under the Scheme till date.

The Group offers equity-based award plans to its employees, officers and directors through its parent, Vedanta.

During the year, the Performance Share Plan ("PSP") is the primary arrangement under which share-based incentives are provided to the defined management group, previously these awards were granted on a similar basis under the Long-Term Incentive Plan ("LTIP"). The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the individual fixed salary and share-based remuneration consistent with local market practice. The performance condition attaching to outstanding awards under the PSP and LTIP is that of Vedanta's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the competitor companies as defined in the scheme from the date of grant. Initial awards under the LTIP were granted in February 2004 and subsequently further awards were granted in the respective years until 2012-13. Additionally, PSP vesting conditions includes continued employment with the Group till the date of vesting. Initial awards under the PSP were granted in November 2014. The awards are indexed to and settled by Vedanta shares. The awards have a fixed exercise price denominated in Vedanta's functional currency of 10 US cents per share, the performance period of each award is three years and are exercisable within a period of six months from the date of vesting beyond which the option lapse.

The Vedanta has also granted awards under the ESOP scheme that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years. Under these schemes Vedanta is obligated to issue the shares.

In accordance with the terms of the agreement between Vedanta and the Company, the fair value of the awards as on the grant date is recovered by Vedanta from the Company and its subsidiaries.

The amount recovered by Vedanta and recognized by the Group in the consolidated statements of profit or loss (net of capitalisation) related to equity settled share-based payments transactions for the financial year ended March 31, 2013, 2014 and 2015 was Rs. 1,251 million, Rs. 1,861 million and Rs. 1,417 million (\$ 22.7 million) respectively.

Employee share option plan of Cairn

Cairn has provided various share based payment schemes to its employees namely:

- CIPOP plan (including phantom options) – Options will vest (i.e., become exercisable) at the end of a "performance period" which has been set by the remuneration committee at the time of grant (although such period will not be less than three years). However, the percentage of an option which vests on this date will be determined by the extent to which pre-determined performance conditions have been satisfied. Phantom options are exercisable proportionate to the period of service rendered by



the employee subject to completion of one year.

- CIESOP plan (including phantom options) – There are no specific vesting conditions under CIESOP plan other than completion of the minimum service period. Phantom options are exercisable proportionate to the period of service rendered by the employee subject to completion of one year.



The Share options have been fair valued using an Option Pricing Model (Black Scholes Model).

The amount recognised in Group’s consolidated statements of profit or loss in respect of compensation cost on such schemes for the financial years ended March 31, 2013, 2014 and 2015 is Rs. 725 million, Rs. 710 million and Rs. 289 million (\$ 4.6 million) respectively.

The Group considers these amounts as not material and accordingly has not provided further disclosures as required by IFRS 2 “share-based payment”.

27. Earnings per share (“EPS”)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Computation of weighted average number of shares

For the year ended March 31,	2013	2014	2015
Weighted average number of ordinary shares for basic earnings per share	2,965,004,871	2,965,004,871	2,965,004,871
Effect of dilution:			
Convertible notes	—	—	—
Adjusted weighted average number of ordinary shares for diluted earnings per share	2,965,004,871	2,965,004,871	2,965,004,871

**Computation of basic and diluted earnings per share****Basic earnings per share:**

For the year ended March 31,	2013	2014	2015	2015
	(Rs. in million except EPS data)	(Rs. in million except EPS data)	(Rs. in million except EPS data)	(US dollars in million except EPS data)
Profit / (loss) for the period attributable to equity holders of the parent	62,363	15,466	(128,350)	(2,059.9)
Weighted average number of ordinary shares for basic earnings per share	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871
Earnings / (loss) per share	21.03	5.22	(43.29)	(0.7)

Diluted earnings per share:

For the year ended March 31,	2013	2014	2015	2015
	(Rs. in million except EPS data)	(Rs. in million except EPS data)	(Rs. in million except EPS data)	(US dollars in million except EPS data)
Profit / (loss) for the period attributable to equity holders of the parent	62,363	15,466	(128,350)	(2,059.9)
Adjustment in respect of convertible notes	—	—	—	—
Profit for the period after dilutive adjustment	62,363	15,466	(128,350)	(2,059.9)
Adjusted weighted average number of ordinary shares for diluted earnings per share	2,965,004,871	2,965,004,871	2,965,004,871	2,965,004,871
Earnings / (loss) per share	21.03	5.22	(43.29)	(0.7)

The Group has excluded the following shares underlying the convertible note from the calculations of dilutive earnings per share because their inclusion would have been anti-dilutive.

For the year ended March 31,	2013	2014	2015
Shares excluded from the calculation of dilutive EPS	81,442,560	81,442,560	47,608,946

28. Options to acquire subsidiary's shares**a. Call option — HZL**

In pursuance to the Government of India's policy of disinvestment and the Share Purchase Agreement and a Shareholder's Agreement (SHA) both dated April, 4 2002 entered into with the Government of India, Vedanta Limited acquired 26% equity interest in HZL. Under the terms of the SHA, Vedanta Limited had two call options to purchase all of the Government of India's shares in HZL at fair market value. Vedanta Limited exercised the first call option on August 29, 2003 and acquired an additional 18.9% of HZL's issued share capital. Vedanta Limited also acquired additional 20% of the equity capital in HZL through an open offer, increasing its shareholding to 64.9%. The second call option provides Vedanta Limited the right to acquire the Government of India's remaining 29.5% share in HZL. This call option is subject to the right of the Government of India to sell 3.5% of HZL shares to HZL employees. Vedanta Limited exercised the second call option via its letter dated 21 July 2009. The Government of India disputed the validity of call option and has refused to act upon the second call option. Consequently Vedanta Limited invoked arbitration and filed a statement of claim. The arbitration proceedings are under progress in early stages. The next date of hearing is fixed on January 16, 2016.

b. Call option — BALCO

Vedanta Limited has purchased a 51.0% holding in BALCO from the Government of India on March 2, 2001. Under the terms of the shareholder's agreement ("SHA") for BALCO, Vedanta Limited has a call option that allows it to purchase the Government of India's remaining ownership interest in BALCO at any point from March 2, 2004. Vedanta Limited exercised this option on March 19, 2004. However, the Government of India has contested the valuation and validity of the option and contended that the clauses of the SHA violate the provision of Section 111A of the (Indian) erstwhile Companies Act, 1956 by restricting the rights of Government of India to transfer its shares and that as a result such provisions of the SHA were null and void. Subsequently, Vedanta Limited referred the matter to arbitration as provided in the SHA and the majority award of the arbitral tribunal rejected the claims of Vedanta Limited on the ground that the clauses relating to the call option, the right of first refusal, the "tag-along" rights and the restriction on the transfer of shares violate the (Indian) erstwhile Companies Act, 1956 and are not enforceable.



Vedanta Limited challenged the validity of the majority award under section 34 of the Arbitration and Conciliation Act, 1996 in the High Court of Delhi and sought for setting aside the arbitration award to the extent that it holds these clauses ineffective and inoperative. The Government of India also filed an application before the High Court of Delhi to partially set aside the arbitral award in respect of certain matters involving valuation. The High Court of Delhi passed an order dated August 10, 2011 directing Vedanta Limited's application and the application by the Government of India to be heard together as they arise from a common arbitral award. The matter is currently pending before the High Court of Delhi and next date of hearing is fixed on November 23, 2015.

On January 9, 2012, Vedanta Limited offered to acquire the Government of India's interests in HZL and BALCO for US\$ 2,577.7 million and Rs. 17,820 million, respectively. Vedanta Limited has, by way of letters dated April 10, 2012 and July 6, 2012, sought to engage with the Government of India on the same terms as the offer. This offer was separate from the contested exercise of the call options, and Vedanta Limited proposed to withdraw the ongoing litigations in relation to the contested exercise of the options should the offer be accepted. To date, the offer has not been accepted by the Government of India and therefore there is no certainty that the acquisition will proceed.

Vedanta Limited continue to include the shareholding in the two companies HZL and BALCO, in respect of which the Vedanta Limited has a call option as non-controlling interest.

In view of the lack of resolution on the options, the non-response to the exercise and valuation request from the Government of India, the resultant uncertainty surrounding the potential transaction and the valuation of the consideration payable, the Group considers the strike price of the options to be at fair value, which is effectively nil, and hence the call options have not been recognised in the financial statements.

29. Commitments, contingencies, and guarantees

In the normal course of business, the Group enters into certain capital commitments and also gives certain financial guarantees. The aggregate amount of indemnities and other guarantees on which the Group does not expect any material losses, was Rs. 86,753 million and Rs. 57,945 million (\$ 930.0 million) as at March 31, 2014 and 2015 respectively.

a. Commitments and contingencies

i. Commitments

Capital commitments

The Group had significant capital commitments as at March 31, 2014 and 2015 amounting to Rs. 168,771 million and Rs. 115,741 million (\$1,857.5 million) respectively, related primarily to capacity expansion projects, including commitments amounting to Rs. 8,132 million (\$ 130.5 million) (previous year Rs. 10,424 million) for its commercial power generation business, Rs. 36,274 million (\$ 582.2 million) (previous year Rs. 41,720 million) for capacity expansion at its aluminum business, Rs. 17,989 million (\$ 288.7 million) (previous year Rs. 26,849 million) for capacity expansion at HZL, Rs. 14,436 million (\$231.7 million) (previous year Rs. 14,219 million) at its copper business and Rs. 37,732 million (\$605.6 million) (previous year Rs. 74,230 million) for expansion at Cairn.

Export obligations

The Group had export obligations of Rs. 227,769 million and Rs. 171,421 million (\$ 2,751.1 million) as at March 31, 2014 and 2015 respectively on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods Scheme enacted by the Government of India which is to be fulfilled over the next eight /six years. If the Group is unable to meet these obligations, its liability would be Rs. 27,043 million (\$ 434.0 million) (Previous year Rs. 36,843 million) reduced in proportion to actual exports. Due to the remote likelihood of the Group being unable to meet its export obligations, the Group does not anticipate a loss with respect to these obligations and hence has not made any provision in its consolidated financial statements.

ii. Contingencies

The Company and certain of its operating subsidiaries have been named as parties to legal actions by third party claimants, and by the Indian sales tax, excise and related tax authorities for additional sales tax, electricity cess, excise and indirect duties. These claims primarily relate either to the assessable values of sales and purchases or to incomplete documentation supporting the respective entities' tax returns. As at March 31, 2014 and 2015, the total claim related to these liabilities is Rs. 19,108 million and Rs. 21,661 million (\$ 347.6 million) respectively. The Group has evaluated these contingencies and estimated that some of these claims are probable of resulting in a loss and hence has recorded Rs. 263 million and Rs. 283 million (\$ 4.5 million) as current liabilities as at March 31, 2014 and 2015 respectively. Additionally, the Company and certain of its operating subsidiaries have been issued demands by the income tax authorities, principally in respect of tax holiday and disallowances of expenditure relating to exempt income etc. amounting to Rs. 31,776 million and Rs. 31,617 million (\$507.4 million) as at March 31, 2014 and March 31, 2015, respectively.



The claims by third party claimants amounted to Rs. 35,567 million and Rs. 46,694 million (\$ 749.4 million) as at March 31, 2014 and 2015 respectively. The Group has evaluated these contingencies and estimated that some of these claims are probable of resulting in a loss and hence has recorded Rs. 1,408 million and Rs. 7,441 million (\$ 119.4 million) as current liabilities as at March 31, 2014 and 2015 respectively.

The below are the major cases, included in the contingencies above, that the subsidiaries of the Group are named as parties:

- **Ravva Joint Venture arbitration proceedings: Base Development Cost:**

In case of Cairn, Ravva joint venture had received a claim from the Ministry of Petroleum and Natural Gas, Government of India (GOI) for the period from 2000-2005 for \$ 129.0 million for an alleged underpayment of profit petroleum to the Indian Government, out of which, Group's share will be \$ 29.0 million (approximately Rs. 1,815.1 million) plus potential interest at applicable rate (LIBOR plus 2% as per PSC). This claim relates to the Indian Government's allegation that the Ravva JV had recovered costs in excess of the Base Development Costs ("BDC") cap imposed in the PSC and that the Ravva JV had also allowed these excess costs in the calculation of the Post Tax Rate of Return (PTRR). Joint venture partners initiated the arbitration proceedings and Arbitration Tribunal published the Award on January 18, 2011 at Kuala Lumpur, allowing Claimants (including the Group) to recover the development costs spent to the tune of \$ 278.0 million and disallowed over run of \$ 22.3 million spent in respect of BDC along with 50% legal costs reimbursable to the Joint venture partners. High Court of Kuala Lumpur dismissed Government of India's (GOI) application of setting aside the part of the Award on August 30, 2012 with costs. However, GOI appealed before the Court of Appeal against the High Court's order and the Court of Appeal dismissed the GOI's appeal on June 27, 2014. However, GOI still preferred to challenge the same before the Federal Court, Kuala Lumpur and their Leave to Appeal is pending. GOI has also issued Show Cause Notice on this matter which Cairn has replied to and also filed an application for enforcement of Award before Delhi High Court as an abundant caution.

- **Ravva Joint Venture arbitration proceedings: ONGC Carry:**

Cairn is involved in a dispute against GOI relating to the recovery of contractual costs in terms of calculation of payments that contractor party were required to make in connection with the Ravva field.

The Ravva production sharing contract obliges the contractor party to pay proportionate share of ONGC's exploration, development, production and contract costs in consideration for ONGC's payment of costs related to construction and other activities it conducted in Ravva prior to the effective date of the Ravva production sharing contract (the "ONGC Carry"). The question as to how the ONGC Carry is to be recovered and calculated, along with other issues, was submitted to an international arbitration Tribunal in August 2002 which rendered a decision on the ONGC Carry in favor of the contractor party whereas four other issues were decided in favor of GOI in October 2004 ("Partial Award").

The GOI then proceeded to challenge the ONGC Carry decision before the Malaysian courts, as Kuala Lumpur was the seat of the arbitration. The Federal Court of Malaysia which adjudicated the matter on October 11, 2011, upheld the partial award. Per the decision of the Arbitral Tribunal in the partial award, the contractor party and GOI were required to arrive at a quantification of the sums relatable to each of the issues under the Partial Award. Also, the arbitral Tribunal retained the jurisdiction for determination of any remaining issues in the matter.

Pursuant to the decision of the Federal Court, the contractor party approached the Ministry of Petroleum and Natural Gas ("MoPNG") to implement the partial award while reconciling the statement of accounts as outlined in partial award in 2004. GOI failed to implement the partial award by way of reconciling accounts as provided in the partial award ever since the Federal Court of Malaysia adjudicated in Cairn and other joint operator partners' favor.

However, the MoPNG on July 10, 2014 proceeded to issue a show cause notice alleging that since the partial award has not been enforced profit petroleum share of GOI has been short-paid. MoPNG threatened to recover that amount from the sale proceeds payable by the oil marketing companies to the contractor party. The contractor party replied to the show cause notice taking various legal contentions. On March 9, 2015 personal hearing took place between MoPNG and contractor party whereby, the contractor party expressed their concerns against such alleged unilateral recoveries and filed further written submissions on March 12, 2015.



As partial award did not quantify the sums, therefore, contractor party approached the same arbitral Tribunal to pass a final award in the subject matter since it had retained the jurisdiction to do so. The Arbitral Tribunal has been reconstituted and the determination of final award is sub-judice before it. The reconstituted Tribunal commenced hearings at The Hague on February 23, 2015 and the next hearing is due on September 24, 2015. Meanwhile vide procedural order no. 6 Tribunal has granted the interim relief as sought by claimant to maintain the status quo on June 26, 2015. While the Cairn does not believe the GOI will be successful in its challenge, if the arbitral award is reversed and such reversal is binding, Cairn could be liable for approximately \$ 63.9 million (Rs. 4,000 million).

- Shenzhen Shandong Nuclear Power Construction Co. Limited (“SSNP”) subsequent to terminating the Engineering Procurement Construction contract invoked arbitration as per the contract alleging non payment of their dues towards construction of a 210 MW co-generation power plant for refinery expansion project, and filed a claim of Rs. 15,530 million (\$ 249.2 million). SSNP also filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996 before the Bombay High Court praying for interim relief. The Bombay High Court initially dismissed their petition, but on a further appeal by SSNP, the Division Bench of the Bombay High Court directed Jharsuguda Aluminium to deposit a bank guarantee for an amount of Rs. 1,870 million (\$30.0 million) as a security, being a prima facie representation of the claim, until arbitration proceedings are completed. Jharsuguda Aluminium has deposited a bank guarantee of equivalent amount. Management is of the opinion that this claim is not valid under the terms of the contract with SSNP and it is unlikely that SSNP can legally sustain the claim and accordingly, no provision is considered necessary.
- The Department of Mines and Geology of the State of Rajasthan issued several show cause notices in August, September and October 2006 to HZL, totaling Rs.3,339 million (\$53.6 million). These notices alleged unlawful occupation and unauthorised mining of associated minerals other than zinc and lead at HZL’s Rampura Agucha, Rajpura Dariba and Zawar mines in Rajasthan during the period from July 1968 to March 2006. HZL believes that the likelihood of this claim becoming an obligation of the Group is not probable and thus no provision has been made in the financial statements. HZL had filed writ petitions in the High Court of Rajasthan in Jodhpur and had obtained a stay in respect of these demands.

b. Guarantees

The Group has given guarantees in the normal course of business as stated below:

- Guarantees including corporate guarantees on the issuance of customs and excise duty bonds amounting to Rs. 33,141 million and Rs. 3,056 million (\$ 49.0 million) for the import of goods, including capital equipment at concessional rates of duty as at March 31, 2014 and 2015 respectively. The Group does not anticipate any liability on these guarantees.
- A bank guarantee amounting to AUD 6.1 million (Rs. 292 million or \$ 4.7 million) as at March 31, 2015 (Previous year AUD 6.1 million or Rs. 340 million), in favor of the Ministry for Economic Development, Energy and Resources, Tasmania, Australia as a security against rehabilitation liabilities on behalf of CMT. The same guarantee is backed up by the issuance of a corporate guarantee of Rs. 292 million (\$ 4.7 million). These liabilities have been fully recognized in the Group’s consolidated financial statements. The Group does not anticipate any additional liability on these guarantees.
- Bank indemnity guarantees amounting to AUD 4.7 million (Rs. 225 million or \$ 3.6 million) as at March 31, 2015 (Previous year AUD 4.6 million or Rs. 257 million), in favor of the State Government of Queensland, Tasmania, Australia, as security against rehabilitation liabilities on behalf of Thalanga Copper Mines Proprietary Limited (“TCM”). The same guarantees are backed up by the issuance of a corporate guarantee of AUD 1.8 million (Rs. 84 million or \$ 1.3 million). The environmental liability has been fully recognized in the Group’s consolidated financial statements.
- Bank indemnity guarantees amounting to ZAR 20 million (Rs. 104 million or \$ 1.7 million) as at March 31, 2015 (Previous year ZAR 20.2 million or Rs. 115 million), in favor of the Department of Mineral Resources, South Africa as a security against rehabilitation liabilities on behalf of BMM. The environmental liability has been fully recognized in the Group’s consolidated financial statements. The Group does not anticipate any additional liability on these guarantees.
- Performance bank guarantees amounting to Rs. 5,418 million and Rs. 8,964 million (\$ 143.9 million) as at March 31, 2014 and 2015 respectively. These guarantees are issued in the normal course of business while bidding for supply contracts or in lieu of advances received from customers. These are contractual guarantees and are enforceable if the terms and conditions of the contracts are not met and the maximum liability on these contracts is the amount mentioned above. The Group does not anticipate any liability on these guarantees.



- Bank guarantees for securing supplies of materials and services in the normal course of business. The value of these guarantees as at March 31, 2014 and 2015 was Rs. 6,201 million and Rs. 7,808 million (\$ 125.3 million) respectively. The Group has also issued bank guarantees in the normal course of business for an aggregate value of Rs. 2,514 million and Rs. 2,612 million (\$ 41.9 million) for litigation, against provisional valuation of custom duty and for other liabilities as at March 31, 2014 and 2015 respectively. The Group does not anticipate any liability on these guarantees.
- Bank guarantee of Rs. 1,150 million (\$ 18.5 million) has been provided by the Group on behalf of Volcan Investments Limited to Income tax department, India as a collateral in respect of certain tax disputes.
- Performance guarantees for committed cumulative mandated work program of Rs. 995.1 million (\$ 15.9 million) and for obligations arising out of various statutes while carrying out Petroleum Operations to the GOI, Ministry of Petroleum and Natural Gas and The Director General of Customs, Sri Lanka against its performance in respect of MB-DWN-2009/1, KG-OSN-2009/3, SL-2007-01-001 and PR-OSN-2004/1 blocks as required under the respective production sharing contracts /Production Resource Agreements. These guarantees are issued in the normal course of business and are valid till the time obligations under the each production sharing contracts/ production resource agreements are met. These guarantees are enforceable if the terms and conditions of the respective production sharing contracts/ production resource agreements are not met and potential liability shall be both, performance and obligations.

The Group's outstanding guarantees cover obligations aggregating Rs. 49,910 million and Rs. 30,902 million (\$ 496.0 million) as at March 31, 2014 and 2015 respectively, the liabilities for which have not been recorded in its consolidated financial statements.

c. Other matters -

- i) ASARCO had filed a suit in the Bankruptcy Court of the Southern District of Texas against Vedanta Limited and Sterlite USA for alleged breach of the Purchase and Sale agreement signed in May 2008. The Bankruptcy Court heard the matter and vide its order dated final judgement of February 27, 2012, had ruled that ASARCO was entitled to a gross amount of \$ 132.8 million in incidental damages. This amount shall be reduced by US\$ 50 million paid by Vedanta Limited to ASARCO in December 2009, making ASARCO entitled for a net amount of US\$ 82.8 million. Vedanta Limited had recognized a liability of Rs. 5,159 million (\$ 82.8 million). Vedanta Limited and Sterlite USA had filed notice of appeal against this judgment. In the meantime, all proceedings in relation to this matter have been disposed by way of final settlement entered into by the parties on October 17, 2014 wherein Vedanta Limited has paid Rs. 5,159 million (\$ 82.8 million) post approval from the RBI, under the applicable regulations in India.
- ii) In an appeal filed by the Group against the closure order of the Tuticorin Copper smelter by Tamilnadu Pollution Control Board ("TNPCB"), the appellate authority National Green Tribunal ("NGT") passed an interim order on May 31, 2013 allowing the copper smelter to recommence operations and appointed an Expert Committee to submit a report on the plant operations. Post the interim order, the plant recommenced operations on June 23, 2013 and therefore, the plant remained closed for the major duration of the first quarter of fiscal 2014 impacting the revenue and profits of the copper segment. The Expert Committee submitted a report on the operations of the plant stating that the plant's emission were within prescribed standards and based on this report, NGT ruled on July 15, 2013 that the Copper smelter could continue its operations. The NGT also ordered that the recommendations made by the Expert Committee be implemented in a time bound manner. The Group has implemented all of the recommendations. TNPCB has filed an appeal against the order of the NGT before the Supreme Court of India, which is yet to be listed for hearing.
- iii) In March 2014, Cairn India Limited ("CIL") received a notice from the Indian Tax Authorities ("Tax Authorities") alleging failure by CIL to withhold tax on the consideration paid to Cairn UK Holdings Limited ("CUHL") in the year 2006-07, the then holding company. The said transaction relates to the acquisition of the shares of Cairn India Holdings Limited ("CIHL"), a 100% subsidiary of CIL, from CUHL during the financial year 2006-2007 as a part of group reorganization by the then ultimate parent company Cairn Energy Plc. Based upon the retrospective amendment(s) made in the year 2012 by inserting explanation 5 of section 9(1)(i) of the Income Tax Act, 1961, the tax authorities vide its order dated March 11, 2015, have raised a demand of approximately Rs. 204,947 million (\$ 3,289.2 million) (comprising tax of approx. Rs. 102,473 million (\$ 1,644.6 million) (and interest of an equivalent amount) for not withholding tax on the consideration paid to CUHL, for acquiring shares of CIHL. Tax authorities have stated in the said order that a short term capital gain of Rs. 245,035 million (\$ 3,932.5 million) accrued to CUHL on transfer of the shares of CIHL to the CIL in financial year 2006-2007, on which tax should have been withheld by CIL. CIL understands that a tax demand has also been raised by the Tax Authorities on CUHL with respect to taxability of alleged capital gain earned by CUHL.



In this regard, Vedanta Resources Plc. (holding company) filed a Notice of Claim against the Government of India under the UK-India bilateral investment treaty (the "BIT") in order to protect its legal position and shareholder interests. Management has been advised that Vedanta Resources Plc. has a good case to defend as per provisions of BIT, the benefit of which would ultimately accrue to CIL.

Further, CIL has sought independent advice on this issue and has been advised that there could be no liability on CIL on account of not withholding the taxes in the year 2006-07 based on provisions of law prevailing at the time of transaction as the aforesaid retrospective amendment has cast an impossible obligation on CIL to deduct tax by having to predict and anticipate that the retrospective amendment will be made by legislature on a future date. CIL has approached the Hon'ble Delhi High Court against the said order and also filed an appeal before the Commissioner of Income Tax (Appeals) to defend its said position.

- iv) TSPL has entered into a long term Power Purchase Agreement (PPA) with Punjab State Power Corporation Limited (PSPCL) for supply of power. Due to delay in fulfillment of certain obligations by PSPCL as per the PPA, other related reasons and force majeure events, there has been a delay in implementation / completion of the project as compared to the PPA timelines. TSPL has received notices of claims from PSPCL seeking payment of Liquidated Damages (LD) maximum of Rs. 3,176.4 million (\$ 50.9 million) each for delay in commissioning of Unit I, II and III totaling to Rs.9,529 million (\$ 152.9 million).

During the year, PSPCL invoked the Performance Bank Guarantee of Rs. 1,500 million (\$ 24.1 million) to recover the LD on account of delay in COD of 1st Unit. TSPL filed a petition at Punjab State Electricity Regulatory Commission (PSERC) for adjudication of above dispute. TSPL had also filed a civil writ petition before the High Court of Punjab and Haryana against the bank guarantee invocation, which was disposed with a direction to refer the matter to PSERC for adjudication while granting stay. Further, PSERC vide order dated October 22, 2014 directed the matter to be settled through arbitration and allowed the stay on encashment of the bank guarantee until further orders. PSPCL has preferred an appeal in Appellate Tribunal for Electricity (APTEL) against the PSERC order and APTEL had on May 12, 2015, disposed the matter with a direction that the matter will be heard by way of arbitration. The arbitration proceedings are in the early stages. The Group has been legally advised by its advisors who have opined that such claims for LD from PSPCL are unsustainable.

Accordingly, on the basis of facts of the situation backed by legal opinion, no provision is considered necessary at this stage.

- v) The Scheme of Amalgamation and Arrangement amongst Sterlite Energy Limited, Sterlite Industries (India) Limited, Vedanta Aluminium Limited, Ekaterina Limited, Madras Aluminium Company Limited and the Company (the "Scheme") had been sanctioned by the Honorable High Court of Madras and the Honorable High Court of Judicature of Bombay at Goa. Subsequent to, the effectiveness of the Scheme, the Commissioner of income tax, Goa and the Ministry of Corporate Affairs have challenged the orders of the High Court of Judicature of Bombay at Goa by way of a Special Leave Petition before the Supreme Court. Further, a creditor and a shareholder have challenged the order of the High Court of Madras. The said petitions have not yet been admitted pending hearing.

d. Operating Lease commitments: as lessee –

Operating leases are in relation to the office premises, office equipment and other assets, some of which are cancellable and some are non-cancellable. There is an escalation clause in the lease agreements during the primary lease period. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. The total of the future minimum lease payments under non-cancellable lease are as follow:

<u>Particulars</u>	<u>As at March, 31 2014 (Rs. in million)</u>	<u>As at March, 31 2015 (Rs. in million)</u>	<u>As at March, 31 2015 (US dollars in million)</u>
Within one year of the balance sheet date	306	309	5.0
Within two to five years of the balance sheet date	1,013	352	5.6
Total	1,319	661	10.6



Lease payments recognized as expenses on non-cancellable lease during the year ended March 31, 2014 and March 31, 2015 is Rs. 38 million and Rs. 243 million (\$ 3.9 million) respectively.

30. Segment information

The Group is a diversified natural resource group engaged in exploring extracting and processing minerals and oil and gas. The Group produces zinc, lead, silver, copper, aluminium, iron ore, oil and gas and commercial power and have a presence across India, South Africa, Namibia, Ireland, Australia, Liberia and Sri Lanka. The Group is also in the business of commercial power generation and port operations in India. The Group has eight reportable segments: zinc India, zinc international, oil and gas, iron ore, copper, aluminum, power, and other. The management of the Group is organized by its main products: copper, zinc, aluminum, iron ore, oil and gas and power. Each of the reportable segments derives its revenues from these main products and hence these have been identified as reportable segments by the Group's chief operating decision maker ("CODM"). Segment profit amounts are evaluated regularly by the Board which has been identified as the CODM in deciding how to allocate resources and in assessing performance.

Zinc India

The Group's zinc India business is owned and operated by Hindustan Zinc Limited ("HZL") in which it has a 64.9% interest as at March, 2015. HZL's operations include five lead-zinc mines, one rock phosphate mine, four hydrometallurgical zinc smelters, two lead smelters, one pyro metallurgical lead-zinc smelter, seven sulphuric acid plants, a silver refinery and nine captive power plants in the State of Rajasthan in Northwest India and one zinc ingot melting and casting plant at Haridwar and one silver refinery, one zinc ingot melting and casting plant and one lead ingot melting and casting plant at Pantnagar in the State of Uttarakhand in North India.

Zinc International

The Group's zinc international business comprises Skorpion mine and refinery in Namibia operated through THL Zinc Namibia Holdings (Proprietary) Limited ("Skorpion"), Lisheen mine in Ireland operated through Vedanta Lisheen Holdings Limited ("Lisheen") and Black Mountain Mining (Proprietary) Limited ("BMM"), whose assets include the Black Mountain mine and the Gamsberg mine project which is in exploration stage, located in South Africa. The Group has 100% interest in Skorpion, 74% interest in BMM and 100% interest in Lisheen as at March 31, 2015

Oil and gas

The Group's oil and gas business is owned and operated by Cairn and engaged in business of exploration and development and production of oil and gas, in which Vedanta Limited has 59.9 % interest as at March 31, 2015. Cairn has a diversified asset base with nine blocks, one in state of Rajasthan in India, two on the west coast of India, four on the east coast of India, one in Sri Lanka and one in South Africa.

Iron ore

The Group's iron ore business is owned by Vedanta Limited and by two wholly owned subsidiaries, Sesa Resources Limited and Sesa Mining Corporation Private Limited consists of exploration, mining and processing of iron ore, pig iron and metallurgical coke and generation of power. The mining operations are carried out at Codli group, Bicholim mine, Surla mine and the Sonshi group of mines in state of Goa and narrian mine, situated at state of Karnataka in India, a Metallurgical Coke and Pig Iron plant in state of Goa in India. Iron ore business also has a power plant in state of Goa in India for captive use. Group's iron ore business also comprises Western Cluster Limited ("WCL") in Liberia which has iron assets and is wholly owned subsidiary of the Group. WCL's assets include development rights to western cluster and a network of iron ore deposits in West Africa.

Copper

The Group's copper business is owned and operated by Vedanta Limited, Copper Mines of Tasmania Pty Ltd ("CMT") and Fujairah Gold FZC and principally one of custom smelting and includes a copper smelter, a refinery, a phosphoric acid plant, a sulphuric acid plant, a copper rod plant and three captive power plants at Tuticorin in Southern India, and a refinery and two copper rod plants at Silvassa in Western India. In addition, the Group owns and operates the Mt. Lyell copper mine in Tasmania, Australia through its subsidiary, CMT, which provides a small percentage of the copper concentrate requirements, and a precious metal refinery and copper rod plant in Fujairah through its subsidiary Fujairah Gold FZC in the UAE.



20018GsPnWmNM5S6h

Aluminum

The Group's aluminium business is owned and operated by Vedanta Limited and Bharat Aluminium Company Limited ("BALCO") in which it has a 51% interest as at March, 2015. Vedanta Limited's aluminium operations include a refinery and a 75 MW captive power plant at Lanjigarh and a smelter and a 1215 MW captive power plant at Jharsuguda both situated in the State of Orissa in India. BALCO's operations include two bauxite mines, two power plants (of which one is used to produce power for captive consumption), and refining, smelting and fabrication facilities in central India.

Power

The Group's power business is owned and operated by Vedanta Limited and Talwandi Sabo Power Limited ("TSPL"), a wholly owned subsidiary of the Vedanta Limited which are engaged in the power generation business in India. Vedanta Limited's power operations include 2,400 MW (four units of 600 MW each) thermal coal-based commercial power facility at Jharsuguda in the State of Orissa in Eastern India. All four units of 600 MW each are currently operational. TSPL had signed a power purchase agreement with the Punjab State Power Corporation Limited ("PSPCL") for the establishment of 1,980 MW (three units of 660 MW each) thermal coal-based commercial power facilities and the first 660MW unit of the Talwandi Sabo power plant was capitalized on December 1, 2014 after successful completion of trial runs. Power business also include the 274 MW of wind power plants commissioned by HZL, 270 MW power plant at BALCO's Korba facility which was previously for captive use before the shutdown of the 100,000 tpa aluminum smelter at Korba on June 5, 2009 and 106.5 MW power plant at MALCO Energy Limited situated at Mettur Dam in the State of Tamil Nadu in southern India.

Other

The Group's other activities include Vizag General Cargo Berth Private Limited ("VGCB") in which the Group owns a 99.9 % interest. Vizag port project includes mechanisation of coal handling facilities and upgradation of general cargo berth for handling coal at the outer harbour of Vishakhapatnam port on the east coast of India.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. The operating segments reported are the segments of the Group for which separate financial information is available. Segment profit (Earnings before interest, depreciation and amortization, and tax) amounts are evaluated regularly by the Board that has been identified as its CODM in deciding how to allocate resources and in assessing performance. The Group's financing (including finance costs and finance income) and income taxes are reviewed on an overall basis and are not allocated to operating segments as is the Group's share in profit of associate. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties except from power segment sales amounting to Rs. 6,198 million (\$ 99.5 million), Rs. 2,214 million and Rs. 537 million which is at cost for the year ended March 31, 2015, 2014 and 2013 respectively.

The following table presents revenue and profit information and certain assets information regarding the Group's business segments for the year ended March 31, 2013, 2014 and 2015.

Page 1 of 1

a. For the year ended March 31, 2013

	Copper (Rs. in million)	Zinc India (Rs. in million)	Zinc International (Rs. In million)	Aluminum (Rs. in million)	Power (Rs. in million)	Iron Ore (Rs. in million)	Oil and Gas (Rs. in million)	Others (Rs. in million)	Elimination (Rs. in million)	Total (Rs. in million)
Revenue										
Sales to external customers	217,262	123,241	43,475	99,073	34,169	26,054	175,518	3,511	—	722,303
Inter-segment sales	112	—	—	560	2,196	65	—	—	(2,933)	—
Segment revenue	217,374	123,241	43,475	99,633	36,365	26,119	175,518	3,511	(2,933)	722,303
Cost of Sales and expenses	(206,506)	(59,014)	(27,763)	(88,348)	(24,814)	(21,589)	(47,016)	(3,572)	2,933	(475,689)
Segment profit / (loss)	10,868	64,227	15,712	11,285	11,551	4,530	128,502	(61)	—	246,614
Depreciation and amortization	(2,351)	(5,886)	(10,634)	(10,325)	(5,158)	(4,607)	(78,132)	(10)	—	(117,103)
Operating profit / (loss)	8,517	58,341	5,078	960	6,393	(77)	50,370	(71)	—	129,511
Investment and other income										34,931
Finance and other costs										(54,716)
Profit before tax										109,726
Assets and liabilities										
Assets										
Segment assets	90,004	113,347	54,899	414,698	173,265	115,354	903,559	8,218	—	1,873,344
Financial assets investments										1,212
Deferred tax asset										45,707
Short-term investments										408,171
Cash and cash equivalents (including restricted cash and cash equivalents)										15,905
Loan to related parties										46,639
Current tax asset- non-current										23,404
Total assets										2,414,382
Liabilities										
Segment liability	92,832	10,770	10,707	59,026	33,602	9,433	54,526	1,183	—	272,079
Short-term borrowings										178,413
Current tax liabilities										5,417
Long-term borrowings										523,038
Deferred tax liabilities										252,166
Total liabilities										1,231,113
Additions to property, plant and equipments	4,864	15,418	1,949	23,388	38,181	6,892	17,464	47	—	108,203
Additions to Leasehold Land	—	120	—	9	—	—	—	—	—	129
Additions to exploration and evaluation assets	—	—	—	—	—	—	5,181	—	—	5,181
Additions to Other Intangible assets	37	108	—	167	46	48	436	5,881	—	6,723

b. For the year ended March 31, 2014

	Copper (Rs. in million)	Zinc India (Rs. in million)	Zinc International (Rs. in million)	Aluminium (Rs. in million)	Power (Rs. in million)	Iron Ore (Rs. in million)	Oil and Gas (Rs. in million)	Others (Rs. in million)	Elimination (Rs. in million)	Total (Rs. in million)
Revenue										
Sales to external customers	205,577	131,980	40,156	107,790	35,076	16,516	187,103	1,045	—	725,243
Inter-segment sales	302	831	—	199	2,562	42	—	33	(3,969)	—
Segment revenue	205,879	132,811	40,156	107,989	37,638	16,558	187,103	1,078	(3,969)	725,243
Cost of Sales and expenses	(194,450)	(64,169)	(27,327)	(91,858)	(30,209)	(19,258)	(47,650)	(1,335)	3,969	(472,287)
Segment profit / (loss)	11,429	68,642	12,829	16,131	7,429	(2,700)	139,453	(257)	—	252,956
Depreciation and amortization	(2,553)	(6,946)	(7,472)	(10,484)	(5,935)	(2,776)	(85,511)	(210)	—	(121,887)
Impairment (Refer Note 8a)	—	—	(2,873)	(668)	—	—	—	—	—	(3,541)
Operating profit / (loss)	8,876	61,696	2,484	4,979	1,494	(5,476)	53,942	(467)	—	127,528
Investment and other income	—	—	—	—	—	—	—	—	—	42,165
Finance and other costs	—	—	—	—	—	—	—	—	—	(72,821)
Profit before tax	—	—	—	—	—	—	—	—	—	96,872
Assets and liabilities										
Assets										
Segment assets	81,697	127,960	47,469	408,644	190,735	118,034	963,950	9,311	—	1,947,800
Financial assets in investments	—	—	—	—	—	—	—	—	—	111
Deferred tax asset	—	—	—	—	—	—	—	—	—	73,082
Short-term investments	—	—	—	—	—	—	—	—	—	518,015
Cash and cash equivalents (including restricted cash and cash equivalents)	—	—	—	—	—	—	—	—	—	15,423
Loan to related parties	—	—	—	—	—	—	—	—	—	163
Current tax asset- non-current	—	—	—	—	—	—	—	—	—	22,616
Current tax asset	—	—	—	—	—	—	—	—	—	4,729
Total assets	—	—	—	—	—	—	—	—	—	2,581,939
Liabilities										
Segment liability	86,276	15,541	13,224	65,300	34,865	13,240	77,719	8,181	—	314,346
Short-term borrowings	—	—	—	—	—	—	—	—	—	161,728
Current tax liabilities	—	—	—	—	—	—	—	—	—	6,278
Long-term borrowings	—	—	—	—	—	—	—	—	—	547,375
Deferred tax liabilities	—	—	—	—	—	—	—	—	—	289,869
Total liabilities	86,276	15,541	13,224	65,300	34,865	13,240	77,719	8,181	—	1,319,596
Additions to property, plant and equipments	2,707	18,820	2,446	9,186	19,043	2,973	23,714	446	—	79,335
Additions to Leasehold Land	—	629	—	221	103	—	—	87	—	1,040
Additions to exploration and evaluation assets	—	—	—	—	—	—	15,299	—	—	15,299
Additions to Intangibles	—	504	77	23	—	—	307	89	—	1,000

F-90



c. For the year ended March 31, 2015

	Copper (Rs. in million)	Zinc India (Rs. in million)	Zinc International (Rs. in million)	Aluminium (Rs. in million)	Power (Rs. in million)	Iron Ore (Rs. in million)	Oil and Gas (Rs. in million)	Others (Rs. in million)	Elimination (Rs. in million)	Total (Rs. in million)	Total (US dollars in million)
Revenue											
Sales to external customers	225,198	144,127	35,886	126,900	33,906	19,039	146,945	1,578	—	733,579	11,773.1
Inter-segment sales	1,100	—	—	230	7,280	924	—	220	(9,754)	—	—
Segment revenue	226,298	144,127	35,886	127,130	41,186	19,963	146,945	1,798	(9,754)	733,579	11,773.1
Cost of Sales and expenses	(208,913)	(73,522)	(24,827)	(104,601)	(32,762)	(20,854)	(58,274)	(1,266)	9,754	(515,265)	(8,269.4)
Segment profit / (loss)	17,385	70,605	11,059	22,529	8,424	(891)	88,671	532	—	218,314	3,503.7
Depreciation and amortization	(3,041)	(8,338)	(6,791)	(8,483)	(3,940)	(2,531)	(77,673)	(294)	—	(111,091)	(1,782.9)
Impairment (Refer Note 8a)	—	—	—	(294)	—	—	(406,144)	—	—	(406,438)	(6,522.8)
Operating profit / (loss)	14,344	62,267	4,268	13,752	4,484	(3,422)	(395,146)	238	—	(299,215)	(4,802.0)
Finance and other costs	—	—	—	—	—	—	—	—	—	(63,398)	(1,017.5)
Investment and other income	—	—	—	—	—	—	—	—	—	51,154	821.0
Loss before tax	—	—	—	—	—	—	—	—	—	(311,459)	(4,998.5)
Assets and liabilities											
Assets											
Segment assets	77,427	137,021	38,506	413,391	199,641	115,297	559,863	7,664	—	1,548,810	24,856.6
Financial assets in investments	—	—	—	—	—	—	—	—	—	262	4.2
Deferred tax asset	—	—	—	—	—	—	—	—	—	76,487	1,227.5
Short-term investments	—	—	—	—	—	—	—	—	—	496,482	7,967.9
Cash and cash equivalents (including restricted cash and cash equivalents)	—	—	—	—	—	—	—	—	—	12,711	204.0
Loan to related parties	—	—	—	—	—	—	—	—	—	160	2.6
Current tax asset	—	—	—	—	—	—	—	—	—	26,792	430.0
Total assets	—	—	—	—	—	—	—	—	—	2,161,704	34,692.8
Liabilities											
Segment liabilities	89,906	20,004	10,539	66,336	28,791	10,190	66,428	2,163	—	294,357	4,724.0
Short-term borrowings	—	—	—	—	—	—	—	—	—	161,233	2,587.6
Current tax liabilities	—	—	—	—	—	—	—	—	—	3,842	61.7
Long-term borrowings	—	—	—	—	—	—	—	—	—	517,852	8,310.9
Deferred tax liabilities	—	—	—	—	—	—	—	—	—	155,812	2,500.6
Total liabilities	—	—	—	—	—	—	—	—	—	1,133,096	18,184.8
Additions to property, plant and equipments	1,796	13,372	1,121	9,254	8,670	1,632	44,821	30	—	80,696	1,295.1
Additions to Leasehold Land	—	160	—	30	—	—	—	1	—	191	3.1
Additions to exploration and evaluation assets	—	—	—	—	—	439	20,999	—	—	21,438	344.1
Additions to other intangibles assets	—	27	43	—	—	—	225	61	—	356	5.7



Geographical Segment Analysis

The Group’s operations are primarily located in India. The following table provides an analysis of the Group’s sales by geographical market irrespective of the origin of the goods:

	<u>2013</u> <u>(Rs. in million)</u>	<u>2014</u> <u>(Rs. in million)</u>	<u>2015</u> <u>(Rs. in million)</u>	<u>2015</u> <u>(US dollars in million)</u>
India	506,264	499,064	481,451	7,726.7
China	76,992	67,825	57,846	928.4
UAE	20,872	29,469	40,705	653.3
Others	118,175	128,885	153,577	2,464.7
	<u>722,303</u>	<u>725,243</u>	<u>733,579</u>	<u>11,773.1</u>

The following is an analysis of the carrying amount of non-current assets, being property, plant and equipment, exploration and evaluation assets and other intangible assets and leasehold land prepayments analysed by the geographical area in which the assets are located: —

	<u>As at March 31</u>		
	<u>2014</u> <u>Carrying amount</u> <u>(Rs. in million)</u>	<u>2015</u> <u>Carrying amount</u> <u>(Rs. in million)</u>	<u>2015</u> <u>Carrying amount</u> <u>(US dollars in million)</u>
India	1,641,302	1,297,869	20,829.2
Australia	1,437	836	13.4
South Africa	21,994	20,484	328.7
Namibia	12,146	7,824	125.7
Liberia	13,058	14,068	225.8
Sri Lanka	47,333	—	—
Ireland	4,187	2,357	37.8
UAE	1,253	1,430	23.0
	<u>1,742,710</u>	<u>1,344,868</u>	<u>21,583.6</u>

No single customer accounted for 10.0% or more of the revenue on a consolidated basis in any of the years indicated except for our oil and gas business, where, a single customer accounted for 11.3% of revenue (Rs. 81,938 million) on a consolidated basis in fiscal year 2014. This customer accounted for 9.5% of revenue (Rs. 68,874 million) in fiscal year 2013 and accounted for 8.8% of revenue (Rs. 64,241 million (\$ 1,031.0 million)) in fiscal year 2015.

31. Related party transactions –

The Group’s subsidiaries as at March 31, 2015 are as follows:

<u>Subsidiaries</u>	<u>Principal activities</u>	<u>The Company’s holding (in % as at March 31, 2015)</u>	<u>Immediate holding company</u>	<u>Immediate percentage holding (in % as at March 31, 2015)</u>
BALCO	Aluminium mining and smelting	51	Vedanta Limited	51
CMT	Copper mining	100	MCBV	100
Fujairah Gold FZC	Gold and Silver processing	100	CMT and TCM	100
HZL	Zinc mining and smelting	64.92	Vedanta Limited	64.92
Monte Cello BV (MCBV)	Holding company	100	Vedanta Limited	100
Thalanga Copper Mines (“TCM”)	Copper mining	100	MCBV	100
Sterlite (USA) Inc.	Investment Company	100	Vedanta Limited	100
TSPL	Energy generation	100	Vedanta Limited	100
THL Zinc Ventures Ltd	Investment Company	100	Vedanta Limited	100



THL Zinc Ltd			THL Zinc Ventures Ltd	100
	Investment Company	100		
THL Zinc Holding B.V.			Vedanta Limited	100
	Investment Company	100		
THL Zinc Namibia Holdings (Proprietary) Ltd			THL Zinc Ltd	100
	Mining and exploration	100		
Skorpion Zinc (Pty) Ltd			THL Zinc Namibia Holdings (Proprietary) Ltd	100
	Acquisition of immovable and movable properties	100		
Skorpion Mining Company (Pty) Ltd			Skorpion Zinc (Pty) Ltd	100
	Zinc mining	100		
Namzinc (Pty) Ltd			Skorpion Zinc (Pty) Ltd	100
	Zinc refinery	100		
Amica Guesthouse (Pty) Ltd			Skorpion Zinc (Pty) Ltd	100
	Accommodation and catering services	100		
Rosh Pinah Health Care (Pty) Ltd			Skorpion Zinc (Pty) Ltd	69
	Leasing out of medical equipment and building and conducting services related thereto	69		
Black Mountain Mining (Proprietary) Limited			THL Zinc Ltd	74
	Zinc and Lead mining and milling	74		
Vedanta Lisheen Holdings Limited			THL Zinc Holding B.V.	100
	Investment Company	100		
Vedanta Lisheen Mining Limited			Vedanta Lisheen Holdings Limited	100
	Zinc and lead mining	100		
Killoran Lisheen Mining Limited			Vedanta Lisheen Holdings Limited	100
	Zinc and lead mining	100		
Killoran Lisheen Finance Limited			Vedanta Lisheen Holdings Limited	100
	Investment Company	100		
Lisheen Milling Limited			Vedanta Lisheen Holdings Limited	100
	Manufacturing	100		
Vedanta Exploration Ireland Limited			Vedanta Lisheen Holdings Limited	100
	Exploration company	100		
Malco Energy Limited			Vedanta Limited	100
	Power generation	100		
Vizag General Cargo Berth Private Limited			Vedanta Limited	99.99
	Infrastructure	99.99		
Paradip Multi Cargo Berth Private Limited			Vedanta Limited	74
	Infrastructure	74		
Pecvest 17 Proprietary Limited			THL Zinc Ltd	100
	Investment Company	100		
Lisheen Mine Partnership**			Killoran Lisheen Mining Limited and Vedanta Lisheen Mining Limited	100
	Zinc and lead mining	100		
Sterlite Ports Limited			Vedanta Limited	100
	Investment Company	100		
Maritime Ventures Limited			Sterlite Ports Limited	100
	Infrastructure	100		
Sterlite Infraventures Limited			Vedanta Limited	100
	Investment Company	100		
Lakomasko B.V.			THL Zinc Holding B.V.	100
	Investment Company	100		
Sesa Resources Limited			Vedanta Limited	100
	Iron Ore mining	100		
Bloom Fountain Limited			Vedanta Limited	100
	Investment Company	100		
Sesa Mining Corporation Private Limited			Sesa Resources Limited	100
	Iron Ore mining	100		
Western Clusters Limited			Bloom Fountain Limited	100
	Iron Ore mining	100		



20018GsPnWNH2j6

Twinstar Energy Holding Limited	Holding company	100	Bloom Fountain Limited	100
Twinstar Mauritius Holding Limited	Holding company	100	Twinstar Energy Holding Limited	100
Cairn India Limited	Oil and Gas exploration, development and production	59.88	Vedanta Limited, Twinstar Mauritius Holding Limited, Sesa Resources Limited	59.88
CIG Mauritius Holding Private Limited	Investment Company	59.88	Cairn India Limited	100
Cairn India Holdings Limited	Investment Company	59.88	Cairn India Limited	100
CIG Mauritius Private Limited	Investment Company	59.88	Cairn Mauritius Holding Private Limited	100
Cairn Lanka Private Limited	Exploration and Production	59.88	CIG Mauritius Private Limited	100
Cairn Energy Australia Pty Limited	Holding company	59.88	Cairn India Holdings Limited	100
Cairn Energy Holdings Limited	Investment Company	59.88	Cairn India Holdings Limited	100
Cairn Energy India Pty Limited	Exploration and Production	59.88	Cairn Energy Australia Pty Limited	100
Cairn Exploration No 2 Limited	Exploration and Production	59.88	Cairn Energy Holdings Limited	100
Cairn Exploration No 7 Limited	Exploration and Production	59.88	Cairn Energy Holdings Limited	100
Cairn Exploration No 6 Limited	Exploration and Production	59.88	Cairn Energy Holdings Limited	100
Cairn Energy Gujarat Block 1 Limited	Exploration and Production	59.88	Cairn Energy Holdings Limited	100
Cairn Energy Discovery Limited	Exploration and Production	59.88	Cairn Energy Holdings Limited	100
Cairn Energy Hydrocarbons Limited	Exploration and Production	59.88	Cairn Energy Holdings Limited	100
Cairn South Africa Proprietary Limited	Exploration and Production	59.88	Cairn Energy Hydrocarbons Limited	100

** Entities registered as other than corporate entity.

The Company owns directly or indirectly through subsidiaries, more than half of the voting power of all of its subsidiaries as mentioned in the list above, and the Group is able to govern its subsidiaries' financial and operating policies so as to benefit from their activities.

Ultimate controlling party

As at March 31, 2015, the Group is majority owned by Twin Star Holdings Limited, Finsider International Group Limited, West Globe Limited and Welter Trading Limited which are in turn wholly-owned subsidiaries of Vedanta Resources Plc (Intermediate Holding Company). The ultimate controlling party of the Group is Volcan Investments Limited ("Volcan"), which is controlled by persons related to the Chairman Emeritus, Mr. Anil Agarwal. Volcan Investment Limited, Twin Star Holdings Limited, Finsider International Company Limited, West Globe Limited and Welter Trading Limited do not produce Group financial statements.

**List of related parties and relationships –**

The Group enters into transactions in the normal course of business with its related parties, including its parent Vedanta, and the companies over which it has significant influence. A summary of significant related party transactions for the year ended March 31, 2013, 2014 and 2015 noted below.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. The significant transactions relate to the normal sale and purchase of goods and loans and investments. All inter-company transactions and balances are eliminated on consolidation.

A) Entities Controlling the Company (Holding Companies)

- Volcan Investments Limited ('Volcan')
- Vedanta Resources Plc. ('Vedanta')
- Vedanta Resources Holdings Limited ('VRHL')
- Twin Star Holdings Limited ('TSHL')
- Finsider International Company Limited ('Finsider')
- Westglobe Limited ('Westglobe')
- Welter Trading Limited ('Welter')
- Richter Holdings Limited ('Richter')
- Vedanta Resources Finance Limited
- Vedanta Resources Cyprus Limited

B) Fellow subsidiaries

- Konkola Copper Mines ('KCM')
- Vedanta Resources Jersey II Limited ('VRJ2')
- Vedanta Jersey Investments Limited ('VJIL')
- Sterlite Technologies Limited ('STL')
- Sterlite Iron and Steel Company Limited ('SISCOL')
- Sterlite Grid Limited

C) Other Related Parties

- Sesa Community Development Foundation
- Vedanta Medical Research Foundation ('VMRF')
- Vedanta Foundation
- Anil Agarwal Foundation Trust
- Public and Political Awareness Trust ('PPAT')
- Balco Employees Provident Fund Trust
- Hindustan Zinc Ltd Employees Contributory Provident Fund Trust
- Sesa Group Employees Provident Fund

D) Key Management Personnel

- Mr. Anil Agarwal, Chairman Emeritus (w.e.f. April 1, 2014)
- Mr. Navin Agarwal, Executive Chairman



20018GsPnWNH4#B60

- Mr. Tarun Jain, Whole Time Director
- Mr. M. S. Mehta (Chief Executive Officer up to March 31, 2014)
- Mr. D. D. Jalan (Chief Financial Officer w.e.f. April 1, 2014)
- Mr. P. K. Mukherjee (Executive Director up to March 31, 2014)
- Mr. Amit Pradhan, Executive Director (resigned w.e.f. August 18, 2013)
- Mr. Thomas Albanese (Chief Executive Officer w.e.f. April 1, 2014)

E) Relative of Key Management Personnel

- Mr. Naivadya Agarwal (Son of Mr. Navin Agarwal)
- Mr. Agnivesh Agarwal (Son of Mr. Anil Agarwal)
- Ms. Priya Agarwal (Daughter of Mr. Anil Agarwal)



20018GsPjMqvt4wl

	For the Year ended March 31,			
	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Sales				
STL	11,952	6,507	7,828	125.6
Total	11,952	6,507	7,828	125.6
Purchases of goods/services				
KCM	22,363	22,062	11,809	189.5
STL	254	12	69	1.1
Vedanta Foundation	1	—	—	—
Total	22,618	22,074	11,878	190.6
Interest income / (Finance costs)				
VRJ2	—	(16,615)	(13,842)	(222.1)
Vedanta	(12,431)	(1,632)	—	—
Vedanta	68	124	312	5.0
Welter	596	152	—	—
Richter	55	81	—	—
TSHL	56	47	—	—
VJIL	109	44	—	—
SISCOL	33	25	7	0.1
STL	1	12	34	0.5
VRHL	335	21	—	—
VRHL	—	(45)	—	—
Total	(11,178)	(17,786)	(13,489)	(216.5)
Dividend paid				
TSHL	4,322	4,073	4,701	75.4
Finsider	803	642	1,405	22.6
Westglobe	89	71	155	2.5
Welter	81	58	134	2.1
Total	5,295	4,844	6,395	102.6
Management fees expenses				
Vedanta	272	305	306	4.9
Total	272	305	306	4.9
Dividend Income				
STL	1	1	1	0.0
Total	1	1	1	0.0
Service Income				
Vedanta	11	21	24	0.4
Total	11	21	24	0.4
Long Term Incentive Plan Expenses				
Vedanta	1,386	1,846	1,572	25.2
Total	1,386	1,846	1,572	25.2



	For the Year ended March 31,			
	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Loans given/(repaid) during the year				
Vedanta	1,943	—	—	—
Vedanta	(909)	(1,210)	—	—
VRHL	—	4,914	—	—
Welter	10,341	121	—	—
Welter	—	(43)	—	—
Richter	10,758	66	—	—
VJIL	—	36	—	—
TSHL	3,544	9	—	—
SISCOL	—	—	1	0.0
SISCOL	(6)	(237)	(14)	(0.2)
Total	25,671	3,656	(13)	(0.2)
Loan taken/(repaid) during the year				
VRJ2	—	—	(80,463)	(1,291.3)
VRJ2	—	89,827	730	11.7
VRHL	(9,215)	(5,628)	—	—
Vedanta	10,069	260	—	—
Vedanta	(55)	—	—	—
Welter	(6,257)	—	—	—
Total	(5,458)	84,459	(79,733)	(1,279.6)
Loan Assigned during the year(*)				
Vedanta	—	5,087	—	—
VJIL	—	4,150	—	—
Richter	—	12,019	—	—
VRHL	—	4,913	—	—
TSHL	—	6,971	—	—
Welter	—	22,291	—	—
Total	—	55,431	—	—
Guarantee given/(taken)				
Vedanta	—	(72,120)	(30,574)	490.7
Total	—	(72,120)	(30,574)	490.7
Donations				
Sesa Community Development Foundation				
	39	48	42	0.7
Vedanta Foundation				
	67	45	41	0.7
VMRF				
	260	56	42	0.7
PPAT				
	50	—	—	—
Anil Agarwal Foundation Trust				
	1	—	—	—
Total	417	149	125	2.1
Purchase (Sale) of property, plant and equipments				
STL	—	(3)	—	—
STL	—	1	—	—
Total	—	(2)	—	—



The significant receivables from and payables to related parties as at March 31, 2014 and March 31, 2015 are set out below:

	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Receivable from:			
STL	328	241	3.9
KCM	151	22	0.4
Vedanta Foundation	0	—	—
Vedanta	117	65	1.0
SISCOL	22	22	0.4
Volcan	11	27	0.4
Sterlite Grid Limited	1	2	0.0
Total	630	379	6.1
Loans to:			
SISCOL	163	160	2.6
Total	163	160	2.6
Payable to:			
VRJ2	24,329	1,004	16.1
Vedanta	2,389	1,920	30.8
KCM	177	—	—
STL	3	13	0.2
Hindustan Zinc Ltd Employees Contributory provident Fund Trust	—	35	0.5
Sesa Group Employees Provident Fund	126	17	0.3
Balco Employees Provident Fund Trust	—	10	0.2
Total	27,024	2,999	48.1
Borrowings from:			
VRJ2	234,016	162,100	2,601.5
Total	234,016	162,100	2,601.5
Guarantees outstanding given / (taken) #			
Vedanta ¹	(282,859)	(107,154)	(1,719.7)
Volcan ²	1,150	1,150	18.5
Total	(281,709)	(106,004)	(1,701.2)
Investment in Equity Shares – Quoted			
STL	111	262	4.2
Total	111	262	4.2
Investment in Vedanta Bonds			
	3,130	5,704	91.5
Total	3,130	5,704	91.5

Maximum guarantee amount and does not represent actual liability.

- Guarantees provided by Vedanta against the borrowings taken by the Group
- Bank guarantee has been provided by the Group on behalf of Volcan in favor of Income tax department, India as collateral in respect of certain tax disputes of Volcan.

Cairn PSC guarantee to Government

Vedanta has provided parent company financial and performance guarantee to Government of India for Cairn India Group's obligation under the Production Sharing Contract ('PSC'). The guarantee provides for making available financial resources equivalent to Cairn India's share for its obligation under PSC, personnel and technical services in accordance with industry practices and any other resources in case Cairn India is unable to fulfill its obligations under PSC.



20018GsPnWNH8g

Cairn Investment in Vedanta Bonds

Cairn has invested Rs. 5,704 million (\$91.5 million) in bonds issued by Vedanta, which have maturities ranging from June 2016 to May 2023 at interest rates ranging from 6% to 9.5%. The carrying value of these bonds is Rs. 3,251 million and Rs. 5,222 mn (\$ 83.8 million) as at March 31, 2014 and March 31, 2015 respectively.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made in ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31 2015, the group has not recorded any impairment of receivables relating to amounts owed by related parties (2013 and 2014: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

***Loans to holding companies**

From time to time the Group had given loan to Vedanta to finance general corporate purpose. The loan balance as at March 31, 2013 was Rs. 5,659 million (\$ 103.8 million). These unsecured loans have been provided on fixed and floating basis interest rates and carry an average interest rate of 1.58% per annum. During the year ended March 31, 2014, loans amounting to Rs. 5,087 million (\$ 84.8 million) had been assigned to VRJ2 in exchange for loan payable to VRJ2 by TMHL.

The Group had given loans to TSHL to finance general corporate purpose. The loan balance as at March 31, 2013 was Rs. 6,246 million (\$ 114.6 million). These unsecured loans have been provided on fixed and floating basis interest rates and carry an average interest of rate of 1.59% per annum. Loans given to TSHL were supported by a Letter of comfort from Vedanta. During the year ended March 31, 2014, loans amounting to Rs. 6,971 million (\$ 116.2 million) had been assigned to VRJ2 exchange for loan payable to VRJ2 Limited by TMHL.

The Group had given loans to Welter to finance general corporate purpose. The loan balance as at March 31, 2013 was Rs. 19,902 million (\$ 365.0 million). These unsecured loans have been provided on fixed and floating basis interest rates at an average rate of 1.65% per annum. Loans given to Welter were supported by a Letter of comfort from Vedanta. During year ended March 31, 2013, loans amounting to Rs. 9,651 million (\$ 177.0 million) were renewed upon maturity on fresh terms and conditions. During year ended March 31, 2014, loans amounting to Rs. 22,291 million (\$ 371.4 million) had been assigned to VRJ2 in exchange for loan payable to VRJ2 Limited by TMHL.

The Group had given loans to Richter to finance general corporate purpose. The loan balance as at March 31, 2013 was Rs. 10,732 million (\$ 196.8 million). These unsecured loans have been provided on fixed and floating basis interest rates at an average rate of 1.66% per annum and were repayable on various dates till March 2014. Loans given to Richter are supported by a Letter of comfort from Vedanta. During the year ended March 31, 2014, loans amounting to Rs. 12,019 million (\$ 200.3 million) had been assigned to VRJ2 in exchange for loan payable to VRJ2 by TMHL.

During the year ended March 31, 2014, the Group had given loans amounting to Rs. 4,913 million (\$ 81.9 million) to VRHL at an average rate of 1.69% to finance general corporate purpose which were later assigned to VRJ2 in exchange for loan payable to VRJ2 by TMHL.

***Loans to fellow subsidiaries**

The Group had given a loan to VJIL to finance general corporate purpose. The loan balance as at March 31, 2013 was Rs. 3,700 million (\$ 67.9 million). This unsecured loan carried an interest rate of 1.3% per annum. Loan given to VJIL were supported by a Letter of comfort from Vedanta. During year ended March 31, 2013 loans amounting to Rs. 3,700 million (\$ 67.9 million) were renewed upon maturity on fresh terms and conditions. During the year ended March 31, 2014, loans amounting to Rs. 4,150 million (\$ 69.2 million) had been assigned to VRJ2 in exchange for loan payable to VRJ2 by TMHL.



During the year, Group had renewed loan provided to SISCOOL to finance project in earlier years. The loan balance as at March 31, 2015 is Rs. 160 million (\$ 2.6 million). The loan is unsecured in nature and carries an interest rate of 10% per annum. The loan was due in May 2015. The loan has been renewed for a further period of 12 months in May 2015 and is due in May 2016.

Loan from holding company

As at March 2012, the Group had borrowed loans from Vedanta of \$ 3,137.0 million for Cairn India's acquisition made during 2011.

During the year ended 2014, pursuant to signing of a Deed of Assignment between Vedanta and VRJ2, all the existing rights of the above mentioned Loan have been assigned to VRJ2 and the new lender for the Company is VRJ2.

During the year ended March 31, 2014, the Group borrowed \$ 1,484.8 million at an average rate of 7.5 % p.a. from VRJ2 to meet funding requirements for refinancing of loan for acquisition of stake in Cairn India. The loan balance as at March 31, 2014 was \$ 3,893.8 million at an average rate of 7.9% having an average maturity period of 5 years. During the year the Group has repaid \$ 1,315.9 million to VRJ2 and borrowed \$ 11.9 million. The loan balance as at March 31, 2015 was \$ 2,589.8 million at an average rate of 7.34% p.a. having an average maturity period of 3 years. These loans are unsecured.

Remuneration of key management personnel

The remuneration of the key management personnel of the Group are set out below in aggregate for each of the categories specified in IAS 24 Related party disclosures.

	Year ended March 31,			
	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Short term employee benefits	264	305	305	4.9
Post-employment benefits	20	30	27	0.4
Share based payments	79	99	75	1.2
Total	363	434	407	6.5

	Year ended March 31,			
	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Salary of relatives of Key management personnel	25	33	65	1.0
Total	25	33	65	1.0

Relative of Key Management Personnel -

	Year ended March 31,			
	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Short term interest bearing salary advance given during the year	—	—	89	1.4
Total	—	—	89	1.4



	As at March 31,		
	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Short term interest bearing salary advance receivable ¹	—	91	1.5
Total	—	91	1.5

1. Since repaid

Details of transactions during the year with post retirement trusts:

	Year ended March 31			
	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
PF Trust				
Balco Employees Provident Fund Trust	141	152	138	2.2
Hindustan Zinc Ltd Employees Contributory Provident Fund Trust	269	268	321	5.2
Sesa Group Employees Provident Fund	355	226	207	3.3
Total	765	646	666	10.7

32. Other notes

(a) Components of other comprehensive income –cash flow hedges

For the year ended March 31,	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Net gain/(loss) arising during the year	(963)	(862)	(112)	(1.8)
Reclassification adjustments for net (gain)/loss included in the consolidated statements of profit or loss	4,686	903	(646)	(10.4)
Net gain/(loss) on cash flow hedges recognised in other comprehensive income, net of tax	3,723	41	(758)	(12.2)

**(b) Exchange gain/ (loss) recognised in the consolidated statements of profit or loss:**

For the year ended March 31,	2013	2014	2015	2015
	(Rs. in million)	(Rs. in million)	(Rs. in million)	(US dollars in million)
Other operating income	(582)	(4)	(11)	(0.2)
Cost of sales	(6,135)	(1,280)	562	9.1
Administration cost	(2,323)	(7,185)	(3,177)	(51.0)
Investment and other income	462	285	750	12.0
Finance and other costs	(14,851)	(16,141)	(5,344)	(85.8)
Total	(23,429)	(24,325)	(7,220)	(115.9)

(c) The Group presents the consolidated statements of profit or loss by disclosing expenses by function. The consolidated statements of profit or loss disclosing expenses by nature is presented below:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(In millions except share or per share amounts unless otherwise stated)

For the year ended March 31,	Notes	2013	2014	2015	2015
		(Rs. in million)	(Rs. in million)	(Rs. in million)	(US dollars in million)
Revenue	4	722,303	725,243	733,579	11,773.1
Other operating income		3,791	4,541	4,802	77.1
Investment and other income	5	34,931	42,165	51,154	821.0
Total Income		761,025	771,949	789,535	12,671.2
(Decrease)/increase in inventories of finished goods and work-in-progress		(698)	8,951	(2,799)	(44.9)
Raw materials and other consumables used		(419,647)	(420,256)	(457,420)	(7,341.0)
Employee costs		(31,499)	(34,985)	(38,783)	(622.4)
Costs associated with ASARCO [refer Note 29(c) (i)]		(268)	(473)	—	—
Other costs		(27,368)	(30,065)	(21,065)	(338.2)
Depreciation and amortization		(117,103)	(121,887)	(111,091)	(1,782.9)
Impairment		—	(3,541)	(406,438)	(6,522.8)
Finance and other costs	6	(54,716)	(72,821)	(63,398)	(1,017.5)
Profit / (loss) before tax		109,726	96,872	(311,459)	(4,998.5)
Income tax expense / (credit)	7	7,502	(34,646)	108,320	1,738.4
Profit / (loss) for the year		117,228	62,226	(203,139)	(3,260.1)

**(d). Employee costs**

For the year ended March 31,	2013 (Rs. in million)	2014 (Rs. in million)	2015 (Rs. in million)	2015 (US dollars in million)
Salaries, wages and bonus	29,377	32,476	36,297	582.5
Defined contribution pension scheme costs	1,159	1,499	1,392	22.3
Defined benefit pension scheme costs	787	392	396	6.4
Voluntary retirement expenses	176	618	698	11.2
	31,499	34,985	38,783	622.4

33. Subsequent Events –

On June 14, 2015, Vedanta Limited and Cairn India Limited announced a merger of both the companies through a Scheme of Arrangement under Indian law. On completion, non-controlling shareholders of Cairn India will receive for each equity share held one equity share in Vedanta Limited of face value Rs. 1 each and one 7.5% Redeemable Preference Share (“RPS”) in Vedanta Limited with a face value of Rs. 10 each. No shares will be issued to Vedanta Limited or any of its subsidiaries for their shareholding in Cairn India. The transaction is conditional on Vedanta Limited, Cairn India and Vedanta shareholder approvals, as well as Indian High Court, stock exchange and other customary approvals. Vedanta Limited will continue to be listed on the BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”), with American Depositary Shares (“ADS”) listed on the New York Stock Exchange (“NYSE”).



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

In accordance with Codification Topic 932 - Extractive Activities - Oil and gas, this section provides supplemental information on oil and gas exploration and producing activities of the Company for the years ended March 31, 2015, 2014 and 2013. The information included in items (i) through (iii) provides historical cost information pertaining to costs incurred in exploration, property acquisition and development, capitalized costs and results of operations. The information included in items (iv) and (v) present information on our estimated net proved reserve quantities, standardized measure of estimated discounted future net cash flows related to proved reserves, and changes in estimated discounted future net cash flows. Activities not directly associated with oil and gas producing activities are excluded from all aspects of this supplemental information.

Method of accounting for costs incurred in oil and gas producing activities and manner of disposing of capitalized costs relating to those activities

We follow a successful efforts based accounting policy for oil and gas assets.

Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Income Statement.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence by licence basis. Costs are held, un-depleted, within intangible exploration/appraisal assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining oil and gas exploration targets is capitalised initially within intangible exploration/appraisal assets and subsequently allocated to drilling activities. Exploration/appraisal drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort is judged on a well-by-well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised intangible exploration/appraisal costs are transferred into a single field cost center within property, plant and equipment - development/producing assets after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the Income Statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant and equipment - development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed.

Net proceeds from any disposal of an intangible exploration/appraisal asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the Income Statement. Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the Income Statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(i) Capitalized costs relating to oil and gas producing activities

The following table summarizes capitalized costs for oil and gas exploration and production activities with the related accumulated depreciation, depletion and amortization, and asset retirement obligation assets:

	<u>India</u> (Rs. in million)	<u>Sri Lanka</u> (Rs. in million)	<u>South Africa</u> (Rs. in million)
March 31, 2015			
Unproved oil and gas properties	14,792	49,328	2,189
Proved oil and gas properties	1,199,345	—	—
Support Equipments	4,962	—	—
Gross Capitalized costs	1,219,099	49,328	2,189
Accumulated depreciation, depletion, and amortization, and valuation allowances (including impairment loss)	(713,885)	(49,328)	—
Net Capitalized costs	505,214	—	2,189
March 31, 2014			
Unproved oil and gas properties	12,369	47,333	1,769
Proved oil and gas properties	1,097,771	—	—
Support Equipments	3,912	—	—
Gross Capitalized costs	1,114,052	47,333	1,769
Accumulated depreciation, depletion, and amortization, and valuation allowances	(257,595)	—	—
Net Capitalized costs	856,457	47,333	1,769
March 31, 2013			
Unproved oil and gas properties	8,936	42,747	720
Proved oil and gas properties	961,019	—	—
Support Equipments	3,100	—	—
Gross Capitalized costs	973,055	42,747	720
Accumulated depreciation, depletion, and amortization, and valuation allowances	(154,852)	—	—
Net Capitalized costs	818,203	42,747	720



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(ii) Costs incurred in oil and gas property acquisition, exploration and development activities

Costs incurred are summarized below and include both amounts expensed and capitalized:

	<u>India</u> (Rs. in million)	<u>Sri Lanka</u> (Rs. in million)	<u>South Africa</u> (Rs. in million)
March 31, 2015			
Acquisition of properties			
Proved			
Unproved			
Exploration costs	20,485	165	349
Development costs	43,911	—	—
Total	64,396	165	349
March 31, 2014			
Acquisition of properties			
Proved			
Unproved			
Exploration costs	14,114	194	998
Development costs	23,421	—	—
Total	37,535	194	998
March 31, 2013			
Acquisition of properties			
Proved			
Unproved			
Exploration costs	2,552	3,285	724
Development costs	15,524	—	—
Total	18,076	3,285	724



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(iii) Results of operations for oil and gas producing activities

The Company's results of operations from oil and gas producing activities for the years ended March 31, 2015, 2014 and 2013 are shown in the following table.

Production costs are lifting costs incurred to operate and maintain productive wells and related equipment and facilities, including operating employees' compensation, materials, supplies, fuel consumed in operations and operating costs related to natural gas processing plants.

Exploration expenses include the costs of geological and geophysical activities and non-productive exploratory wells. Depreciation and amortization expenses relate to assets employed in exploration and development activities. In accordance with Codification Topic 932 – Extractive Activities – Oil based on statutory tax rates, reflecting allowable deductions. We have an effective tax rate lower than the statutory rate, benefiting from tax holiday in Rajasthan block under section 80-IB (9) of the Income Tax Act, 1961. Interest income and expense are excluded from the results reported in this table.

	India (Rs. in million)	Sri Lanka (Rs. in million)	South Africa (Rs. in million)
March 31, 2015			
Revenues			
Sales	146,945	—	—
Transfers	—	—	—
Operating Income	103	—	—
Total	147,048	—	—
Production costs			
Exploration expenses	(7,788)	(67)	(12)
Depreciation, depletion and amortization and valuation provisions (including impairment loss)	434,947	(48,126)	—
Results before income tax expenses	340,948	(48,193)	(12)
Income tax expenses	(11,962)	—	—
Results of operations from producing activities (excluding corporate overhead and interest costs)	352,910	(48,193)	(12)
March 31, 2014			
Revenues			
Sales	187,103	—	—
Transfers	—	—	—
Operating Income	379	—	—
Total	187,482	—	—
Production costs			
Exploration expenses	(541)	(96)	(16)
Depreciation, depletion and amortization and valuation provisions	(84,764)	—	—
Results before income tax expenses	60,677	(96)	(16)
Income tax expenses	(13,753)	—	—
Results of operations from producing activities (excluding corporate overhead and interest costs)	46,924	(96)	(16)



20018GsPnWncByP6v

Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

	<u>India</u> (Rs. in million)	<u>Sri Lanka</u> (Rs. in million)	<u>South Africa</u> (Rs. in million)
March 31, 2013			
Revenues			
Sales	175,518	—	—
Transfers	—	—	—
Operating Income	<u>240</u>	<u>—</u>	<u>—</u>
Total	<u>175,758</u>	<u>—</u>	<u>—</u>
Production costs	(40,243)	—	—
Exploration expenses	(54)	(2,766)	(2)
Depreciation, depletion and amortization and valuation provisions	<u>(77,597)</u>	<u>—</u>	<u>—</u>
Results before income tax expenses	57,864	(2,766)	(2)
Income tax expenses	<u>(14,190)</u>	<u>—</u>	<u>—</u>
Results of operations from producing activities (excluding corporate overhead and interest costs)	<u>43,674</u>	<u>(2,766)</u>	<u>(2)</u>

F-108



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(iv) Reserve quantities information

The following tables represent estimates for oil and gas reserves by geographic area as of March 31, 2015, 2014 and 2013. Quantities mentioned below represent proved developed and undeveloped reserves together with changes in quantities for the fiscal years 2015, 2014, and 2013.

The definitions used for proved, proved developed and proved undeveloped oil and gas reserves are in accordance with United States Securities and Exchange Commission (SEC) Rule 4-10 of Regulation S-X. Proved oil and natural gas reserves are those estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be economically producible in future years from known reservoirs, under existing economic and operating conditions including a 12-month average price prior to the end of the reporting period, unless prices are defined by contract, and cost at the date of estimation.

All the proved reserves presented herein are based on PSCs with the GOI. As such, all net reserves are based on an entitlement calculation which converts our share of cost recovery and profit petroleum under each contract to a volume equivalent of net reserves in accordance with SEC guidance on calculating net reserves subject to these agreements.

A summary of the annual changes in the proved reserves of oil is as follows (in mmbbls):

<u>Proved developed and undeveloped reserves</u>	<u>India</u>	<u>Sri Lanka</u>	<u>South Africa</u>	<u>Total</u>
Reserves at March 31, 2012	<u>120.60</u>	<u>—</u>	<u>—</u>	<u>120.60</u>
Revisions of previous estimates	8.59	—	—	8.59
Extensions and discoveries	—	—	—	—
Improved Recovery	8.27	—	—	8.27
Sales of reserves	—	—	—	—
Purchases of reserves	—	—	—	—
Production for the year	(32.52)	—	—	(32.52)
Reserves at March 31, 2013	<u>104.94</u>	<u>—</u>	<u>—</u>	<u>104.94</u>
Revisions of previous estimates	17.20	—	—	17.20
Extensions and discoveries	—	—	—	—
Improved Recovery	21.63	—	—	21.63
Sales of reserves	—	—	—	—
Purchases of reserves	—	—	—	—
Production for the year	(32.24)	—	—	(32.24)
Reserves at March 31, 2014	<u>111.53</u>	<u>—</u>	<u>—</u>	<u>111.53</u>
Revisions of previous estimates	7.70	—	—	7.70
Extensions and discoveries	2.28	—	—	2.28
Improved Recovery	—	—	—	—
Sales of reserves	—	—	—	—
Purchases of reserves	—	—	—	—
Production for the year	(31.42)	—	—	(31.42)
Reserves at March 31, 2015	<u>90.09</u>	<u>—</u>	<u>—</u>	<u>90.09</u>



20018GsPnWNLrXy6

Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(iv) Reserve quantities information (continued)

A summary of the annual changes in the proved reserves of **natural gas** is as follows (in bcf):

<u>Proved developed and undeveloped reserves</u>	<u>India</u>	<u>Sri Lanka</u>	<u>South Africa</u>	<u>Total</u>
Reserves at March 31, 2012	<u>9.47</u>	<u>—</u>	<u>—</u>	<u>9.47</u>
Revisions of previous estimates	0.06	—	—	0.06
Extensions and discoveries	—	—	—	—
Improved Recovery	—	—	—	—
Sales of reserves	—	—	—	—
Purchases of reserves	—	—	—	—
Production for the year	(2.86)	—	—	(2.86)
Reserves at March 31, 2013	<u>6.67</u>	<u>—</u>	<u>—</u>	<u>6.67</u>
Revisions of previous estimates	2.96	—	—	2.96
Extensions and discoveries	1.21	—	—	1.21
Improved Recovery	—	—	—	—
Sales of reserves	—	—	—	—
Purchases of reserves	—	—	—	—
Production for the year	(3.89)	—	—	(3.89)
Reserves at March 31, 2014	<u>6.95</u>	<u>—</u>	<u>—</u>	<u>6.95</u>
Revisions of previous estimates	1.29	—	—	1.29
Extensions and discoveries	0.16	—	—	0.16
Improved Recovery	—	—	—	—
Sales of reserves	—	—	—	—
Purchases of reserves	—	—	—	—
Production for the year	(3.51)	—	—	(3.51)
Reserves at March 31, 2015	<u>4.89</u>	<u>—</u>	<u>—</u>	<u>4.89</u>



20018GsPnWNLcDN6

Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(iv) Reserve quantities information (Continued)

	2015		2014		2013	
	Crude Oil (mmbbls)	Natural gas (bcf)	Crude Oil (mmbbls)	Natural gas (bcf)	Crude Oil (mmbbls)	Natural gas (bcf)
Net proved developed reserves:						
India	73.94	3.55	75.40	6.03	86.94	6.16
Sri Lanka	—	—	—	—	—	—
South Africa	—	—	—	—	—	—
Total net proved developed reserves	73.94	3.55	75.40	6.03	86.94	6.16
Net proved undeveloped reserves:						
India	16.15	1.34	36.13	0.92	18.00	0.51
Sri Lanka	—	—	—	—	—	—
South Africa	—	—	—	—	—	—
Total net proved undeveloped reserves	16.15	1.34	36.13	0.92	18.00	0.51

F-111



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(v) Standardized measure of discounted future net cash flows relating to proved oil and gas quantities and changes therein

The table below shows the standardized measure of future net cash flows relating to proved reserves. The analysis is computed in accordance with Topic 932 – Extractive Activities – Oil and gas, by applying average prices during the 12-month period prior to the ending date of the period covered by the report, determined as an un-weighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions, as defined by the SEC, fiscal year-end costs, fiscal year-end statutory tax rates and a discount factor of 10% to fiscal year-end quantities of net proved reserves. The standardized measure of discounted future net cash flows is a forward-looking statement.

Future price changes are limited to those provided by existing contractual arrangements at the end of each reporting year. Future development and production costs are those estimated future expenditures necessary to develop and produce fiscal year-end estimated proved reserves based on fiscal year-end costs, assuming continuation of fiscal year-end economic conditions. Pre-tax future net cash flow is net of decommissioning and removal costs. Estimated future income taxes are calculated by applying the appropriate year-end statutory tax rates. These rates reflect allowable deductions and tax credits and are applied to estimated future pretax net cash flows, less the tax basis of related assets. We have an effective tax rate lower than the statutory rate, benefiting from tax holiday in Rajasthan block under section 80-IB (9) of the Income Tax Act, 1961. Discounted future net cash flows are calculated using a discount rate of 10% per year. Discounting requires a year-by-year estimate of when future expenditures will be incurred and when reserves will be produced. The standardized measure of discounted future net cash flows prescribed under Topic 932 requires assumptions as to the timing and amount of future development and production costs and income from the production of proved reserves. The information does not represent management’s estimate or our expected future cash flows or the value of its proved reserves and therefore should not be relied upon as an indication of our future cash flow or value of its proved reserves.



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(v) Standardized measure of discounted future net cash flows relating to proved oil and gas quantities and changes therein
(continued)

	India (Rs. in million)	Sri Lanka (Rs. in million)	South Africa (Rs. in million)	Total (Rs. in million)
At March 31, 2015				
Future cash inflows	424,446	—	—	424,446
Future production costs	(175,304)	—	—	(175,304)
Future development costs	(45,859)	—	—	(45,859)
Future income tax expenses	(10,246)	—	—	(10,246)
Undiscounted future net cash flows	193,037	—	—	193,037
10 percent midyear annual discount for timing of estimated cash flows	(35,668)	—	—	(35,668)
Standardized measure of discounted future net cash flows	<u>157,369</u>	—	—	<u>157,369</u>
At March 31, 2014				
Future cash inflows	645,543	—	—	645,543
Future production costs	(219,997)	—	—	(219,997)
Future development costs	(74,225)	—	—	(74,225)
Future income tax expenses	(46,633)	—	—	(46,633)
Undiscounted future net cash flows	304,688	—	—	304,688
10 percent midyear annual discount for timing of estimated cash flows	(69,202)	—	—	(69,202)
Standardized measure of discounted future net cash flows	<u>235,486</u>	—	—	<u>235,486</u>
At March 31, 2013				
Future cash inflows	563,260	—	—	563,260
Future production costs	(188,176)	—	—	(188,176)
Future development costs	(44,318)	—	—	(44,318)
Future income tax expenses	(45,547)	—	—	(45,547)
Undiscounted future net cash flows	285,219	—	—	285,219
10 percent midyear annual discount for timing of estimated cash flows	(59,095)	—	—	(59,095)
Standardized measure of discounted future net cash flows	<u>226,124</u>	—	—	<u>226,124</u>



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(v) Standardized measure of discounted future net cash flows relating to proved oil and gas quantities and changes therein
(Continued)

	India (Rs. in million)	Sri Lanka (Rs. in million)	South Africa (Rs. in million)	Total (Rs. in million)
Balance at April 1, 2014	235,486	—	—	235,486
Sales and transfers of oil and gas, net of production cost	(99,909)	—	—	(99,909)
Development cost incurred	43,829	—	—	43,829
Net change due to purchases and sales of minerals in place	—	—	—	—
Net change due to extensions, discoveries and improved recovery less related costs	5,384	—	—	5,384
Net change due to revisions in quantity estimates	17,798	—	—	17,798
Net change in prices, transfer prices and in production cost	(81,576)	—	—	(81,576)
Changes in estimated future development costs	(19,292)	—	—	(19,292)
Accretion of discount	28,321	—	—	28,321
Net change in income taxes	27,328	—	—	27,328
Timing	—	—	—	—
Balance at March 31, 2015	157,369	—	—	157,369

	India (Rs. in million)	Sri Lanka (Rs. in million)	South Africa (Rs. in million)	Total (Rs. in million)
Balance at April 1, 2013	226,124	—	—	226,124
Sales and transfers of oil and gas, net of production cost	(146,002)	—	—	(146,002)
Development cost incurred	23,247	—	—	23,247
Net change due to purchases and sales of minerals in place	—	—	—	—
Net change due to extensions, discoveries and improved recovery less related costs	63,421	—	—	63,421
Net change due to revisions in quantity estimates	52,235	—	—	52,235
Net change in prices, transfer prices and in production costs	19,548	—	—	19,548
Changes in estimated future development costs	(30,258)	—	—	(30,258)
Accretion of discount	27,168	—	—	27,168
Net change in income taxes	3	—	—	3
Timing	—	—	—	—
Balance at March 31, 2014	235,486	—	—	235,486



Supplementary Information on Oil and Gas Exploration and Production (Unaudited)

(v) Standardized measure of discounted future net cash flows relating to proved oil and gas quantities and changes therein
(Continued)

	India (Rs. in million)	Sri Lanka (Rs. in million)	South Africa (Rs. in million)	Total (Rs. in million)
Balance at April 1, 2012	250,275	—	—	250,275
Sales and transfers of oil and gas, net of production cost	(137,976)	—	—	(137,976)
Development cost incurred	15,475	—	—	15,475
Net change due to purchases and sales of minerals in place	—	—	—	—
Net change due to extensions, discoveries and improved recovery less related costs	23,115	—	—	23,115
Net change due to revisions in quantity estimates	24,013	—	—	24,013
Net change in prices, transfer prices and in production costs	5,673	—	—	5,673
Changes in estimated future development costs	6,479	—	—	6,479
Accretion of discount	30,669	—	—	30,669
Net change in income taxes	8,401	—	—	8,401
Timing	—	—	—	—
Balance at March 31, 2013	226,124	—	—	226,124



20018GsPnWJcuc66^

Exhibit 4.4

Forum	Vedanta Resources Plc Remuneration Committee Meeting
Date	11th November 2014
Agenda Item	
Agenda Name	Performance Share Plan – 2014 Tranche
Presented by	Rajesh Padmanabhan

Performance Share Plan (“PSP”) is a conditional share plan for rewarding performance on a pre-determined performance criteria i.e. Total Shareholder Return (“TSR”) over 3-year performance period and continued employment with the Group.

1. Coverage:

35% of the professional population (i.e. employees in grade M7 and above) covered – 2326 employees.

2. Grant of options: VR Plc Options will be awarded to employees under the PSP effective **15th November 2014** as per below options matrix derived from average fixed pay of each grade.

<u>Category</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
SVP, M1	16,500	13,000	10,500	8,000
VP, M1	13,000	10,000	7,000	4,000
AVP, M2	8,500	6,500	5,000	3,500
GM, M2	6,500	5,200	3,900	2,600
M3	4,500	3,600	2,700	1,800
M4	3,000	2,400	1,800	1,200
M5	2,000	1,600	1,200	800
M6	1,100	900	700	500
M7	900	700	500	300

Note: The above grid is normalized at the Group level to factor consistencies and criticalities.

3. Performance Period:

For vesting condition, the performance period considered will be 36 months from 1st April 2014 to 31st March 2017.

4. Performance Conditions:

The options awarded under PSP shall vest after 3 years from date of grant based on the Group’s relative Total Shareholder Return (“TSR”) performance against the peer group of resource companies (as detailed out below) and continued employment with the Group.

Alcoa	Anglo American	Antofagasta	BHP Billiton	Boliden
Dragon Oil	First Quantum	Glencore Xstrata	Grupo Mexico	Hindalco Industries
Oz Minerals	Petrofac	Rio Tinto	Tullow Oil	Vale

The TSR performance of a company shall be calculated by reference to three month averaging periods prior to the start and end of the performance period.

If any member of the Comparator Group ceases to exist, its shares cease to be listed on a recognized stock exchange, or otherwise is so changed as to make it, in the opinion of the Committee, unsuitable as a member of the Comparator Group, the Committee may: (a) exclude that company; (b) in the event of a takeover, replace that company with the acquiring company; (c) include a substitute for that company; (d) track the future performance of that company by reference to an index; or (e) treat the company in any other way it decides is appropriate.

**5. Vesting Schedule:**

The options shall cliff vest on completion of three years from the date of grant based on achievement of performance conditions and completion of tenure with Group.

<u>Category</u>	<u>Based on TSR Performance</u>	<u>Based on Tenure</u>
EDs / Exco Members	100%	—
P / M1 (SVP / VP)	80%	20%
M2 (AVP / GM)	50%	50%
M3 – M7	40%	60%

However, for an employee to be eligible for performance-based vesting, he/she should continue to be in employment at the date of vesting. Options are then exercisable up until the tenth anniversary of grant unless they lapse earlier.

Note: For the tenure-based vesting, individual performance of the employee will be taken into consideration.

6. Vesting proportion:

At the end of the performance period, the company will be ranked in accordance to TSR performance against the companies in the comparator group with threshold vesting of 30% at median and scaling upto 100% vesting at upper quintile as below:

<u>Rank</u>	<u>Percentage of share that vest</u>
1 – 3 (Top quintile)	100%
4	90%
5	75%
6	60%
7	45%
8	30%
9 – 16 (Below median)	Nil

7. Financial Implication: The average number of options per employee is 2361 and the total financial impact is \$ 92 mn approx. Table below details out the cost implication of the proposed tranche as well as previous tranches:

<u>Details</u>	<u>LTIP 2011</u>	<u>ESOP 2012</u>	<u>ESOP 2013</u>	<u>Proposed PSP Tranche 2014</u>
No of employees covered	2684	2818	2485	2326
% age of eligible population covered	30%	39%	45%	35%
No of options allocated	2,862,100	4,652,550	3,963,750	5,491,000
Share Price (in GBP)	19	9.5	12	10
Exchange rate	72	87	80	100
Value per option	1368	826.50	960	1000
Average no of options per employee	1,066	1,651	1,595	2,361
Average share value per employee	Rs 14.58 L	Rs 13.64 L	Rs 15.31 L	Rs 23.61 L
Total Financial Impact	Rs 391.53 cr	Rs 384.53 cr	Rs 380.52 cr	Rs 549.10 cr
	\$ 86.90 m	\$ 69.92 m	\$ 63.42 m	\$ 91.52 m

Note: The share price assumed is GBP 10 for PSP 2014.

Performance Share Plan / Vedanta / Remco / November 2014



20018GsPnWJC@18g

8. **PSP coverage for new joiners:** Currently we are in the process of recruitment and induction of senior-level high resources in the following critical positions across the Group, likely to join us in FY 15.

<u>Sl No</u>	<u>Position</u>
1	CEO Designate – ZI
2	CEO – Aluminium & Power Sector
3	Group Treasury Head
4	Group Legal Counsel
5	Group Company Secretary, SSL

In line with our philosophy of providing competitive remuneration package that attracts and motivates high quality resources, we intend to cover them in PSP scheme effective their joining.

The above resources will be granted options effective 1st day of the immediately succeeding quarter in line with PSP scheme wherein vesting will be on completion of the 36-month performance period from the date of grant subject to achievement of performance conditions and continued employment as on the date of vesting.

We recommend for a prior approval of 100,000 options to line with the aforesaid proposal.

Enclosed: Annexure A – Proposal for Executive Directors and PDMR
Annexure B – Guidelines for calculating the number of options for employees
Annexure C – List of employees covered in PSP 2014

Performance Share Plan / Vedanta / Remco / November 2014

**Annexure A: PSP 2014 proposal for Executive Directors and PDMR****Executive Directors, VR Plc:**

Position	INR Base	GBP Base	Total Base (in GBP)	Number of options proposed	Value of options at £10 (in GBP)	% of Base
Executive Chairman	—	1,608,000	1,608,000	225,000	2,250,000	140%
Dy Executive Chairman	92,650,000	85,000	1,011,500	140,000	1,400,000	138%
Chief Executive Officer	—	1,000,000	1,000,000	170,000	1,700,000	170%*

Note: * PSP coverage is governed by the appointment contract. Share price of GBP 8.8 considered for calculating grant numbers.

PDMR list: The other PDMR members will be awarded options as proposed below:

Sl No	Co	Name	Options Proposed for PSP 2014 (Share Price - ₹ 10 ; GBP : INR - 100)
1	Corp	Tarun Jain	95,000
2	Corp	D D Jalan	50,000
3	Corp	Agnivesh Agarwal	50,000
4	SSL, J	SK Roongta	40,000
5	ZI	R Kishore Kumar	30,000
6	HZL	Akhilesh Joshi	30,000
7	Corp	Dilip Golani	27,500
8	SC	P Ramnath	22,000
9	SSL, J	Abhijit Pati	22,000
10	HZL	Sunil Duggal	22,000
11	IOB	Pramod Unde	22,000
12	KCM	Steven Din	22,000
13	Corp	Rajesh Padmanabhan	20,000
14	Proj	M Siddiqi	16,500
15	Corp	Ashwin Bajaj	16,500
16	Balco	Ramesh Nair	15,000
17	Corp	Roma Balwani	13,000
18	Corp	Deepak Kumar	11,000

Performance Share Plan / Vedanta / Remco / November 2014



Annexure B: Guidelines on coverage in PSP

- 35% of professional population will be eligible for coverage
- Employees with a rating of **not** less than ‘Good’ in the last appraisal will be eligible.
- M6 entry level freshers should have completed atleast 1 year of service as on 1st August 2014 and M7 entry level freshers should have completed atleast 2 years of service as on 1st August 2014.
- Employees due to retire in the next 6 months will not be eligible.
- The eligible population to be plotted on performance and potential matrix with 70% weighting on performance and 30% weighting on potential.
- Performance scoring based on latest appraisal rating will be as follows:

<u>Rating</u> <u>Score</u>	<u>Excellent</u> 100	<u>Very Good</u> 80	<u>Good</u> 60
-------------------------------	-------------------------	------------------------	-------------------

- Potential scoring will be based on pre-determined criteria as below:

<u>Potential Level</u> <u>Score</u>	<u>High Potential</u> 100	<u>Medium Potential</u> 80	<u>Low Potential</u> 60
----------------------------------------	------------------------------	-------------------------------	----------------------------

Factors determining potential levels:

- Key strategic initiatives over and above the work responsibilities and the impact on the unit/business/group at large.
- Key talent (identified in succession pipeline / scalable to large role, role / person - criticality).
- Demonstrated mobility having moved over units / functions / locations.
- Stakeholder relations including external influence, if any.
- Based final weighted average score employees will be categorized in four categories as below with I being the highest rating.

<u>Category</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>
Population Distribution	10%	15%	55%	20%



20018GsPnWWW0pcV6c

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : **IN-DL81678782585233M**

Certificate Issued Date : 19-Jul-2014 10:18AM

Account Reference : SHCIL (FI)/ dl-shcil/ HIGH COURT/ DL-DLH

Unique Doc. Reference : SUBIN-DL DL-SHCIL60361303775026M

Purchased by : SESA STERLITE LIMITED

Description of Document : Article 5 General Agreement

Property Description : LOAN AGREEMENT

Consideration Price (Rs.) : 0
(Zero)

First Party : SESA STERLITE LIMITED

Second Party : NA

Stamp Duty Paid By : SESA STERLITE LIMITED

Stamp Duty Amount(Rs.) : 200
(Two Hundred only)

..... Please write or type below this line

CORPORATE LOAN AGREEMENT

THIS LOAN AGREEMENT made at New Delhi as on the 21st day of July 2014.

BETWEEN

		
Borrower	Bank	Security Trustee

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at 'www.shoresstamp.com'. Any discrepancy in the details on this Certificate and its available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Government & check.



20018GsPnWWWQjgV

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : **IN-DL81676176453862M**

Certificate Issued Date : 19-Jul-2014 10:14 AM

Account Reference : SHCIL (F1)/ dl-shcil/ HIGH COURT/ DL-DLH

Unique Doc. Reference : SUBIN-DL DL-SHCIL60370911566930M

Purchased by : SESA STERLITE LIMITED

Description of Document : Article 15 Indemnity Bond

Property Description : NA

Consideration Price (Rs.) : 0
(Zero)

First Party : SESA STERLITE LIMITED

Second Party : NA

Stamp Duty Paid By : SESA STERLITE LIMITED

Stamp Duty Amount(Rs.) : 100
(One Hundred only)

Please write or type below this line



Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shcilstamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



20018GsPnWWUruz6]

SESA STERLITE LIMITED, a company incorporated under the Companies Act, 1956 with Corporate Identification No. L13209GA1965PLC000044, having its Registered office at Sesa Ghor, 20 EDC Complex, Patto, Panjim, Goa-4030001 and having its office at Core 6, Scope Complex, 7, Lodhi Road, New Delhi - 110003 (hereinafter called the “**Borrower**” or the “**Company**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **ONE PART**;

AND

STATE BANK OF INDIA, a body Corporate constituted under the State Bank of India Act, 1955 and having its Central Office at State Bank Bhavan Madame Cama Road, Mumbai 400 021 acting through its Corporate Accounts Group, BKC-Branch at The Capital, A Wing, 16th Floor, Bandra Kurla Complex, Bandra (E), Mumbai-400 051 (hereinafter referred to as the “**Bank**” or the “**Lender**” which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and assigns) of the **SECOND PART**;

AND

SBICAP TRUSTEE COMPANY LIMITED a company incorporated under the Companies Act, 1956, and having its registered office at 202, Maker Tower ‘E’, Cuffe Parade, Mumbai – 400 005, and having its office at 6th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate – 400 020 (hereinafter referred to as the “**Security Trustee**”, which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **THIRD PART**;

WITNESSETH:

WHEREAS the Borrower has requested the Bank to provide financial assistance in the form of corporate loan for a sum not exceeding of Rs. 5000 crores (Rupees Five Thousand Crores only) for the purpose of shoring up of net working capital – repayment of CPs and other short term liabilities (hereinafter referred to as the “**Facility**”).

AND WHEREAS the Bank has at such request of the Borrower agreed to grant a corporate loan for a sum not exceeding of Rs. 5000 crores (Rupees Five Thousand Crores only) subject to the terms and conditions contained in this Agreement and also in the Sanction Letter Nos.CAG- BKC/- AMT-4/2013-14/210 dated 17th February 2014 and CAG-BKC/- AMT-4/2014-15/58 dated 23rd June 2014 and the security documents that may be executed hereafter in respect of the said Facility and on such oilier terms and conditions as may be necessary and notified from time to time by the Bank to the Borrower and accepted by the Borrower.

		
Borrower	Bank	Security Trustee



NOW IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement and the Schedule hereunder, unless there is something inconsistent with the subject or context, the following expressions shall have the following meanings namely:

Applicable Interest Rate means a rate per annum equal to sixty bps (0.60%) above the SBI Base Rate (with present effective rate being 10.60% p.a.) with monthly rests subject to change from time to time in accordance with change in Bank's Base Rate. Provided, however, the Bank reserves the right to revise the Applicable Interest Rate after every three years from the date of execution of this Agreement and also in the event of any downgrade in the external credit rating of the Borrower. For the purpose of clarity, downgrade in external credit rating shall mean downgrade from the existing category of AA rating to A category or below, AA category Credit Rating would mean credit rating of 'AA-', 'AA' and 'AA+'.

Aluminium Division of the Borrower shall mean the project comprising of following facilities:

- (i) 1 MTPA alumina refinery along with 75 MW co-generation power plant in Lanjigarh
- (ii) 0.5 MTPA Aluminium Smelter along with 1215 MW (9*135 MW) captive power plant in Jharsuguda
- (iii) 1.1 MTPA Aluminium Smelter in Jharsuguda

Available Commitment means at anytime the amount of Rs.5000 Crores (Rupees Five Thousand Crores only) to the extent not suspended or cancelled pursuant to the terms of this Agreement, as reduced by the aggregate amount of all its Disbursements in accordance with this Agreement, being the maximum amount from time to time which the Bank has committed to make available under the Facility.

Availability Period means unless the Bank otherwise agrees, a period upto December 31, 2014 or the day on which the Available Commitment is zero, whichever is earlier or such extended period, as may be agreed between the Bank and the Borrower.

Business Day means the day on which the Banks are open for business in Mumbai, where any payment is required under this Agreement to be made or received.

Commitment Fee shall mean a sum payable by the Borrower to the Bank which is equivalent to 1.20% per annum of the amount not drawn by the Borrower according to the Drawdown Schedule and calculated for the number of days deviated from the scheduled drawdown date in the event of any delay in drawing the Facility for a period beyond one month from the scheduled drawdown date.

Current ratio shall mean all the current assets divided by the current liabilities of the Borrower.

Disbursement shall mean advancing the funds by way of corporate loan under this Agreement subject to a) completion of all conditions precedent, and b) giving at least two (2) Business Days notice or such shorter period as may be agreed by the Bank.



However, disbursement of the entire Facility has to be availed by the Borrower latest by 31.12.2014, unless agreed by the Bank for an extended period.

Drawdown Schedule means the schedule for drawdown furnished by the Borrower to the Bank for disbursement within the availability period up to 31st December, 2014. The Drawdown Schedule can be revised by the Borrower anytime by giving 15 days' notice to the bank.

Drawing means a request for Disbursement of the Facility made by the Borrower pursuant to this Agreement.

Due Date means in respect of:

- a) Repayment of principal – the Repayment Dates on which the installments of principal falls due as stipulated in this Agreement;
- b) Interest – the interest Payment Date;
- c) Any other amount payable under this Agreement the date on which such amount falls due in terms of this Agreement; or
- d) Such other dates on which any amounts including principal, interest, or otherwise, fall due in terms of this Agreement whether at stated maturity or on acceleration.

Encumbrance means any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, security interest, title retention or other security arrangement of any kind;

Event of Default means any of the events referred to in Clause 12;

Excluded Assets means the following assets:

- (i) assets in relation to Lanjigarh expansion Project.
- (ii) assets that have been charged exclusively in favour of LIC.

Facility means the corporate loan for a sum of Rs.5000 crores (Rupee Five Thousand Crores only) on the terms and conditions set out in this Agreement and, Sanction Letters CAG-BKC/ AMT-4/ 2013-14/210 dated 17th February 2014 and CAG-BKC/ AMT-4/ 2014-15/58 dated 23rd June 2014.

Fixed Asset Coverage Ratio or FACR at any time shall mean the ratio of (i) the aggregate of the Net Fixed Assets of Aluminium Division, to (ii) aggregate outstanding loans secured by way of first charge on the Net Fixed Assets of Aluminium Division.

Finance Documents shall mean this Agreement, and the Security Documents and such documents as may be required to be executed or obtained under, pursuant to, or in connection with the Facility under this Agreement and other related agreements to perfect and validate this Agreement and Security Documents.

Final Settlement Date shall mean the date on which all Obligations of the Borrower under this Agreement shall have been paid and discharged in full to the satisfaction of the Bank.

GDSCR shall mean sum total of net profit, depreciation, non-cash expenses, deferred tax and interest excluding interest on working capital loans divided by sum total of long term loan installment excluding prepayments and interest payable excluding interest on working capital loans by the Borrower in any financial year. Any long term loan refinanced/ substituted by way of fresh facility, and/or repaid by sale of surplus investments/deposits shall not be considered for calculation of GDSCR.



Interest Coverage Ratio means the sum total of profit after tax including non operating income, depreciation, interest and other non cash items debited to the P&L A/eto the aggregate of interest on borrowings for the year.

Interest Payment Date means the first day of every calendar month falling after the date of first Disbursement till the Final Settlement Date.

Loan means the aggregate principal amount for the time being and from time to time outstanding under the Facility.

Loan Agreement shall mean this Agreement, as may be amended or supplemented in writing signed by the parties hereto from time to time.

Material Adverse Effect shall mean any event, occurrence or change in facts, conditions or other change or effect which has resulted or could reasonably be expected to be materially adverse to any of the following viz.

- i) the Borrower, its business, operations or results of operations,
- ii) the Security provided to the Bank under the Security Documents,
- iii) the Borrower or the business or financial condition of the Borrower
- iv) the ability of the Borrower to observe or perform any of its obligations under the Loan Agreement,
- v) the legality, validity and enforceability of any Finance Document; and
- vi) the enforcement of the rights and remedies of the Bank.

Net Fixed Assets shall mean the value of fixed assets (including capital work in progress) as reduced by the accumulated depreciation.

Obligations shall means the Borrower's obligation to repay, pay or reimburse, as the case may be, the Loan, interest, additional interest, prepayment penalty, commitment fee, all costs, charges and expenses and other monies owing by, and all other present and future obligations and liabilities of the Borrower to the Bank under this Agreement, legal expenses and costs incurred by the Bank under or in respect of this Agreement and/or Security Documents executed by the Borrower or any other person.

PBDIT shall mean sum total of profit before tax including non operating income, depreciation, interest and any extraordinary or exceptional item debited to the P&L A/c.

Post Default Rate means the rate at which interest shall be payable by the Borrower upon default in payment of any interest or principal of the Loan or any other obligation that is not paid when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), a rate per annum equal to One Percent (1.0%) on the entire outstanding for the period of default plus the Applicable Interest Rate as in effect from time to time with monthly rests.

Potential Event of Default shall mean happening or occurrence of any event, which with the lapse of time, determination of materiality or giving of notice would become an Event of Default as specified in Clause 12 of this Agreement.

Quarter means each of the consecutive periods of three months commencing from 1st of April, 1st of July, 1st of October and 1st of January, in each financial year.

Repayment Dates shall mean the last Business Day of each Quarter commencing from 31st December, 2014, as stated in the Repayment Schedule.

Repayment Instalment means each of the 30 consecutive quarterly instalments by which the Borrower shall repay the Loan, the first of which shall fall due for payment in December 31, 2014.



Repayment Schedule means the schedule of Repayment given at the end of this Agreement as **Schedule-I**.

Return on Capital Employed shall mean PBDIT divided by Net Fixed Assets of the Borrower.

Sanction Letters mean the letter No. CAG-BKC/ AMT-4/ 2013-14/ 210 dated 17th February, 2014 and letter No. CAG-BKC / AMT-4/ 2014-15/58 dated 23rd June, 2014 issued by the Bank inter alia setting out the terms and conditions of the Facility as modified by the Bank and accepted by the Borrower from time to time.

Secured Property shall mean all the assets (whether tangible or intangible or movable or immovable) over which Security is created under The Security Documents in favour of the Security Trusted Bank for securing the Facility.

Security Documents means the Security Trustee Agreement, Hypothecation Agreement and other documents, agreements, instruments, deeds, writings, undertaking executed/to be executed by the Borrower or any other person in favour of the Security Trustee/ Bank and any reference to the "Security Documents" shall be construed, as the context may permit, as a reference to any or all of them.

Security Trustee shall mean SBICAP Trustee Company Limited a company incorporated under the Companies Act (1 of 1956) having its Corporate Identification No. U6S991MH2005PLC158386 and its registered office at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 and an office at Apeejay House, 6th Floor, Dinshaw Wacha Road Churchgate, Mumbai – 400 020 or such other person who is authorised to act as a trustee.

Security Trustee Agreement shall mean the agreement entered on July 21, 2014 amongst, inter alia, the Lender, Security Trustee and the Borrower, with respect to appointment of the Security Trustee, on terms and conditions thereof and other matters connected therewith, as may be amended or supplemented from time to time

Total Outside Liabilities in relation to the Borrower shall mean all secured and unsecured loans, including current liabilities of the Borrower.

Tangible Net Worth shall mean paid-up capital (equity/ preference share capital), share premium and reserves (excluding revaluation reserves) less intangible assets.

Un-Subordinated Indebtedness shall mean any debt or liability that in the event of the debtor's bankruptcy has a superior claim to the assets of the debtor than any other classes of debt or liability.

- 1.2 The Clause headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless otherwise specified, all references to Clauses and schedules are to clauses of and schedules to this Agreement. Unless the context otherwise requires words denoting, the singular number shall include the plural and vice versa.
- 1.3 The Borrower's application and the subsequent correspondence with the Bank (hereinafter collectively referred to as "the Borrower's proposal") shall be deemed to constitute the basis of this Agreement and of the Facility to be granted by the Bank; and the Borrower hereby warrants the correctness of each and every statement and particulars therein contained and undertakes to carry out the proposal therein set forth.



- 1.4 The Borrower declares and confirms that the Facility agreed to be granted to the Borrower shall be governed by the terms and conditions set out in the Sanction Letter as may be modified by the Bank and accepted by the Borrower from time to time, as well as those embodied in this Agreement and the Security Documents.
- 1.5 The Borrower undertakes to notify in writing to the Bank of any circumstances affecting the correctness of any of the particulars set forth in the Borrower's proposal immediately on the happening or occurrence of any such circumstance.

2. LOAN AND PURPOSE

- 2.1 The obligation of the Bank to make Disbursement under this Agreement shall be subject to the Borrower complying with the terms and conditions of this Agreement to the satisfaction of the Bank, besides compliance by the Borrower with the Disbursement Procedure, if any, stipulated by the Bank, such as submission of necessary information, documents, etc., to the satisfaction of the Bank.
- 2.2 The Facility is being availed by the Borrower for the purpose of Shoring up of Net Working Capital – repayment of CPs and other short term liabilities. Accordingly the Borrower shall apply the amounts drawn by it hereunder in or towards such purpose.
- 2.3 The Borrower shall utilise the Facility only for the purpose stated in their proposal and approved by the Bank. If for any reason the Borrower finds it unable to comply with this condition, it shall immediately inform the Bank in writing, of the same, and reasons therefor and shall, unless otherwise agreed to by the Bank, repay forthwith, the loan together with interest and all other monies due and payable in respect thereof. The Bank shall be under no obligation to monitor or verify the application of the Disbursements made under the Facility or any part thereof.

3 AVAILABILITY

- 3.1 The Borrower may draw down the Facility in one or more tranche, during the Availability Period subject to the Bank having received the following and found satisfactory, not later than the date of first Drawing:
- a) this Agreement and Security Documents (other than the documents relating to the Security which is permitted to be created at a later date) duly executed by the Borrower and filing of charge with ROC;
 - b) A copy of the memorandum and articles of association of the Borrower certified by a Director or Secretary of the Borrower to be true, complete and up to date as in force on the date of this Agreement;
 - c) Copy of the resolution of the members of the Company, wherever applicable and copy of the resolution of Board of Directors / Finance Standing Committee/ Committee of Directors of the Borrower certified by a Director or Secretary of the Borrower to be true, in full force and effect at the date of receipt by the Bank approving the terms of this Agreement and the transactions contemplated by this Agreement and authorising the execution of this Agreement and the Security Documents executed by the Borrower under the common seal of the Borrower, wherever applicable and authorising a person or persons to sign and deliver on behalf of the Borrower any notice, request, communication and documents to be given by the Borrower pursuant to or in connection with this Agreement;



- d) Specimen signatures of each of the authorised signatories referred to in clause (c) above;
 - e) Evidence satisfactory to the Bank that all approval, authorisations and consents (if any) necessary for any matter or thing contemplated by this Agreement have been obtained and remain in full force and effect;
 - f) Evidence satisfactory to the Bank that the Borrower has complied with all pre-Disbursement conditions under this Agreement, including without limitation execution of this Agreement and the Security Documents in a form acceptable to the Bank;
 - g) Draw down Schedule and the Notice of Drawdown;
 - h) Provided no Event of Default has occurred and no Potential Event of Default is continuing unremedied or the same has been waived.
- 3.3 Drawing may only be made on a Business Day falling within the Availability Period by providing a written notice of Drawdown, however, disbursement of the entire Facility has to be availed by the Borrower latest by 31.12.2014. The Bank may in its absolute discretion extend the Availability Period.
- 3.4 Disbursement will be made, subject to the Borrower complying with the provisions of this Agreement.
- 3.5 Notwithstanding anything contained hereinabove, the Borrower hereby agrees and confirms that the Bank reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice in the event of:
- (a) the limits/ part of the limits are not utilized by the Borrower at the end of the Availability Period and/or;
 - (b) any deterioration in the loan accounts in any manner whatsoever, and/or;
 - (c) any non compliance of the terms and conditions of sanction.

4 INTEREST

- 4.1 The Borrower shall pay interest on the Loan outstanding for the time being, and from time to time, calculated at the Applicable Interest Rate with monthly rests in accordance with the following provisions of this clause commencing from the date of first Disbursement till the Final Settlement Date. The Applicable Rate of Interest is subject to change from time to time in accordance with change in Bank's base Rate and other directives as applicable to this Facility.
- 4.2 Interest rate shall be reviewed and reset after every three years from the date of documentation. In the event of re-pricing by the Bank as stated in this clause is not acceptable to the Borrower, the Borrower may prepay the Facility without any prepayment penalty in accordance with clause 6.3 of this Agreement.
- 4.3 Interest shall accrue from day to day and shall be calculated on the basis of actual number of days elapsed in a year of 365 / 366 days and shall be paid in arrears on the Interest Payment Dates falling at monthly intervals.
- 4.4 In the event of default by the Borrower in the payment of any sum due pursuant to this Agreement on the Due Date for payment (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), the Borrower shall pay interest at Post Default Rate i.e., one percent (1.00%) per annum above the Applicable Interest Rate (Default interest) on the entire outstanding Loan amount including the defaulted amount calculated from the Due Date thereof until actual payment of the defaulted amount to the satisfaction of the Bank.



- 4.5 In the event of the Borrower's failure to create and perfect security within six months from the date of documentation or such extended period is may be agreed by the Bank in its sole discretion, the Borrower shall pay penal interest at the rate of 1% per annum on the entire outstanding Loan amount over and above the interest payable under section 4.1 or section 4.4 as the case may be from the date of expiry of 6 months or such extended period until the date on which the Borrower shall create and perfect the Security to the satisfaction at the Bank.
- 4.6 In the event of any adverse deviation exceeding 20% from the levels stipulated in clause 10.3 of this Agreement in any two of the financial covenants stated therein the Borrower shall pay penal interest on the outstanding Loan at the rate of 0.25% p.a. over and above the Applicable Interest Rate for the period of adverse deviation provided external credit rating of AA category is maintained. However, if the external credit rating of the Borrower is below the AA category during the period of the said adverse deviation. then Borrower shall pay penal interest on the outstanding Loan at the rate of 1% p.a. instead of 0.25% p.a. over and above the Applicable Interest Rate for the period of adverse deviation.
- 4.7 In the event of downgrade in the external credit rating of the Borrower, the bank reserves the right to reset the interest spread, For the purpose of clarity, downgrade in external credit rating shall mean downgrade from the existing, AA category rating to A category or below. In the event of re-pricing by the Bank as slated in this clause is not acceptable to the Borrower, the Borrower may prepay the Facility without any prepayment penalty.
- 4.8 Unless the Borrower is able to, by way of evidence, prove the contrary, the Statement of the Bank as to the rate and amount of interest, default interest or penal interest payable pursuant to this Agreement shall, in the absence of manifest error, be conclusive and binding on the Borrower.

5 COMMISSION, FEES AND CHARGES

- 5.1 The Borrower shall pay or reimburse the Bank on demand all reasonable expenses (including, but not limited to, legal fees) in connection with the negotiation, preparation and execution of this Agreement and other Security Documents or in enforcing, perfecting, protecting or preserving (or attempting to do so) any of the rights, or in suing for or recovering any sum due from the Borrower under this Agreement and other Finance Documents.
- 5.2 The Borrower shall pay all stamp and other duties and taxes, levies and imposts, both present and future, to which this Agreement and/or other Security Documents may be subject or give rise and will indemnify the Bank against any and all liabilities with respect to or resulting from any delay or omission on the part of the Borrower in the payment of such duties or taxes. Any stamp duty, levy or other form of charges applied by the Government of India or any of its agencies Or relevant State Government or any of its agencies shall be for the account of the Borrower.
- 5.3 If the Borrower fails to draw the Facility according to the Drawdown Schedule, and if the delay is beyond one month, the Borrower shall pay a Commitment Fee calculated at the rate of 1.20% per annum of the amount not drawn by the Borrower for the number of days deviated from the Drawdown Schedule Commitment Fee shall not be Applicable beyond the Availability Period. The Drawdown Schedule can be revised by the Borrower anytime by giving 15 days' notice to the Bank.
- 5.4 On or before the date of execution of this Agreement the Borrower shall pay to the Bank a non-refundable and non adjustable Up-Front Fee calculated at the rate 0.40% of the total amount of the of the Facility amount i.e., Rs.20 cr along with applicable Service Tax.



6 REPAYMENT AND PREPAYMENT

- 6.1 The Borrower shall repay the principal amount of the Loan in 30 (thirty) consecutive quarterly instalments (repayment Instalments) on the Repayment Dates mentioned in the Repayment Schedule. The Repayment shall commence from December 31, 2014 and ends on 31st March, 2022.
- 6.2 The Borrower may prepay the whole or part of the Loan together with interest on that amount accrued up to the date of prepayment by paying a prepayment penalty calculated at the rate of 0.25% of the amount being prepaid and other applicable taxed thereon to the Bank. Notwithstanding anything stated in this Agreement, no prepayment penalty shall be payable by the Borrower to the Bank if the pre-payment is made from surplus cash accruals of the Company by giving a prior notice of 15 days.
- 6.3 The following are the general provisions relating to prepayment:
 - (a) All notice of prepayment under this Agreement shall be given to the Lender in writing and shall be irrevocable and unconditional.
 - (b) If the payment is not made in terms of the prepayment notice, then the same will be considered as irregularity in the account to the extent of amount not paid as per prepayment notice unless otherwise waived by the Lender.
 - (c) No amount prepaid under this Agreement may subsequently be re-borrowed by the Borrower under the Facility.

7 SECURITIES FOR THE FACILITY

- 7.1 The Borrower shall secure the unconditional discharge and irrevocable repayment of the Loan and payment of all interest, including default interest and penal interest, up-front fee, premia on prepayment or on redemption costs, charges, expenses and other monies whatsoever stipulated as due and payable by the Borrower to the Bank under this Agreement as under:
 - a. by creating a first pair passu charge by way of hypothecation of the movable fixed assets of the Aluminium Division of the Borrower, both present and future;
 - b. By creating first pari passu charge by way of mortgage on all the immovable fixed assets of the Aluminium Division of the Borrower, both present and future.

(Hereinafter charge over the movable and immovable fixed assets shall be collectively referred to as the "Security")
 - c. The Security shall not include Excluded Assets



- 7.2 The Borrower shall create and perfect in favour of the Security Trustee/ the Bank the security as stated herein within the stipulated timeframes:
- a. The Borrower shall create security over movable fixed assets stipulated under Clause 7.1 (a) and get it registered with concerned Registrar of Companies prior to first disbursement of the Facility.
 - b. The Borrower shall arrange So obtain No Objection Certificate (NOC) from the existing chargeholders to the satisfaction of the Bank and create and perfect security over immovable fixed assets stipulated under Clause 7.1 (b) within 6 (six) months from the date of execution of this Agreement or such extended period as may be agreed by the Bank in its sole discretion.
- 7.3 The Borrower shall create anti perfect in favour of the Security Trustee/ the Bank the security as slated herein within six months from the date of execution of this Agreement. Any failure on the pan of the Borrower to create and /or perfect the security within stipulated nine of six months from the date of execution of this Agreement, the Borrower shall be liable to pay penal interest at the rate of 1% p.a. on the entire Loan outstanding from the date of expiry of the said 6 months period or such extended period as may be agreed by the Bank in its sole discretion until the creation and perfection of security to the satisfaction of the Bank.
- 7.4 The above Security for the Bank will be shared on pari passu first charge basis with other Lenders / Bondholders (both present and future) of the Company. However, the Borrower shall always maintain a minimum FACR of 1.25 times of the outstanding loan amount during the currency of the Facility and shall provide a certificate from a Chartered Accountant confirming FACR of at least 1.25.
- 7.5 The Borrower shall not create additional charge on the Security without the prior written permission of the Bank, if the FACR on the outstanding loan falls below 1.25.
- 7.6 ECB of USD 545 million borrowed by the Borrower earlier would continue to have a residual and subservient charge on the Assets of the Aluminium Division charged / to be charged to the Bank.

8 AGREEMENT TO CREATE SECURITY OVER IMMOVABLE PROPERTIES

- 8.1 The Borrower shall agree, declare, affirm and irrevocably undertake to create and perfect security in favour of the Security Trusted/ Bank over the entire immovable properties, both present and future, of its Aluminium Division (other than Excluded Assets) as described in the Schedule II hereunder by way of mortgage by deposit of title deeds (equitable mortgage) or by a registered mortgage as may be decided by the Bank at the Borrowers costs and expenses, as security within six months from the date of execution of this Agreement for the Facility granted by the Bank.
- 8.2. The Borrower declares and assures that all immovable properties to be mortgaged to the Bank are the absolute properties of the Borrower at the sole disposal of the Borrower and free from any prior charge lien or encumbrance except such charge lien or encumbrance as have been notified to the Bank as detailed in Schedule III hereto and accepted by it as having ranking pari passu with its charge and that all the future immovable properties and other assets to be given as security to the Bank shall he likewise the unencumbered absolute and disposable property of the Borrower and the Borrower shall not except as provided in the Agreement or without the Bank's prior written permission lease or sell or exchange or create any mortgage, charge, lien or encumbrance of any kind upon or over the same or on its Aluminium Division's undertaking and assets (Including uncalled share capital or any part thereof) except to the Bank nor suffer any such mortgage, charge lien, or encumbrance to affect the same or any part thereof nor do or allow anything that may prejudice the security while the Borrower remains indebted or liable to the Bank in any manner.



- 8.3 The Borrower shall further agree and undertake that the Borrower shall create and perfect the Security within six months from the date of execution of this Agreement or such extended period as may be agreed by the Bank in its sole discretion.
- 8.4 The Borrower declares that it possesses will possess valid and marketable title and interest over the Schedule II properties, free and clear of any Security Interest subject to existing charges on the same and / or charges to be created in future in terms of the provision of the Loan Agreement or with the Bank’s prior written permission and the Security Interest(s) created or expressed to be created by the Security Documents is valid and enforceable.
- 8.5 Within 6 months from the date of execution of this Agreement, the Borrower shall procure and submit to the Bank all necessary Clearances (including consent under Section 281(1) of the Income Tax Act, 1961) and also consents from its existing lenders as may be required to create and perfect the Security.
- 8.6 The Borrower shall do everything necessary to maintain the Security in full force and effect at all times (including the priority thereof) and preserve anti protect the Security and project and enforce its rights and title, to the satisfaction of the Bank, Prior to creation of Security the Borrower, shall if required by the Bank, make out a good and marketable title to the Schedule II properties and comply with all such formalities as may be necessary or required for the said purpose.

9A. REPRESENTATIONS AND WARRANTIES

- 9A.1 The Borrower hereby agrees, declares and covenants that the Bank has agreed to enter into this Agreement and to make Disbursement under the Facility to the Borrower, relying upon the following representations and warranties made by the Borrower to the Bank:-
 - a) The Borrower is a company duly incorporated and validly existing under the Laws of India and has the power and authority to own its assets and to conduct the Business which it conducts and/or proposes to conduct.
 - b) The Borrower has the corporate power to enter into, exercise its rights and perform and comply with its Obligations under this Agreement including borrowing under this Agreement;
 - c) The execution of this Agreement on behalf of the Borrower and the performance of its Obligations under this Agreement have been duly authorised by all necessary corporate action and the Obligations expressed as being assumed by it under this Agreement constitute and will constitute valid, legal and binding Obligations of the Borrower enforceable against it in accordance with their terms;
 - d) Neither the execution and delivery of this Agreement nor the exercise of any of its rights under this Agreement nor the performance or observance of any of its Obligations under this Agreement will:
 - (i) Conflict with, or result in any breach of, any law, statute, regulation indenture, mortgage, trust deed, agreement or other instrument arrangement obligation or duty by which the Borrower is bound; or,
 - (ii) Cause any limitation on any of its powers whatsoever and howsoever imposed, or on the right or ability of the directors of the Borrower to exercise such powers, to be exceeded.



20018GsPnWJWPYN6m

- e) The Borrower is not in default under any law, statute regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which it is bound, where failure to do has had or could reasonably be expected to have a Material Adverse Effect.
- f) The audited accounts of the Borrower for the year ended the 31st day of March, 2014 were prepared in accordance with generally accepted accounting principles, standards and practices consistently applied and give a true and fair view of the results of the operations of the Borrower for that period and the financial position of the Borrower as at that date and there has been no material adverse change in the business, assets, conditions or operations of the Borrower since that date.
- g) No material litigation or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, administrative or governmental authority or dispute with any governmental authority are presently in process, pending or, to the best of its knowledge, information and belief, threatened against it which might have an adverse effect on its ability duly to perform and observe any of its obligations under this Agreement.
- h) No Event of Default has occurred and no other event, which with the giving of notice and/or lapse of time might constitute an Event of Default, has occurred and is continuing un-remedied at the date of this Agreement.
- i) It is not in default of any statutory dues such as income tax, corporation tax, and all other taxes and revenues payable to Government or any local or other authority except those are contested in good faith by proper proceedings and are disclosed/ to be disclosed in the latest balance sheet of the Borrower.

9A.2 The representations and warranties contained in this clause shall be deemed to be repeated by the Borrower on the date of each Disbursement, on each Interest Payment Date as well as on each Repayment Dates with reference to the circumstances existing on such day.

9B. UNDERTAKINGS

- 9B.1 The Borrower shall apply the Loan only for the purposes for which the Facility has been sanctioned. The Borrower hereby undertakes that the amounts drawn under the Facility will be used by it exclusively for carrying out the abovesaid purpose and for no other purpose.
- 9B.2 The Borrower shall ensure at all time during the currency of the Facility that its liabilities under this Agreement shall rank at least pari passu in right and priority of payment with all its other present and future scouted un-subordinated indebtedness (actual or contingent) till the Final Settlement date except indebtedness preferred solely by mandatory provisions of applicable law;
- 9B.3 The Borrower shall promptly give written notice to the Bank of any Event of Default and of any other event which, with the giving of notice and/or lapse of time could constitute an Event of Default, at the same time informing the Bank of any action taken or proposed to be taken by the Borrower in that connection;



20018GsPnWJWSdFgj

- 9B.4 Borrower shall provide the Bank:
- a. Five copies of its annual audited profit and loss account and balance sheet and annual report of the Borrower within 90 days, after the end of each financial year or immediately on being published /signed by the auditors. The Balance sheet shall present fairly the operation of the Borrower for the period covered by it and shall present fairly the financial position of the Borrower at the date as at which the same shall be prepared,
 - b. Quarterly operating statement/funds flow statements/other statements promptly within two months at the end of the relevant quarter / the prescribed time.
 - c. Half-yearly balance sheet and profit and loss account statements within two months from the end of the half year.
- 9B.5 The Borrower shall provide the Bank with such other financial or other information relating to it and its subsidiaries or any of them as the Bank may from time to time reasonably require;
- 9B.6 The Borrower shall obtain and promptly renew from time to time all authorisations, approval, consents, licenses and exemptions and effect all filings, registrations and other requirements as may be required under any applicable law or reputation to enable it to perform its obligations under this Agreement or required on its part for the validity or enforceability of this Agreement;
- 9B.7 The Borrower shall immediately upon becoming aware of the same give the Bank notice in writing of all litigation or administrative or arbitration proceedings before or of any court, judicial, administrative or governmental authority, arbitrators or other body affecting it which is or are threatened, instituted or commenced and which is or are likely to have Material Adverse Effect.
- 9B.8 In case the FACR falls below 1.25 times, the Borrower shall not without the previous consent in writing of the Bank, sell transfer or otherwise dispose of (whether by one transaction or a series of transactions and whether at any one time or over a period of time) the whole or any part of its assets except movables, in the ordinary course of its business or by reason of the same being worn out, obsolete, discarded, damaged or broken and in such a case will replace those so worn out obsolete, discarded, damaged or broken by others of a similar nature and of at least equal value.
- 9B.9 The Borrower shall not induct in their Board a person who has been identified as a wilful defaulter by RBI or CIBIL or is a director of a company, or a partner in a partnership firm which has been identified as a wilful defaulter and in case, such a person is found to be on the Board of Directors of the Borrower, it shall take expeditions and effective steps for removal of the person from its Board.
- 9B.10 The Borrower shall not without the prior written consent of the Bank voluntary enter into liquidation or dissolution or any merger, amalgamation or consolidation with any other person or entity except within group companies and subject to compliance with the financial covenants post such scheme and with prior intimation of 15 days to the Bank.
- 9B.11 The Borrower shall obtain external credit rating within 6 months from the date of First Disbursement, from an external credit rating agency recognised by RBI and acceptable to the Bank, all costs and expenses in relation to the above shall be borne by the Borrower.



10 COVENANTS

10.1 Positive Covenants

- 10.1.1 The Borrower shall allow the Bank to examine its books of accounts and to have the factories inspected, from time to time, by the officer(s) of the Bank and / or qualified auditors and/ or technical experts and / or management consultants of the Bank's choice with reasonable prior notice. The Borrower shall bear the cost of such inspection.
- 10.1.2 The Borrower shall maintain adequate books of accounts, correctly reflecting its, financial position and scale of operations and shall not radically change its accounting system without prior written notice to the Bank.
- 10.1.3 The Borrower shall submit to the Bank such financial statements as may be required by the Bank from time to time, apart from the set of such statements to be furnished by the Borrower to Bank as on the date of publication of the Borrower's annual accounts.
- 10.1.4 In the event of default, the Bank will have a first charge on the profits of the Borrower, after provision for taxation and dividend where applicable, for repayment of installments under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligation, if any, due from the Borrower to the Bank.
- 10.1.5 The Bank shall have the right to securitise the secured assets and in the event of such securitisation the Bank is not bound to send an individual intimation as to the said securitisation to the Borrower and/or the guarantors.
- 10.1.6 The Borrower shall keep the Bank informed of the happening of any event likely to have substantial effect on their profit or business; if, for instance, monthly production or sales are substantially less than what had been indicated to the Bank, the Borrower shall inform the Bank accordingly, with explanations and the remedial steps proposed to be taken.
- 10.1.7 The Borrower shall submit the end use certificate, from a Chartered Accountant/ Statutory Auditor, regarding the utilisation of the proceeds of Disbursement within 3(three) months from the date of each Disbursement.
- 10.1.8 In the event of default, the Borrower shall keep the Bank advised of any circumstance adversely affecting the financial position of their subsidiaries/group companies or companies in which it has invested, including any action taken by any creditor against the said companies legally or otherwise.
- 10.1.9 The Borrower agrees to offer to the Bank on a right to first refusal basis at least pro-rata business relating to remittances, bills/cheque purchase, non-fund based transactions including LCs and BGs, forex transactions as well as any interest rate or currency hedging business contemplated by the Borrower, subject to mutually agreed pricing and terms and conditions.



- 10.1.10 The Borrower shall obtain Comprehensive insurance cover for the entire fixed assets of the Borrower hypothecated and / or mortgaged as security for the Facility. The Borrower shall deliver to the Lender promptly after the same are issued, copies, of all policies of insurance and renewals thereof and original endorsements thereto. Insurance policies shall contain the Bank's hypothecation/mortgage clause and shall be in the name of the Borrower. The Borrower shall duly pay all premia and other sums payable and perform all actions necessary to ensure that the insurance as required in accordance with this Agreement is maintained. The Borrower shall ensure that the Bank is named as loss payee in each insurance policy in respect of the Secured Property. The Borrower agrees that, in the event of failure on the part of the Borrower to maintain the insurances required to be obtained by the Borrower the Bank may at its sole discretion get the Secured Property insured or pay the insurance premia and other sums referred to above, as the case may be whereupon all such amounts paid will form part of the outstandings, carry interest rate at the Default Rate from the date of payment by the Bank and shall be repayable on demand.
- 10.1.11 In the event of default, the Bank will have the option of appointing its Nominee Director/ Observer on the Board of directors of the Borrower to look after its interest. The director's normal fees and expenses will be defrayed by the Borrower. Such director/ Observer shall not be required to hold qualification shares and shall not be liable to retirement so long as the Facility granted by the Bank to the Borrower is outstanding. When the option is exercised by the Bank, the Borrower shall submit sufficiently in advance agenda papers relating to meetings of the Board of Directors or any committees thereof and forward duly certified copies of the proceedings of such meetings. The Bank will have the right to appoint a nominee to attend any meeting of shareholders, where the right is exercised, the agenda papers and proceedings should be sent to the Bank sufficiently in advance.

10.2 Negative Covenants

- A. During the currency of the Facility the Borrower shall not, without the prior written permission of the Bank:**
- 10.2.1 Formulate any scheme of amalgamation or reconstruction, except within group companies and subject to Compliance with the financial covenants post scheme, without 15 days prior intimation to the Bank;
- 10.2.2 Sell, assign, mortgage or otherwise dispose off any of the fixed assets charged to the Bank, except where the FACR does not fall below 1.25;
- 10.2.3 Create any charge, lien or encumbrance over its undertaking or any part thereof in relation to the Secured Property in favour of any financial institution, bank, company, firm or persons except where the FACR does not fall below 1.25.
- B. During the currency of the Facility the Borrower shall not, without prior intimation to the Bank:**
- 10.2.4 Permit any transfer of the controlling interest or make any drastic change in the management set-up.
- C. During the currency of the Facility and when there is an Event of Default declared, the Borrower shall not, without the prior written permission of the Bank**
- 10.2.5 Effect any change in the capital structure of the Borrower;
- 10.2.6 Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the Bank from time to time and approved by the Bank;
- 10.2.7 Invest by way of share capital in or lend of advance funds to or place deposits with any other concern (including group companies) other than normal trade credit or security deposits in the normal course of business or advances to its employees can however be extended;



- 10.2.8 Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution; company or otherwise or accept deposits apart from the arrangement indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank;
- 10.2.9 Undertake any guarantee obligation on behalf of any other company (including group companies);
- 10.2.10 Declare dividends for any year out of the profits relating to that year or of the previous years. It is however necessary for the borrower to ensure first that provisions are made and that no repayment obligations remain unmet at the time of making the request for Bank's approval for the declaration of dividend;
- 10.2.11 Enter into any contractual obligation of a long-term nature or affecting the company financially to a significant extent;
- 10.2.12 Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc;
- 10.2.13 Undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
- 10.2.14 Repay monies brought in by the promoters/ directors/ principal shareholders and their friends and relatives by way of deposits/ loans / advances. Further, the rate of interest, if any, payable on such deposits/ loans/ advances should be lower than the rate of interest charged by the Bank on its term loan and payment of such interest will be subject to regular repayment of instalments under term loans granted deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the company to the Bank;
- 10.2.15 All unsecured loans/ deposits raised by the company for financing a project are always subordinate to the loans of the banks/ financial institution and should be permitted to be repaid only with the prior approval of the all the banks and the financial institutions concerned.

10.3 Financial Covenants

- 10.3.1 During the currency of the Facility the Borrower shall ensure that there is no adverse deviation in the following, financial parameters, arrived at based on standalone audited results starting from Financial Year ended on 31.03.2015, from the level stipulated herein below:
- The Current ratio shall not fall below the Minimum level of 1.00
 - The TOL/TNW shall not exceed the maximum permitted level of 3.00
 - Interest coverage ratio shall not fall below the Minimum level of 1.50
 - Return on Capital Employed shall not fall below the Minimum level of 6%
 - GDSCR shall not fall below the Minimum level of 1.25
- 10.3.2 In the event of adverse deviation exceeding 20% from stipulated level in any two of the financial covenants, the Borrower shall be liable to pay additional interest at the rate of 0.25% p.a. over and above the Applicable Interest Rate on the entire outstanding Loan for the period of non-adherence. However, if the external credit rating of the Borrower is below the AA category during the period of the said adverse deviation, then Borrower shall be liable to pay additional interest at the rate of 1% p.a. instead of 0.25% p.a. over and above the Applicable Interest Rate on the entire outstanding Loan for the period of non-adherence. Additional interest payable in case of breach of financial covenant shall stop from the date the Borrower satisfies the Bank about having recompiled the financial covenants by way of a Chartered Accountant certification. In case of continuous default i.e. an adverse deviation of more than 20% in any two of the financial covenants from the levels mentioned above for a period of two consecutive financial years, the Bank reserves the right to stipulate any other conditions as deemed necessary.



11 PAYMENTS

- 11.1 All payments to be made under this Agreement shall be made directly to the Lending Office of the Bank or at such other place as may be specified by the Bank electronically preferably by RTGS or by electronic transfer to the account of the Bank (except when payment is made through payable-at-par cheque drawn on a Bank which is not on NEFT or RTGS) during normal banking hours on the Due Date thereof. Subject to the provisions of this Agreement if any sum falls due for payment under this Agreement on a day which is not a Business Day such payment shall be made on the immediately preceding Business Day.
- 11.2 All sums payable by the Borrower under this Agreement whether of principal, interest, fees or otherwise shall be paid in full without any set-off, counter-claim or condition and five and clear of and without any deduction.
- 11.3 All payments to be made by the Borrower under this Agreement shall be made to the Bank at its CAG BKC branch Mumbai or at such other office as the Bank may notify to the Borrower from time to time.
- 11.4 Notwithstanding anything to the contrary contained in this Agreement or in any other agreement with the Borrower, in the event of failure by the Borrower to pay any sum on the Due Date on which such sum is expressed to be due and payable pursuant to this Agreement the Bank shall have the right without notice or demand to set off any sums held to the credit of the Borrower and/or debit any other account of the Borrower in the books of the Bank.
- 11.5 If the Borrower shall pay a sum which is less than the total amount due and overdue in respect of principal, interest, commission, fees, and any other sum due under this Agreement on the day on which such sum is paid, the Borrower waives any right it may have to make any appropriation of such sum as between any amounts so due and overdue and the sum so paid shall be applied by the Bank in or towards satisfaction of such amount or amounts which are due or overdue for payment on that day in the following order or such other order as the Bank may deem fit:
- a) Interest on costs, charges, expenses and other monies
 - b) Costs, charges, expense and other moneys due and payable or becoming due and payable to the Bank;
 - c) Interests due and payable and / or accruing due and payable to the Bank;
 - d) Prepayment Penalty and
 - e) Lastly, towards repayment of the amount of principal sum due and payable or becoming due and payable to the Bank.
- 11.6 Notwithstanding anything contained in Section 11.5 above, the Bank may, in its absolute discretion, appropriate in any manner, such payment towards the dues, if any, payable by the Borrower under any other Financing Documents.



12 EVENTS OF DEFAULT

- 12.1 The Borrower shall, immediately upon happening of an Event of Default, notify the Bank the occurrence of the same. Upon the occurrence of any of the following specified events (each an “Event of Default”) the Bank may at its absolute discretion declare by a notice in writing to the Borrower that an Event of Default has occurred and the Loan and all interest and commission Or fees accrued and all other sums payable pursuant to this. Agreement to be immediately due and payable whereupon the same shall become immediately due and payable without any further presentment, demand, protest or any other notice of any kind:
- a) The Borrower’s failure to pay the principal or any interest or any other sum payable pursuant to this Agreement on the Due Date upon which the same is due and payable pursuant to this Agreement and such default continues for a period Exceeding 7 days from such due date;
 - b) If the Borrower commits any breach of or omit to observe any of its covenants (other than financial Covenants), obligations or undertakings under this Agreement (other than failure to pay any sum due under this Agreement) and in respect of any such breach or omission which is capable of being, remedied, such breach or omission is not remedied within JO days of knowing such breach or omission;
 - c) If any representation or warranty made or deemed to be made by the Borrower in or pursuant to this Agreement, or in any notice, certificate, instrument or statement contemplated by or made or delivered pursuant to this Agreement is incorrect and the same is not rectified within 30 days of becoming aware of the same;
 - d) If any other indebtedness of the Borrower to the Bank is not paid when due or within the grace period if allowed by the bank in writing or becomes prematurely payable or capable of being prematurely declared payable or if steps are taken to enforce any security for such indebtedness or recover such indebtedness;
 - e) The Borrower ceasing or threatening to cease, to carry on all or substantially all of its business or operations; or
 - f) Any action is taken for or with a view to the winding up of the Borrower otherwise than for the purpose of reorganization approved in writing by the Bank or as allowed under this Agreement; and such action is not dismissed or stayed within a period of 90 days; or
 - g) If the Borrower becomes insolvent or is unable to pay its debts or enter into any arrangement with any of its creditors in order to avoid payment or in expectation of insolvency or stops or threatens to stop payments generally or a receiver is appointed over or has taken possession of any of the assets of the Borrower; or
 - h) At any time if the Borrower refutes or repudiates its obligation under this Agreement to be valid, legal and binding and enforceable against the Borrower in accordance with its terms; or
 - i) Occurrence of any circumstances which is prejudicial to or impairs, imperils or depreciates or which is likely to prejudice impair, imperil or depreciates the security given to the Bank and such circumstances continue for a period exceeding 60 days;



- j) Occurrence of any material event or circumstance or change in the business which prejudicially or adversely affect in any manner the capacity of the Borrower to discharge its obligations under this Agreement;
- k) It becomes unlawful for the Bank to make, maintain or fund the Loan as contemplated in this Agreement or any of the obligations expressed its being assumed by the Borrower under this Agreement.

12.2 No further Drawing may be made after the occurrence of an Event of Default, The Bank may at any time after the happening of an Event of Default (whether or not notice shall have been given by the Borrower of such Event of Default) at its discretion while such Event of Default shall be continuing by notice in writing, to the Borrower declare the Loan and interest and commission or fees accrued and all other sums payable pursuant to this Agreement to be immediately due and payable whereupon the same shall become immediately due and payable without any further presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, and the Borrower shall immediately pay the same to the Bank and the total commitments shall be cancelled and the facility shall automatically cease to be available to the Borrower; and the Security created in terms of the Security Documents shall become enforceable and the Bank shall have, including without limitation, the following rights (notwithstanding anything to the contrary in this Agreement), namely:

- (a) exercise any and all rights specified in the Security Documents including, without limitation, to enforce all of the Security created pursuant to the Security Documents,
- (b) exercise such other remedies as permitted or available under Applicable Law.
- (c) enter upon and take possession of the Secured Property of the Borrowers transfer the Secured Property of the Borrower by way of lease or license or sale;
- (d) To instruct any person, who is liable to make any payment to the Borrower in relation to the Secured Property, to pay directly to the Bank;
- (e) To collect by itself or through nominee(s) or agent(s) and retain all cash proceeds in relation to the Secured Property and to use such monies in whole or in part, towards repayment of the Borrower's obligations to the Bank and/or in terms of the finance Documents.
- (f) To exercise all or any rights or remedies of the Borrower in such manner as the Bank may determine in its absolute discretion;
- (g) To sell, assign or otherwise dispose of any of the Secured Property in such manner, at such time, at such place or places and on such terms as the Bank may, in compliance with any requirements of law, determine in its absolute discretion;
- (h) The Bank may exercise its unqualified right to disclose or publish the Borrower's name or the name of the directors as defaulter in such manner and through such medium as the Bank or RBI in their absolute discretion may think fit.



13 CONSENT TO DISCLOSE NAME AND INFORMATION:

- 13.1 As a precondition relating to the grant of the Facility, the Borrower hereby agrees and consents for the disclosure by the Bank of all or any information and data relating to the Borrower, the Facility availed by the Borrower, obligations assumed/ to be assumed by the Borrower in relation therein and the default if any committed by the Borrower in discharge thereof, as the Bank may deem appropriate and necessary to disclose and furnish to Credit Information Bureau (India) Limited and any other agency so authorised in this behalf by RBI.
- 13.2 The Borrower hereby declares that the information and data furnished and /or to be furnished by the Borrower to the Bank are and shall be true and correct.
- 13.3 The Borrower hereby agrees that the Credit Information Bureau (India) Limited and any other agency so authorised may use, process the said information and data disclosed by the Bank in the manner as deemed fit by them; and the Credit Information Bureau (India) Limited and any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to Banks or financial institutions and other credit grantors or registered users, as may be specified by the Reserve Bank in this behalf.
- 13.4 The Borrower hereby agrees that the Bank may disclose information regarding the Borrower the Facility and any other financial assistance availed by the Borrower from the Bank etc., as it may deem fit to any other bank or financial institution having banking, relationship with the Borrower or intends to have banking relationship with Borrower or any other institution as approved by RBI from time to time; or any actual or potential assignee to whom the Bank might transfer the whole or part of the Facility or who intends to participate in the Facility.

14 NOTICES

- 14.1 Any notice or other communication required to be given -
- a) To the Bank under this Agreement shall be addressed and delivered at CAG BKC Branch Mumbai marked for attention of the General Manager and Regional Head.
 - b) To the Borrower under this Agreement shall be addressed and delivered to the Borrower at its Registered office at Sesa Ghor, 20, EDC Complex, Patto, Panaji, Goa 403 001 and local office at Mumbai marked for attention of CFO, Sesa Sterlite Limited, C 101, Business Square, Solitaire Corporate Park. Andheri Kurla Road, Chakala, Andheri (E), Mumbai 400 093.
 - c) To the Security Trustee at
Apeejay House, 6th Floor, 3, Dinshaw Wachha Road,
Churchgate, Mumbai – 400 020
Tel: 022-4302 5555, Fax: 022-4302 5500
- 14.2 The Bank shall be entitled to act upon (and the Borrower shall be bound accordingly by) any notice or other communication believed by the Bank to be given or made by the person or persons duly authorised by the Borrower to give or make the same.
- 14.3 All notice to be given hereunder may be given:
- (a) By ordinary prepaid mail to the addresses identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another address) and shall be deemed to have been received on the day upon which in the ordinary course of mail it should have been received; or



- (b) By facsimile to the fax number identified by the panics herein (unless one party by 15 days' notice to the other shall specify another number) effective upon transmission; and
- (c) By courier to the addresses identified by the parties hereto upon receipt thereof.

15 ASSIGNMENT

- 15.1 This Agreement shall be binding upon and enure to the benefit of the Bank, the Borrower and their respective successors.
- 15.2 The Borrower shall not assign or transfer any of its rights and or obligations Under this Agreement to any other person without the prior written consent of the Bank.
- 15.3 The Borrower hereby recognises and acknowledges that the Bank shall have the right to securitise, sell, assign or otherwise transfer in any manner whatsoever, in whole or in part and in such manner and on such terms as the Bank may decide (including if deemed appropriate by the Bank reserving a right to the Bank to retain its, power to proceed against the Borrower on behalf of the purchaser, assignee or transferee) any or all outstanding dues of the Borrower, to any third party of the Bank's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower and without affecting the Borrower's duties and obligations hereunder.

16 WAIVER, REMEDIES CUMULATIVE

No failure or delay by the Bank in exercising any right, power or privilege under this Agreement shall impair the same or operate as a waiver of the same nor shall any single or partial exercise of any right power or privilege preclude any further exercise of the same or the exercise of any other right power or privilege. The rights and remedies provided under this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

17 GOVERNING LAW AND JURISDICTION

- 17.1 This Agreement shall be governed by and construed in accordance with the Laws of India. All the parties hereto hereby irrevocably agree that the courts or Tribunals in Bhubneshwar are to have non exclusive jurisdiction to settle any dispute, which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding (together in this clause referred to as 'Proceedings') arising out of this Agreement may be brought in such courts or tribunals.
- 17.2 Nothing contained in this clause shall limit the right of the Bank to take any other proceedings otherwise than through court of law or proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdiction, preclude the taking of any other proceedings in any other jurisdiction whether concurrently or not.

18 AGREEMENT IN COUNTERPARTS

This Agreement may be executed in two counterparts, all which, taken together, shall constitute one and the same Agreement and each of which shall be treated as an original.



20018GsPnWJHT2/g,

**SCHEDULE I
REPAYMENT SCHEDULE**

(Amount of Rupees in crores)

No	Repayment Date	Repayment in % of the Loan Amount	Repayment Instalment
1	31-Dec-14	0.625%	31.25
2	31-Mar-15	0.625%	31.25
3	30-Jun-15	0.9375%	46.875
4	30-Sep-15	0.9375%	46.875
5	31-Dec-15	0.9375%	46.875
6	31-Mar-16	0.9375%	46.875
7	30-Jun-16	1.25%	62.5
8	30-Sep-16	1.25%	62.5
9	31-Dec-16	1.25%	62.5
10	31-Mar-17	1.25%	62.5
11	30-Jun-17	1.25%	62.5
12	30-Sep-17	1.25%	62.5
13	31-Dec-17	1.25%	62.5
14	31-Mar-18	1.25%	62.5
15	30-Jun-18	2.50%	125
16	30-Sep-18	2.50%	125
17	31-Dec-18	2.50%	125
18	31-Mar-19	2.50%	125
19	30-Jun-19	6.25%	312.5
20	30-Sep-19	6.25%	312.5
21	31-Dec-19	6.25%	312.5
22	31-Mar-20	6.25%	312.5
23	30-Jun-20	6.25%	312.5
24	30-Sep-20	6.25%	312.5
25	31-Dec-20	6.25%	312.5
26	31-Mar-21	6.25%	312.5
27	30-Jun-21	6.25%	312.5
28	30-Sep-21	6.25%	312.5
29	31-Dec-21	6.25%	312.5
30	31-Mar-22	6.25%	312.5
	Total	100%	5000



20018GsPnWJHgSh6V

SCHEDULE II

Details of Immovable Property

List of Leasehold Land in the name of Vedanta Aluminium Limited

Sl. No.	Date of the Registered Lease Deed	Registered Lease Deed No.	Villages/Mouza Covered	Leased Area (in Acres)
1	June 29, 2004	1937	Sindhibahal, Bandhaguda, Kothaduar, Barbhata, Kinarl and Bundel.	494.22
2	October 8, 2004	2104	Kinarl, Darobhata and Kothaduar	80.90
3	October 28, 2006	2138 & 2139	Bundel, Harekrushnapur, Narayanpur, Jagannathpur, Chhatrapur, Nangalbeda, Bilatipadar, Lanjigath, Kasibadi, Malikukudaghar, Raghunathpur, Mohanguda, Chandanpur, Kamankhunti, Gopinathpur, Jodabandha and Dangargada	446.41
4	January 17, 2007	121	Rengaopaili, Kenduguda and Kothaduar	393.99
5	January 17, 2007	122	Jagannath pur, Narayanpur, Kasibadi, Gopinathpur, Harekrushnapur, Rengopalli, Raghunathpur, Nangalbeda, Mohanguda, Chandanpur, Borbhata, Kenduguda, Bandhaguda, Kothaduar, Bilatipadar, Kamankhunti, Dangargarti, Jodabandha and Kinarl	263.28
6	March 27, 2009	1164	Phuldumer and Palbir	32.40
7	May 28, 2009	1923	Nutanbaeli, Kamankhunti, Chandanpur, Gopinathur, Jodabandha, Bitatipadar, Nangalbeda, Harekrushnapur, Mohanguda, Rahgunatahpur, Chbatrapur, Lanjigarh and Malikukudaghar	94.33
8	May 28, 2009	1924	Nangalbeda, Nutanbaeli, Naraynpur, Bilatipadar, Harekrushnapur, Lanjigarh, Chandanpur and Mohanguda	26.29
9	January 12, 2011	10881100135	Jagannathpur, Kothaduar and Lanjigarh	4.51
10	June 20, 2009	1143	Paikaranipinda and Ambodala	82.31
11	May 3, 2010	860	Babruguda	9.80
12	February 15, 2007	432	Bhurkamunda	528.01
13	February 15, 2007	433	Bhurkamunda and Bhaglpall	171.30
14	July 11, 2008	2576	Kurebaga, Bhurkamunda and Brundamal	160.05
15	July 11, 2008	2568	Brundamal	394.89
16	May 27, 2008	2033	Bhurkamunda	115.58
17	July 16, 2009	1995	Bhurkamunda	52.93
18	August 27, 2009	2302	Bhaglpall	91.55
19	July 16, 2009	1996	Bhurkamunda, Brundamal, and Kurebaga	105.63
20	July 16, 1992	1992	Brundamal	5.12
21	December 8, 2009	3211	Kherual	14.15
22	July 16, 2009	1993	Kurebaga	61.91
23	May 22, 2009	1362	Jharsuguda Town Unit No. 5	9.54
24	July 11, 2008	2566	Jharsuguda Town Unit No. 7	2.29
25	July 7, 2010	10861002754	Jharsuguda Town Unit No. 5	5.19
26	July 7, 2010	10861002755	Jharsuguda Town Unit No. 6	37.30
27	February 2, 2009	323	Jharsuguda Town Unit No. 6	44.91
28	February 24, 2010	675	Brundamal and Bhaglpall	2.11
29	November 5, 2009	2866	Kurebaga	44.75
30	November 6, 2006	2791	Bhurkamunda	8.18
31	May 22, 2009	1366	Bhurkamunda	8.85
32	May 22, 2009	1364	Bhurkamunda and Brundamal	2.44
33	October 5, 2010	10861003993	Bhurkamunda	9.90
34	August 27, 2009	2303	Brundamal	0.13
35	October 22, 2013	10861302680	Sripura	0.08
36	December 15, 2011	10861104626	Bhurkamunda, Bhagipali & Jharsuguda Town Unit No. 7	11.14
37	June 16, 2013	10861301861	Brundamal	0.82
38	September 04, 2013	10861302684 & 10861302682	Jharsuguda Town Unit No. 2 & Unit No. 9	33.80
39	October 18, 2011	10861104284	Bhagipali	1.09
40	August 08, 2012	10861202829	Bhurkamunda	14.58
41	June 19, 2013	10861301859	Kurebaga	2.31
42	October 11, 2012	10861203475	Kurebaga	4.28
43	June 18, 2013	11651300805	Khadiapali, Nishanbhanga, Pandoloi & Thelkoli	1.29



List of Owned land in the name of Vedanta Aluminium Limited

<u>Sl. No.</u>	<u>Date of the Registered Sale Deed</u>	<u>Registered Sale Deed No.</u>	<u>Villages/Mouza Covered</u>	<u>Area (in Acres)</u>
1	June 29, 2007	1805, 1806, 1807, 1809	Brundamal	4.10
2	January 04, 2011	10861100037	Brundamal	4.24
3	January 28, 2008	288	Jharsuguda Town Unit No. 5	6.98
4	May 12, 2010	1696 of 2010	Jharsuguda Town Unit No. 5	4.00



20018GsPnWJHsFXgY

SCHEDULE III

Details of Charges created/under creation in relation to existing borrowings

<u>Lender / Charge Holder</u>	<u>Type of Charge</u>	<u>Amount</u>	<u>Remarks</u>
Axis Trustee Services Limited	Hypothecation and Mortgage	Term Loan – Rs. 2,000 Crores	Mortgage is to be created
SBI CAP Trustee Services Limited	Hypothecation and Mortgage	Term Loan-Rs. 10,250 Crores	-
Axis Bank Limited, Hongkong Branch	Hypothecation	ECB-Rs. 2,255 Crores	Subservient Charge
Axis Bank Limited, Central Office, Mumbai	Hypothecation	ECB-Rs. 275 Crores	Subservient Charge
State Bank of Bikaner & Jaipur	Hypothecation and Mortgage	Term Loan-Rs. 500 Crores	Hypothecation done in favour of SBBJ. Mortgage to be done in favour of lender/security trustee. This hypothecation will be merged with below mentioned lenders of Rs. 6025 Crs and thus hypothecation for Rs, 6525 Crs will be created in favour of security trustee.
Union Bank of India, Bank of India, Syndicate Bank and Bank of Baroda	Hypothecation and Mortgage	Term Loan-Rs. 6,025 Crores	Hypothecation & Mortgage to be created in favour of lender/security trustee.
ICICI Bank	Hypothecation	Capex LC/LUT/BG-Rs. 2,500 Crores	-
SBI Bank	Hypothecation	Working Capital Limit-Rs. 1,550 Crores	Second Charge.



20018GsPjMvcejMw)

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day month and year first hereinabove written as hereinafter appearing.

THE COMMON SEAL OF THE SESA STERLITE LIMITED was hereunto affixed pursuant to the resolution of the Board of Directors of the company dated January 28, 2014 and the resolution of the committee of Directors passed in that behalf on the 29th day of March, 2014 in the presence of Mr. Din Dayal Jalan Wholetime Director and G.R. Arun Kumar

] /s/ Din Dayal Jalan

] /s/ G.R. Arun Kumar

Signed for and on behalf of **STATE BANK OF INDIA** by Shri P. PRAKASH, CHIEF MANAGER (designation) and as such an authorised officer of State Bank of India.

For State Bank of India
 For **STATE BANK OF INDIA**
 /s/ Shri P. Prakash
 Chief Manager & Credit Analysts,
 Corporate Accounts Group-II Br. Mumbai

Signed for and on behalf of **SBICAP TRUSTEE COMPANY LIMITED** by Shri Mohit Kishoe, Manager, its authorized signatory.

For **SBICAP TRUSTEE COMPANY LIMITED**
 /s/ Shri Mohit Kishoe
 Authorised Signatory



20018GsPnWVjXRc6!

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : **IN-DL44190406623758M**

Certificate Issued Date : 11-Apr-2014 04:20 PM

Account Reference : IMPACC (IV)/di725403/DELHI/DL-DLH

Unique Doc. Reference : SUBIN-DL44190406623758M

Purchased by : SESA STERLITE LTD

Description of Document : Article 5 General Agreement

Property Description : COUNTER PART

Consideration Price (Rs.) : 0
(Zero)

First Party : SESA STERLITE LTD

Second Party : Not Applicable



Stamp Duty Paid By : SESA STERLITE LTD

Stamp Duty Amount(Rs.) : 100
(One Hundred only)

Please write or type below this line

SUPPLEMENTAL AGREEMENT TO THE RUPEE LOAN AGREEMENT

THIS SUPPLEMENTAL AGREEMENT TO THE RUPEE LOAN AGREEMENT made at New Delhi as of this 15th day of April, Two Thousand and Fourteen (hereinafter referred to as the “**Supplemental Agreement to the Rupee Loan Agreement**”)

	
Borrower	Lender

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.sholestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



20018GsPnWVja#a6P

AMONG

M/S SESA STERLITE LIMITED, a company within the meaning of the Companies Act, 1956 with corporate identification no. L13209GA1965PLC000044 and having its registered office at Sesa Ghor, 20 EDC Complex, Patto, Panjim, Goa-4030001 (hereinafter called “the **Borrower**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **FIRST PART**;

AND

UNION BANK OF INDIA, a body corporate, constituted under the Banking Companies (Acquisitions and Transfer of undertakings) Act, 1970 with its Head Office at Union Bank Bhavan, 239, Vidhan Bhavan Marg, Nariman Point, Mumbai-400021 and its Industrial Finance Branch at Union Bank of India Building, 5th Floor, 66/80, Mumbai Samachar Marg, Mumbai - 400023 (hereinafter referred to as the “**Lender**” which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors, assigns, transferees and novatees, as the context may require or admit) of the **SECOND PART**.



WHEREAS the Borrower has requested the Lender to provide financial assistance in the form of rupee term loan for a sum not exceeding of Rs.1000,00,00,000/- (Rupees One Thousand Crores only) (hereinafter referred to as the “**Facility**”) for the purpose of:

- (a) Repayment/ prepayment of the existing long term debt of the Borrower:
- (b) Repayment of short term loan/ commercial paper/ other facilities raised for various businesses of the Borrower; and
- (c) Retirement of outstanding capex letter of credit(s)/buyers’ credit(s)/ suppliers’ credit used mainly for capex purposes of the Borrower.

(hereinafter collectively referred to as the “**Purpose**”); and

AND WHEREAS the Lender has at such request of the Borrower agreed to grant a rupee term loan for a sum not exceeding of Rs.1000,00,00,000/- (Rupees One Thousand Crores only) for the Purpose and subject to the terms and conditions contained in the Rupee Loan Agreement dated 15th April, 2014, executed between the Borrower and the Lender (“**Rupee Loan Agreement**”).

AND WHEREAS the Lender has, vide letter bearing reference no IFB:MSM:118 dated 29 March, 2014, stipulated payment of management fees of 0.15% p.a. (zero point one five percent per annum) on the Interest Payment Dates by the Borrower in addition to the interest and all other monies payable by the Borrower to the Lender under the Rupee Loan Agreement.

 Borrower	 Lender
-------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------





20018GsPnWVjhWcgA

AND WHEREAS the Lender has thus called upon the Borrower to execute this Supplemental Agreement to the Rupee Loan Agreement in the form and manner hereinafter contained.

NOW THIS SUPPLEMENTAL AGREEMENT TO THE RUPEE LOAN AGREEMENT WITNESSETH AS FOLLOWS:

1. Capitalized terms used but not otherwise defined in this Supplemental Agreement to the Rupee Loan Agreement shall have the meanings assigned to them in the Rupee Loan Agreement.
2. The Borrower hereby agrees and undertakes that it shall pay to the Lender, management fees of 0.15% p.a. (zero point one five percent per annum) on the Interest Payment Dates in addition to the interest and all other monies payable by the Borrower to the Lender under the Rupee Loan Agreement.
3. Save and except as hereby expressly provided, nothing herein contained shall or shall deem to limit or prejudicially affect the rights and benefits created in favour of the Lender under the Finance Documents.
4. This Supplemental Agreement to the Rupee Loan Agreement shall be read as the integral part of the Rupee Loan Agreement dated 15th April, 2014;
5. The Borrower agrees and declares that save and except as modified by this Supplemental Agreement to the Rupee Loan Agreement, all the respective provisions, covenants, conditions and stipulations contained in the Rupee Loan Agreement shall in all other respect remain in full force and effect and binding on the Borrower and this Supplemental Agreement to the Rupee Loan Agreement shall be construed as an addition and supplemental to the Rupee Loan Agreement.

 Borrower	 Lender
-----------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------



1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement definitions hereunder shall have the following meanings:

Agreement shall mean this rupee loan agreement including its recitals and schedules, as may be amended or supplemented in writing signed by the parties hereto from time to time.

Aluminium Division shall mean the project of the Borrower comprising the following facilities:

- (i) 1 MTPA alumina refinery along with 75 MW co-generation captive power plant in Lanjigarh, Odisha; and
- (ii) 1.6 MTPA aluminium smelter plant along with 1215 MW (9*135 MW) power plant in Jharsuguda, Odisha.

Applicable Interest Rate means the Base Rate plus the Margin (as on the date of this Agreement the present effective Applicable Interest Rate being 10.50% p.a. (ten point fifty percent per annum) with monthly rests. The Base Rate of the Lender shall always be floating.!

Availability Period means a period upto December 31, 2014 or the day on which the Available Commitment is zero, whichever is earlier, or such extended period, as may be mutually agreed upon between the Lender and Borrower.

Available Commitment means at anytime the amount of Rs. 1000,00,00,000/- (Rupees One Thousand Crores only) to the extent not suspended or cancelled pursuant to the terms of this Agreement, as reduced by the aggregate amount of all its Disbursements in accordance with this Agreement, being the maximum amount from time to time which the Lender has committed to make available under the Facility.

Base Rate means the rate of interest as determined, from time to time by the Lender, whether known as base rate or any other nomenclature for the same as applicable to rupee facilities sanctioned by the Lender.

Business Day means the day on which the Lender is open for business in Mumbai.

Disbursement shall mean advancing the funds by way of rupee term loan under this Agreement. However, disbursement of the entire Facility has to be availed by the Borrower within the Availability Period.

Drawdown Schedule means the schedule for drawdown furnished by the Borrower to the Lender pursuant to this Agreement for seeking Disbursements within the Availability Period. The Drawdown Schedule can be revised by the Borrower anytime by giving 7 (seven) days' written notice to the Lender.



20018GsPjMuzN=fQG

Drawing means a request for Disbursement of the Facility made by the Borrower pursuant to this Agreement.

Due Date means in respect of:

- a) Repayment of principal amount of Loan – the Repayment Dates on which the instalments of principal falls due as stipulated in this Agreement;
- b) Interest – the Interest Payment Dates; or
- c) Any other amount payable under this Agreement – the date on which such amount falls due in terms of this Agreement.

Provided that in the event any day on which any amount shall have fallen due is not a Business Day, the preceding Business Day shall be the Due Date.

Encumbrance means any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, security interest, title retention or other security arrangement of any kind;

Event of Default means any of the events referred to in Clause 12;

Excluded Assets means the assets of the Borrower that have been charged exclusively in favour of Life Insurance Corporation of India.

Existing Lenders shall mean all the lenders in whose favour a charge has been created over the Security.

Facility means the rupee term loan of Rs.1000,00,00,000/- (Rupees One Thousand Crores only) agreed to be provided by the Lender to the Borrower for the Purpose on the terms and conditions set out in this Agreement.

Final Settlement Date shall mean the date on which all Secured Obligations of the Borrower under this Agreement shall have been paid and discharged in full, in accordance with the terms hereof.

Finance Documents shall mean this Agreement, and the Security Documents and such documents as may be required to be executed or obtained under, pursuant to, or in connection with the Facility under this Agreement and other related agreements to perfect and validate this Agreement and Security Documents.

Financial Year shall mean the accounting period commencing from April 1st of each year till March 31st of next year.

Fixed Assets shall mean the aggregate of the immovable properties (as specified in Schedule II), moveable fixed assets of the Borrower pertaining to the Aluminium Division and also includes moveable machinery, machinery spares, equipments, tools and accessories, other than current assets (excluding revaluation if any). However, the same shall not include Excluded Assets.



Fixed Asset Coverage Ratio or FACR at any time shall mean the ratio of (i) the aggregate of the Net Fixed Assets, to (ii) aggregate outstanding loans secured by way of first charge on the Net Fixed Assets.

GDSCR shall mean sum total of net profit, depreciation, non-cash expenses, deferred tax and interest excluding interest on working capital loans divided by sum total of long term loan installment excluding prepayments and interest payable excluding interest on working capital loans by the Borrower in any Financial Year. Any long term loan refinanced/ substituted by way of fresh facility, and/ or repaid by sale of surplus investments/ deposits shall not be considered for calculation of GDSCR.

Interest Payment Date shall mean the last day of each month and if such last day is not a Business Day, then the Business Day immediately preceding such last day, provided however, the Interest to be paid to the Lender shall always be calculated till such last day of the month.

Interest Reset Dates shall mean in the first instance the date falling 1 (one) year after the date of first Disbursement and every year thereafter.

Loan means the aggregate principal amount for the time being and from time to time outstanding under the Facility.

Margin shall mean 0.25% p.a. (zero point twenty five percent per annum) over the Base Rate. The Margin may be reset by the Lender on each Interest Reset Date.

Material Adverse Effect shall mean any event, occurrence or change in facts, conditions or other change or effect which has resulted or could reasonably be expected to be materially adverse to any of the following viz.

- i) the Borrower, its business, operations or results of operations,
- ii) the Security provided to the Lender under the Security Documents,
- iii) the Borrower or the business or financial condition of the Borrower
- iv) the ability of the Borrower to observe or perform any of its obligations under the Agreement.
- v) the legality, validity and enforceability of any Finance Documents; and
- vi) the enforcement of the rights and remedies of the Lender.

Net Fixed Assets shall mean the value of Fixed Assets (including capital work in progress) as reduced by the accumulated depreciation.

Potential Event of Default shall mean happening or occurrence of any event, which with the lapse of time, determination of materiality or giving of notice would become an Event of Default as specified in Clause 12 of this Agreement.

Quarter means each of the consecutive periods of three months commencing from 1st of April, 1st of July, 1st of October and 1st of January, in each Financial Year.



Repayment Dates shall mean the last Business Day of each Quarter on which the Repayment Instalments are due for payment as stated in the Repayment Schedule.

Repayment Instalment means each of the 25 (twenty five) consecutive structured quarterly instalments by which the Borrower shall repay the Loan to the Lender, the first of which shall fall due for payment on December 31, 2014.

Repayment Schedule means the schedule of Repayment provided in **Schedule-I** to this Agreement.

Secured Obligations shall mean the Borrower's obligation to repay, pay or reimburse, as the case may be, the Loan, interest, additional interest, premium on prepayment, up-front fees, management fees, all costs, charges and expenses and other monies owing by, and all other present and future obligations and liabilities of the Borrower to the Lender under this Agreement, legal expenses and costs incurred by the Lender under or in respect of this Agreement and/or Security Documents executed by the Borrower or any other person.

Security Documents means the Security Trustee Agreement and other documents, agreements, instruments, deeds, writings, undertaking executed/to be executed by the Borrower or any other person in favour of the Lender and any reference to the "Security Documents" shall be construed, as the context may permit, as a reference to any or all of them.

Security Trustee shall mean SBICAP Trustee Company Limited a company incorporated under the Companies Act (1 of 1956) having its Corporate Identification No. U65991MH2005PLC158386 and its registered office at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 and an office at Apeejay House, 6th Floor, 3, Dinshaw Wachha Road Churchgate, Mumbai - 400 020 or such other person who is authorised to act as a trustee.

Security Trustee Agreement shall mean the agreement to be entered into amongst, inter alia, the Lender and the Borrower, with respect to appointment of the Security Trustee, on terms and conditions thereof and other matters connected therewith, as may be amended or supplemented from time to time.

Tangible Net Worth or **TNW** shall mean paid-up capital (equity/ preference share capital), share premium and reserves (excluding revaluation reserves) less intangible assets.

Total Outside Liabilities or **TOL** in relation to the Borrower shall mean all secured and unsecured loans, including current liabilities of the Borrower.

1.2 The Clause headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless otherwise specified, all references to clauses and schedules are to clauses of and schedules to this Agreement. Unless the context otherwise requires words denoting the singular number shall include the plural and vice versa.



20018GsPjMuz1vSQ

- 1.3 The Borrower's application and the subsequent correspondence with the Lender (hereinafter collectively referred to as "the **Borrower's proposal**") shall be deemed to constitute the basis of this Agreement and of the Facility to be granted by the Lender; and the Borrower hereby warrants the correctness of each and every statement and particulars therein contained and undertakes to carry out the proposal therein set forth.
- 1.4 The Borrower declares and confirms that the Facility agreed to be granted to the Borrower shall be governed by the terms and conditions set out in this Agreement and the other Finance Documents.
- 1.5 The Borrower undertakes to notify in writing to the Lender of any circumstances affecting the correctness of any of the particulars set forth in the Borrower's proposal immediately on the happening or occurrence of any such circumstance.

**2. FACILITY AND PURPOSE**

- 2.1 The obligation of the Lender to make Disbursement under this Agreement shall be subject to the Borrower complying with the terms and conditions of this Agreement to the satisfaction of the Lender, besides compliance by the Borrower with the Disbursement procedure, if any, stipulated by the Lender, such as submission of necessary information, documents, etc., to the satisfaction of the Lender.
- 2.2 The Facility is being availed by the Borrower for the Purpose. Accordingly the Borrower shall apply the amounts drawn by it hereunder in or towards such Purpose only. If for any reason the Borrower finds it unable to comply with this condition, it shall immediately inform the Lender in writing, of the same, and reasons therefore and shall, unless otherwise agreed to by the Lender, repay forthwith, the Loan together with interest and all other monies due and payable in respect thereof. The Lender shall be under no obligation to monitor or verify the application of the Disbursements made under the Facility or any part thereof.

3. AVAILABILITY

- 3.1 The Borrower may draw down the Facility in one or more tranche, during the Availability Period subject to the Lender having received the following and found satisfactory, not later than the date of first Drawing:
- a) this Agreement and such other documents as may be required by the Lender shall be duly executed by the Borrower;
 - b) A copy of the memorandum and articles of association of the Borrower certified by a Director or Secretary of the Borrower to be true, complete and up to date as in force on the date of this Agreement;
 - c) Copy of the resolution of the members of the Company, wherever applicable and copy of the resolution of Board of Directors / finance standing committee of the Borrower certified by a Director or Secretary of the Borrower to be true, in full force and effect at the date of receipt by the Lender approving the terms of this Agreement and the transactions contemplated by this Agreement and authorising the execution of this Agreement and the Finance Documents by the Borrower and authorising a person or persons to sign and deliver on behalf of the Borrower any notice, request, communication and documents to be given by the Borrower pursuant to or in connection with this Agreement;
 - d) Specimen signatures of each of the authorised signatories referred to in clause (b) above;
 - e) Notice of drawdown; and
 - f) the existing loan of Rs. 761,24,00,000/- (Rupees Seven Hundred and Sixty One Crores and Twenty Four Lakhs only) as on March 29, 2014, as reduced by principal repayments of existing loan made by the Borrower till the date of first Disbursement of the Facility, shall be closed by the Borrower by giving to the Lender a prior written notice of 7 (seven) days or such shorter period as may be agreed by the Lender. The prepayment penalty for the said loan is waived by the Lender.



20018GsPjMuzaNVwd

Provided no Event of Default has occurred and no Potential Event of Default is continuing.

- 3.2 Drawing may only be made on a Business Day falling within the Availability Period by providing a written notice of Drawdown. The Lender may in its absolute discretion extend the Availability Period.
- 3.3 Disbursement will be made, subject to the Borrower complying with the provisions of this Agreement.
- 3.4 Notwithstanding anything contained hereinabove, the Borrower hereby agrees and confirms that the Lender reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice in the event of:
- (a) the limits/ part of the limits are not utilized by the Borrower at the end of the Availability Period; and/or
 - (b) any non compliance of the terms and conditions of this Agreement.
- 3.5 Drawdown Schedule to be furnished by the Borrower, if required by the Lender.

4. INTEREST

- 4.1 The Borrower shall pay interest on the Loan outstanding for the time being and from time to time, calculated at the Applicable Interest Rate with monthly rests in accordance with the following provisions of this clause commencing from the date of first Disbursement till the Final Settlement Date.
- 4.2 The Lender shall have the right to review and reset the Margin on every Interest Reset Date. In the event the revised Margin is not acceptable to the Borrower, the Borrower may prepay the Facility without any prepayment penalty in accordance with Clause 6.4 (c) of this Agreement.
- 4.3 Interest shall accrue from day to day and shall be calculated on the basis of actual number of days elapsed in a year of 365 days and shall be paid in arrears on the Interest Payment Dates falling at monthly intervals.
- 4.4 In the event of default by the Borrower in the payment of any sum due pursuant to this Agreement on the Due Date for payment including payment of principal amount of Loan, interest or any other amount due to the Lender, the Borrower shall pay interest at rate of 1% p.a. (one percent per annum) over and above the Applicable Interest Rate (the “**Default Interest**”) on the defaulted amount of Loan due to the Lender calculated from the Due Date thereof until actual payment of the defaulted amount. Such Default Interest shall be payable till the time the defaulted amount is not paid by the Borrower.



- 4.5 In the event of the Borrower’s failure to create and perfect Security within the stipulated period of 6 (six) months from the date of first Disbursement of the Facility or any other extended time period as agreed upon by the Lender in its absolute discretion, the Borrower shall pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) on the entire outstanding Loan amount over and above the Applicable Interest Rate from the date of expiry of the said period of 6 (six) months from the date of first Disbursement of the Facility until the date on which the Borrower creates and perfects the Security to the satisfaction of the Lender.
- 4.6 In the event of any adverse deviation in any two of the financial covenants stated in Clause 10.3 hereto from the levels stipulated therein, than the Borrower shall pay additional interest on the outstanding Loan at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate for the period for which the deviation continues.
- 4.7 Unless, the Borrower is able to, by way of evidence, prove the contrary, the statement of the Lender as to the rate and amount of interest, default interest or penal interest payable pursuant to this Agreement shall, in the absence of manifest error, be conclusive and binding on the Borrower.
- 4.8 The following conditions shall apply to the additional interest and Default Interest payable by the Borrower in terms of this Agreement:
 - (a) The Borrower acknowledges that the right of the Lender to charge Default interest and/or additional interest hereunder shall be without prejudice to the other rights and remedies available to the Lender under the Finance Documents.
 - (b) The Borrower further acknowledges that the Facility provided under this Agreement, is for a commercial transaction.
 - (c) The Default Interest and the additional interests payable by the Borrower hereunder shall be payable on demand and in the absence of any such demand on the next Interest Payment Date occurring after the date of default.

5. COMMISSION, FEES AND CHARGES

- 5.1 The Borrower shall pay or reimburse the Lender on demand all reasonable expenses (including, but not limited to, legal fees) in connection with the negotiation, preparation and execution of this Agreement and other Security Documents or in enforcing, perfecting, protecting or preserving (or attempting to do so) any of the rights, or in suing for or recovering any sum due from the Borrower under this Agreement and other Finance Documents.



- 5.2 The Borrower shall pay all stamp and other duties and taxes, levies and imposts, both present and future, to which this Agreement and/or other Security Documents may be subject or give rise and will indemnify the Lender against any and all liabilities with respect to or resulting from any delay or omission on the part of the Borrower in the payment of such duties or taxes. Any stamp duty, levy or other form of charges applied by the Government of India or any of its agencies or relevant State Government shall be for the account of the Borrower.
- 5.3 On or before the date of execution of this Agreement the Borrower shall pay to the Lender a non-refundable and non adjustable up-front fee calculated at the rate 0.10% (of the total amount of the of the Facility amount i.e., Rs.1,00,00,000/- (Rupees One Crore only) along with applicable Service Tax.

6. REPAYMENT AND PREPAYMENT

- 6.1 The door-to-door tenure of the Facility shall be 6.75 (six point seventy five) years including a moratorium period of 6 (six) months and repayment period of 6.25 (six point twenty five) years.
- 6.2 The Borrower shall repay the principal amount of the Loan in 25 (twenty five) Repayment Instalments on the Repayment Dates as mentioned in the Repayment Schedule. The first Repayment Instalment shall be due and payable on December 31, 2014 and the last Repayment Instalment shall be due and payable on December 31, 2020.
- 6.3 The Borrower shall at all times have the option to prepay the whole or part of the Loan together with interest, prepayment premium and other charges on that amount accrued up to the date of prepayment by paying a prepayment premium calculated at the rate of 0.25% (zero point two five percent) of the principal amount being prepaid and other applicable taxes thereon to the Lender.
- 6.4 Notwithstanding anything stated in this Agreement, no prepayment premium shall be payable by the Borrower to the Lender in the following events:
- If the pre-payment is effected at the instance of the Lender;
 - If the pre-payment is made from surplus cash accruals generated by the Borrower;
 - If on any Interest Reset Date, the interest rate is not acceptable to the Borrower, the Borrower would have the option to prepay the outstanding amount of Loan within the immediate period of 3 (three) months by giving a notice to the Lender of at least 30 (thirty) days. Such notice of prepayment shall be given by the Borrower within a period of 2 (two) months from such Interest Reset Date or receipt of advice from the Lender about the Interest Reset Date;
 - On Interest Reset Dates by giving a prior notice of 30 (thirty) days; and
 - No prepayment premium shall be payable by the Borrower to the Lender if the Borrower prepays the existing loan of erstwhile Vedanta Aluminium Limited (which has since been merged with the Borrower) to the satisfaction of the Lender by giving a notice to the Lender of 7 (seven) days or such shorter period as may be agreed by the Lender.



6.5 The following are the general provisions relating to prepayment:

- (a) All notice of prepayment under this Agreement shall be given to the Lender in writing and shall be irrevocable and unconditional.
- (b) The amounts prepaid as above shall be reduced pro rata from the repayment instalments as set out in the Repayment Schedule.
- (c) No amount prepaid under this Agreement may subsequently be re-borrowed by the Borrower under the Facility.

7. SECURITY FOR THE FACILITY

7.1 The Borrower shall secure the unconditional discharge and irrevocable repayment of the Secured Obligations including the Loan and payment of all interests, including default interest and penal interest, up-front fee, management fees, prepayment premium or on redemption, costs, charges, commission, expenses and other monies whatsoever stipulated as due and payable by the Borrower to the Lender under this Agreement as under:

- a. by creating and perfecting a first pari passu charge by way of hypothecation of the movable fixed assets of the Aluminium Division of the Borrower, both present and future;
- b. By creating and perfecting a first pari passu charge by way of mortgage on the immovable fixed assets of the Aluminium Division of the Borrower (as specified in Schedule II), both present and future.

(Hereinafter the security interest over the movable and immovable fixed assets stipulated at (a) and (b) above shall be collectively referred to as the “**Security**”)

Provided however the Security shall not include the Excluded Assets.

Provided further that the, security interest stipulated in paragraphs (a) and (b) above shall in all respects rank pari-passu among the Lender having first charge and the other term loan lenders/ other charge holders (both present and future) of the Borrower having first charge on the Security, without any preference or priority to one over the other or others.

Provided further that the, security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the ECB lenders for securing the ECB facilities to the maximum extent of USD 545 Million shall in all respects rank second, residual and subservient to the security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the Lender/ Security Trustee for securing the Facility.



- 7.2 The Borrower shall create and perfect in favour of the Lender/ the Security Trustee acting in trust for the benefit of the Lender the Security as stated herein above within the time limits stipulated below:
 - a. The Borrower shall create security over the movable fixed assets stipulated under Clause 7.1 (a) above and get it registered with concerned Registrar of Companies (if required), within a period of 6 (six) months from the date of first Disbursement of the Facility;
 - b. The Borrower shall create and perfect the security over immovable fixed assets stipulated under Clause 7.1 (b) above within a period of 6 (six) months from the date of first Disbursement of the Facility; and
 - c. The Borrower shall arrange to obtain the no objection certificates (NOC) from the Existing Lenders/ other charge holders of the Borrower, as may be required, within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - d. The Borrower shall procure and submit to the Lender applicable clearances/ consents as may be required to create and perfect the Security within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - e. The Borrower shall bear all cost and expenses for the creation and perfection of the Security in terms of this Agreement and other Finance Documents.
- 7.3 The Borrower shall not create any encumbrance over the Security in favour of any person without the prior written consent of the Lender other than those encumbrances/ security interests which are existing on the date of execution of this Agreement, or as allowed in this Agreement, or as may be specifically permitted by the Lender in writing.
- 7.4 The Security Trustee shall perform such functions and duties as may be assigned to it under the Security Trustee Agreement (including the function of holding the Security for the benefit of the Lender). The Borrower shall bear all cost and expenses of the Security Trustee.
- 7.5 The Borrower declares that it possesses or will possess valid and marketable title/ rights and interest over the **Schedule II** properties, and the security interest(s) created or expressed to be created by the Security Documents is valid and enforceable.
- 7.6 The Borrower shall do everything necessary to maintain the Security in full force and effect at all times (including the priority thereof) and preserve and protect the Security and protect and enforce its rights and title.

8. REPRESENTATIONS AND WARRANTIES

- 8.1 The Borrower hereby agrees, declares and covenants that the Lender has agreed to enter into this Agreement and to make Disbursement under the Facility to the Borrower, relying upon the following representations and warranties made by the Borrower to the Lender: -
 - a) The Borrower is a company duly incorporated and validly existing under the laws of India and has the power and authority to own its assets and to conduct the Business which it conducts and/ or proposes to conduct.



- b) The Borrower has the corporate power to enter into, exercise its rights and perform and comply with its obligations under this Agreement including borrowing under this Agreement;
 - c) The execution of this Agreement on behalf of the Borrower and the performance of its obligations under this Agreement have been duly authorised by all necessary corporate action and the obligations expressed as being assumed by it under this Agreement constitute and will constitute valid, legal and binding obligations of the Borrower enforceable against it in accordance with their terms;
 - d) Neither the execution and delivery of this Agreement nor the exercise of any of its rights under this Agreement nor the performance or observance of any of its obligations under this Agreement will:
 - (i) Conflict with, or result in any breach of, any law, statute, regulation indenture, mortgage, trust deed, agreement or other instrument, arrangement obligation or duty by which the Borrower is bound; or,
 - (ii) Cause any limitation on any of its powers whatsoever and howsoever imposed, or on the right or ability of the directors of the Borrower to exercise such powers, to be exceeded.
 - e) The Borrower is not in default under any law, statute regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which it is bound.
 - f) The audited accounts of the Borrower i.e. erstwhile Sesa Goa Limited for the year ended the 31st day of March, 2013 were prepared in accordance with generally accepted accounting principles, standards and practices consistently applied and give a true and fair view of the results of the operations for that period and the financial position as at that date and there has been no material adverse change in the business, assets, conditions or operations of the Borrower since that date.
 - g) Other than in the normal course of business, no litigation or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, administrative or governmental authority or dispute with any governmental authority are presently in process, pending or (to the best of its knowledge, information and belief) threatened against it which might have an adverse effect on its ability duly to perform and observe any of its obligations under this Agreement.
 - h) No Event of Default or a Potential Event of Default has occurred and is continuing at the date of this Agreement.
 - i) It is not in default of any statutory dues such as income tax, corporation tax, and all other taxes and revenues payable to Government or any local or other authority except those are contested in good faith by proper proceedings and are disclosed/to be disclosed in the latest balance sheet of the Borrower.
- 8.2 The representations and warranties contained in this Clause shall be deemed to be repealed by the Borrower on the date of each Disbursement, on each Interest Payment Date as well as on each Repayment Dates with reference to the circumstances existing on such day.

**9. UNDERTAKINGS**

- 9.1. The Borrower shall apply the Loan as stated under Clause 2 of this Agreement.
- 9.2. The Borrower shall ensure at all time during the currency of the Facility that its liabilities under this Agreement shall rank at least pari passu in right and priority of payment with all its other present and future secured indebtedness (actual or contingent) by way of first charge till the Final Settlement date except as may be required by applicable law;
- 9.3. The Borrower shall promptly give written notice to the Lender of any Event of Default and of any other event which, with the giving of notice and/or lapse of time or otherwise could constitute an Event of Default, at the same time informing the Lender of any action taken or proposed to be taken by the Borrower in that connection;
- 9.4. Borrower shall provide the Lender:
- two copies of its annual audited profit and loss account and balance sheet and annual report of the Borrower within 180 (one hundred and eighty) days after the end of each Financial Year or immediately on being published /signed by the auditors, whichever is earlier. The profit and loss account shall present fairly the operation of the Borrower for the period covered by it and the balance sheet shall present fairly the financial position of the Borrower at the date as at which the same shall be prepared,
 - Quarterly financial statements within 2 (two) months at the end of the relevant quarter / the prescribed time.
 - The Borrower shall provide a certificate from a Chartered Accountant/ Statutory Auditor within 60 (sixty) days after finalisation of the annual audited accounts that the Borrower has maintained FACR of 1.25x (one point two five times) for that Financial Year.
 - In addition to the above, the Borrower shall submit to the Lender such financial statements or other information as may be required by the Lender from time to time.
- 9.5. The Borrower shall obtain and ensure that all major approvals and clearances and other requirements as per applicable law are maintained and are in force and effect to enable it to comply with the terms and conditions under this Agreement or required on its part for the validity or enforceability of this Agreement;
- 9.6. The Borrower shall immediately inform the Lender of any event which has a Material Adverse Effect.
- 9.7. The Borrower shall not induct in their Board a person who has been identified as a wilful defaulter by RBI or CIBIL or is a director of a company, or a partner in a partnership firm which has been identified as a wilful defaulter (other than as a nominee/professional/honorary director) and in case, such a person is found to be on the Board of Directors of the Borrower, it shall take expeditious and effective steps for removal of the person from its Board.
- 9.8. The Borrower shall not without the prior written consent of the Lender voluntarily enter into liquidation or dissolution or any merger, amalgamation or consolidation with any other person or entity except within Vedanta group companies.
- 9.9. The Borrower shall obtain external credit rating within a period of 6 (six) months from the date of First Disbursement, from an external credit rating agency recognised by RBI, all costs and expenses in relation to the above shall be borne by the Borrower. Such credit rating shall be taken thereafter on annual intervals.



10. COVENANTS

10.1 Positive Covenants

- 10.1.1 The Borrower shall allow the Lender with prior intimation to examine its books of accounts and to have the factories inspected, from time to time, by the officer(s) of the Lender and / or qualified auditors and/ or technical experts and / or management consultants of the Lender’s choice. The Borrower shall bear the cost of such inspection.
- 10.1.2 The Borrower shall maintain adequate books of accounts, correctly reflecting its financial position and scale of operations and shall not radically change its accounting system without prior notice to the Lender.
- 10.1.3 The Borrower shall keep the Lender informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps taken or proposed to be taken.
- 10.1.4 The Borrower shall submit the end use certificate, from a Chartered Accountant/ Statutory Auditor, regarding the utilisation of the proceeds of Disbursement within 3 (three) months from the date of each Disbursement.
- 10.1.5 The Borrower shall obtain comprehensive insurance cover for the Fixed Assets of the Borrower hypothecated and / or mortgaged as security for the Facility and the policies shall be retained by the Borrower. The Borrower shall deliver to the Lender promptly after the same are issued, copies of all policies of insurance and renewals thereof. Insurance policies shall contain the Lender’s hypothecation/mortgage clause. The Borrower shall duly pay all premia and other sums payable and perform all actions necessary to ensure that the insurance as required in accordance with this Agreement is maintained.

10.2 Negative Covenants

During the currency of the Facility the Borrower shall not, without the prior written permission of the Lender, which shall not be unreasonably withheld:

- 10.2.1 Formulate any scheme of amalgamation or reconstruction, except within Vedanta group companies;
- 10.2.2 Create any charge, lien or encumbrance on the assets charged to the Lender in favour of any financial institution, bank, company, firm or persons except where the minimum FACR does not fall below 1.25x (one point twenty five times);
- 10.2.3 Declare dividends on its share capital if it fails to meet its obligations to pay interest and/ or Repayment Installment and/ or other monies due to the Lender as long as such default continues.



10.3 Financial Covenants

10.3.1 Until the Final Settlement Date, the Borrower shall ensure that there is no adverse deviation, in the following financial parameters, based on standalone audited financial statements of the Borrower as determined on the last day of a Financial Year starting from the Financial Year ending on March 31, 2015, from the level stipulated herein below:

- (a) TOL/TNW shall not exceed the maximum permitted level of 3.00 (three point zero zero);
- (b) GDSCR shall not fall below the minimum level of 1.10 (one point one zero); and
- (c) FACR shall not fall below the minimum level of 1.25x (one point two five times).

10.3.2 In the event of adverse deviation from stipulated level in any two of the financial covenants stated in Clause 10.3.1 above, the Borrower shall be liable to pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate on the entire outstanding Loan for the period of non-adherence.

11. PAYMENTS

11.1 All payments to be made under this Agreement shall be made directly to the Lending Office of the Lender or at such other place as may be specified by the Lender electronically preferably by RTGS or by electronic transfer to the account of the Lender (except when payment is made through payable-at-par cheque drawn on a Lender which is not on NEFT or RTGS) during normal banking hours on the Due Date thereof. Subject to the provisions of this Agreement if any sum falls due for payment under this Agreement on a day which is not a Business Day such payment shall be made on the immediately preceding Business Day.

11.2 Save and except any disputed amount, all sums payable by the Borrower under this Agreement whether of principal, interest, fees or otherwise shall be paid in full without any set-off, counter-claim or condition and free and clear of and without any deduction or withholding whatsoever. If the Borrower shall be required by law to make any deduction or withholding for or on account of any tax from any payment to the Lender then:

- (i) The Borrower shall ensure that such deduction or withholding does not exceed the minimum legal liability, and shall immediately pay to the Lender the balance amount so that the full amount which would otherwise have been received under this Agreement had no such deduction or withholding been made and shall remit the amount of such tax to the appropriate taxation authority; and
- (ii) The Borrower shall, not later than 30 days after each deduction or withholding of any taxes, forward to the Lender documentary evidence required by the Lender in respect of the deduction, withholding or payment of any taxes.



- 11.3 All payments to be made by the Borrower under this Agreement shall be made to the Lender at its Industrial Finance Branch at Union Bank of India Building, 5th Floor, 66/80, Mumbai Samachar Marg, Mumbai - 400023 or at such other office as the Lender may notify to the Borrower from time to time.
- 11.4 Notwithstanding anything to the contrary contained in this Agreement or in any other agreement with the Borrower, in the event of failure by the Borrower to pay any sum on the Due Date on which such sum is expressed to be due and payable pursuant to this Agreement the Lender shall have the right without notice or demand to set off any sums held to the credit of the Borrower and/or debit any other account of the Borrower in the books of the Lender.
- 11.5 If the Borrower pays a sum which is less than the total amount due and overdue in respect of principal, interest, commission, fees, and any other sum due under this Agreement on the day on which such sum is paid, the Borrower waives any right it may have to make any appropriation of such sum as between any amounts so due and overdue and the sum so paid shall be applied by the Lender in or towards satisfaction of such amount or amounts which are due or overdue for payment on that day in the following order or such other order as the Lender may deem fit:
 - (i) Interest on costs, charges, expenses and other monies
 - (ii) Costs, charges, expenses and other moneys due and payable or becoming due and payable to the Lender;
 - (iii) Interests due and payable and / or accruing due and payable to the Lender;
 - (iv) prepayment premium and
 - (v) Lastly, towards repayment of the amount of principal sum due and payable or becoming due and payable to the Lender.
- 11.6 Notwithstanding anything contained in Clause 11.5 above, the Lender may, in its absolute discretion, appropriate in any manner, such payment towards the dues, if any, payable by the Borrower under any other Financing Documents.

12. EVENTS OF DEFAULT

- 12.1 The following shall be Events of Default under this Agreement:
 - a) The Borrower's failure to pay the principal or any interest or any other sum payable pursuant to this Agreement on the Due Date upon which the same is due and payable pursuant to this Agreement and the same is not paid within a period of 7 (seven) days from the due date; or
 - b) If the Borrower commits any breach of or omits to observe any of its covenants, obligations or undertakings under this Agreement (other than failure to pay any sum due under this Agreement) and in respect of any such breach or omission which is capable of being remedied such breach or omission is not remedied within 90 (ninety) days of knowing such breach or omission; or



- c) If any representation or warranty made or deemed to be made by the Borrower in or pursuant to this Agreement, or in any notice, certificate, instrument or statement contemplated by or made or delivered pursuant to this Agreement is incorrect and the same is not rectified within 90 (ninety) days of becoming aware of the same; or
- d) If any other indebtedness of the Borrower to the other lender exceeding Rs. 100 Crores (Rupees One Hundred Crores Only) is not paid when due and the same is declared as an event of default by that lender; or
- e) The Borrower ceasing or threatening to cease, to carry on all or substantially all of its business or operations; or
- f) Any action is taken for or with a view to the winding up of the Borrower (except voluntary winding up) otherwise than for reorganization approved in writing by the Lender or as allowed under this Agreement and the same is not dismissed or stayed within a period of 90 (ninety) days; or
- g) Voluntary winding up of the Borrower; or
- h) if the Borrower enters into an arrangement with any of its creditors with a view to avoiding, or in expectation of, insolvency, or the Borrower stops or threatens to stop payments generally or a receiver is appointed over or has taken possession of any of the assets of the Borrower; or
- i) At any time if the Borrower refutes or repudiates its obligation under this Agreement to be valid, legal and binding and enforceable against the Borrower in accordance with its terms; or
- j) Occurrence of any circumstances which is prejudicial to or impairs, imperils or deteriorates or which is likely to prejudice, impair, imperil or deteriorate the security given to the Lender and necessary steps are not taken by the Borrower within 90 (ninety) days; or
- k) Occurrence of any Material Adverse Effect and the same is not cured within a period of 90 (ninety) days; or
- l) If the Facility becomes illegal under any applicable law.

In such a case, the Lender shall be entitled to cancel its commitment by giving notice to the Borrower.

Provided further that the Lender shall undertake any action only to the extent that is necessary to cure or reduce the impact of such illegality.

Upon receipt of notice of cancellation, the commitment of the Lender shall stand cancelled and the Borrower shall arrange funds to repay the Lender soon thereafter but in no case later than the time period provided under the applicable law giving rise to such illegality.

12.2 On the happening of an Event of Default, the Lender shall give to the Borrower a notice of 30 (thirty) days prior to initiating any action against the Borrower under this Agreement.



20018GsPjMu!NSdw7

12.3 No further Drawing may be made after the occurrence of an Event of Default. The Lender may at any time after the happening of an Event of Default (whether or not notice shall have been given by the Borrower of such Event of Default) at its discretion while such Event of Default shall be continuing by notice in writing to the Borrower declare the Loan and all interest and commission or fees accrued and all other sums payable pursuant to this Agreement to be immediately due and payable whereupon the same shall become immediately due and payable without any further presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, and the Borrower shall immediately pay the same to the Lender and the total commitments shall be cancelled and the Facility shall automatically cease to be available to the Borrower; and the Security created in terms of the Security Documents shall become enforceable and the Lender shall have, including without limitation, the following rights (notwithstanding anything to the contrary in this Agreement), namely:

- (a) exercise any and all rights specified in the Security Documents including, without limitation, to enforce all of the Security created pursuant to the Security Documents,
- (b) exercise such other remedies as permitted or available under the Finance Documents and the Applicable Law,
- (c) enter upon and take possession of the Security of the Borrower;
- (d) To instruct any person, who is liable to make any payment to the Borrower, to pay directly to the Lender;
- (e) To exercise all or any rights or remedies of the Borrower in such manner as the Lender may determine in its absolute discretion.

13 CONSENT TO DISCLOSE NAME AND INFORMATION:

- 13.1 As a precondition relating to the grant of the Facility, the Borrower hereby agrees and consents for the disclosure by the Lender of all or any information and data relating to the Borrower, the Facility availed by the Borrower, obligations assumed/ to be assumed by the Borrower in relation thereto and the default if any committed by the Borrower in discharge thereof, as the Lender may deem appropriate and necessary to disclose and furnish to Credit Information Bureau (India) Limited and any other agency or institution so authorised in this behalf by RBI.
- 13.2 The Borrower hereby declares that the information and data furnished and /or to be furnished by the Borrower to the Lender are and shall be true and correct.
- 13.3 The Borrower hereby agrees that the Credit Information Bureau (India) Limited and any other agency so authorised may use, process the said information and data disclosed by the Lender in the manner as deemed fit by them; and the Credit Information Bureau (India) Limited and any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to Lender or financial institutions and other credit grantors or registered users, as may be specified by the RBI in this behalf.
- 13.4 The Borrower hereby agrees that the Lender may disclose information regarding the Borrower, the Facility and any other financial assistance availed by the Borrower from the Lender etc., as it may deem fit to any other bank or financial institution having banking relationship with the Borrower or intends to have banking relationship with Borrower or any other institution as approved by RBI from time to time; or any actual or potential assignee to whom the Lender might transfer the whole or part of the Facility or who intends to participate in the Facility.



14 NOTICES

14.1 Any notice or other communication required to be given -

- a) To the Lender under this Agreement shall be addressed and delivered at Industrial Finance Branch, Union Bank of India Building, 5th Floor, 66/80, Mumbai Samachar Marg, Mumbai -400023 marked for attention of Deputy General Manager.
- b) To the Borrower under this Agreement shall be addressed and delivered to the Borrower at its Registered office marked for attention of CFO, Sesa Sterlite Ltd., Solitaire Park, 101, Business Square, C- Wing, Andheri Kurla Road, Chakala, Andheri East, Mumbai -400093.

Phone No. 40902600
Fax No. 40902618
- c) The Borrower also has an office at Core 6, Scope office complex, 7, Lodhi Road, New Delhi – 110003.

14.2 The Lender shall be entitled to act upon (and the Borrower shall be bound accordingly by) any notice or other communication believed by the Lender to be given or made by the person or persons duly authorised by the Borrower to give or make the same.

14.3 All notice to be given hereunder may be given:

- (a) By ordinary prepaid mail to the addresses identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another address and shall be deemed to have been received on the day upon which in the ordinary course of mail it should have been received; or
- (b) By facsimile to the fax number identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another fax number) effective upon transmission; and
- (c) By courier to the addresses identified by the parties hereto upon receipt thereof.

15 ASSIGNMENT

15.1 This Agreement shall be binding upon and enure to the benefit of the Lender, the Borrower and their respective successors.

15.2 The Borrower shall not assign or transfer any of its rights and or obligations under this Agreement to any other person without the prior written consent of the Lender.

15.3 The Borrower hereby recognises and acknowledges that the Lender shall have the right to securitise, sell, assign or otherwise transfer in any manner whatsoever, in whole or in part, and in such manner and on such terms as the Lender may decide (including if deemed appropriate by the Lender reserving a right to the Lender to retain its power to proceed against the Borrower on behalf of the purchaser, assignee or transferee) any or all outstanding dues of the Borrower, to any third party of the Lender's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower.



20018GsPjMu!YQkwm

16 WAIVER, REMEDIES CUMULATIVE

No failure or delay by the Lender in exercising any right, power or privilege under this Agreement shall impair the same or operate as a waiver of the same nor shall any single or partial exercise of any right power or privilege preclude any further exercise of the same or the exercise of any other right power or privilege. The rights and remedies provided under this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

17 GOVERNING LAW AND JURISDICTION

- 17.1 This Agreement shall be governed by and construed in accordance with the Laws of India. For the exclusive benefit of the Lender all the parties hereto hereby irrevocably agree that the courts or Tribunals in Bhubaneshwar are to have non exclusive jurisdiction to settle any dispute, which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding (together in this clause referred to as 'Proceedings') arising out of this Agreement may be brought in such courts or tribunals. All costs and expenses in relation to the above shall be borne by the Borrower.
- 17.2 Nothing contained in this clause shall limit the right of the Lender/ Security Trustee to take any other proceedings otherwise than through court of law or proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdiction, preclude the taking of any other proceedings in any other jurisdiction whether concurrently or not.

18 AGREEMENT IN COUNTERPARTS

This Agreement may be executed in two counterparts, all which, taken together, shall constitute one and the same Agreement and each of which shall be treated as an original.



20018GsPjMu!ZyNw)

SCHEDULE I
REPAYMENT SCHEDULE

<u>Financial Year</u>	<u>Quarter No</u>	(Amount of Rupees in crores)
		<u>Principal Repayment Amount (%)</u>
FY 2015	1-2	1% (0.5% each)
FY 2016	3-6	10% (2.5% each)
FY 2017	7-10	14% (3.5% each)
FY 2018	11-14	18% (4.5% each)
FY 2019	15-18	24% (6% each)
FY 2020	19-22	24% (6% each)
FY 2021	23-25	9% (3% each)



20018GsPjMule%#wr

SCHEDULE II
Details of Immovable Property

Sl. No.	Date of the Registered Lease Deed	Registered Lease Deed No.	Vilages/Mouza Covered	Leased Area (in Acres)
1	June 29, 2004	1937	Sindhihal, Bandhaguda, Kothaduar, Barbhata, Kinarl and Bundel.	494.22
2	October 8, 2004	2104	Kinarl, Barobhata and Kothaduar	80.90
3	October 28, 2006	2138 & 2139	Bundel, Harekrushnapur, Narayanpur, Jagannathpur, Chhatrapur, Nangalbeda, Bilatipadar, Lanjigarh, Kasibadi, Malikukudaghar, Raghunathpur, Mohanguda, Chandanpur, Kamankhunti, Gopinathpur, Jodabandha, and Dangargada	446.41
4	January 17, 2007	121	Rengopalli, Kenduguda, and Kothaduar	393.99
5	January 17, 2007	122	Jagannath pur, Narayanpur, Kasibadi, Gopinathpur, Harekrushnapur, Rengopalli, Raghunathpur, Nangalbeda, Mohanguda, Chandanpur, Borbhata, Kenduguda, Bandhaguda, Kothaduar, Bilatipadar, Kamankhunti, Dangarnagarh, Jodabandha and Kinarl	263.28
6	March 27, 2009	1164	Phuldumer and Palbir	32.40
7	May 28, 2009	1923	Nutanbaeli, Kamankhunti, Chandanpur, Gopinathpur, Jodabandha, Bitatipadar, Nangalbeda, Harekrushnapur, Mohanguda, Rahgunatahpur, Chhatrapur, Lanjigarh and Malikukudaghar	94.33
8	May 28, 2009	1924	Nangalbeda, Nutanbaeli, Naraynpur, Bilatipadar, Harekrushnapur, Lanjigarh, Chandanpur and Mohanguda	26.29
9	January 12, 2011	10881100135	Jagannathpur, Kothaduar and Lanjigarh	4.51
10	June 20, 2009	1143	Paikaranipinda and Ambodala	82.31
11	May 3, 2010	860	Babruguda	9.80
12	February 15, 2007	432	Bhurkamunda.	528.01
13	February 15, 2007	433	Bhurkamunda and Bhaglpall	171.30
14	July 11, 2008	2576	Kurebaga, Bhurkamunda and Brundamal	160.05
15	July 11, 2008	2568	Brundamal	394.89
16	May 27, 2008	2033	Bhurkamunda	115.58
17	July 16, 2009	1995	Bhurkamunda	52.93
18	August 27, 2009	2302	Bhaglpall	91.55
19	July 16, 2009	1996	Bhurkamunda, Brundamal, and Kurebaga	105.63
20	July 16, 2009	1992	Brundamal	5.12
21	December 8, 2009	3211	Kherual	14.15
22	July 16, 2009	1993	Kurebaga	61.91
23	May 22, 2009	1362	Jharsuguda Town Unit No. 5	9.54
24	July 11, 2008	2566	Jharsuguda Town Unit No. 7	2.29
25	July 7, 2010	10861002754	Jharsuguda Town Unit No. 5	5.19
26	July 7, 2010	10861002755	Jharsuguda Town Unit No. 6	37.30
27	February 2, 2009	323	Jharsuguda Town Unit No. 6	44.91
28	February 24, 2010	675	Brundamal and Bhaglpall	2.11
29	November 5, 2009	2866	Kurebaga	44.75
30	November 6, 2006	2791	Bhurkamunda	8.18
31	May 22, 2009	1366	Bhurkamunda	8.85
32	May 22, 2009	1364	Bhurkhamunda and Brundamal	2.44
33	October 5, 2010	10861003993	Bhurkamunda	9.90
34	August 27, 2009	2303	Brundamal	0.13



20018GsPjMvhggrw}

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day month and year first hereinabove written as hereinafter appearing.

THE COMMON SEAL OF THE SESA STERLITE LIMITED was hereunto affixed pursuant to the resolution of the Board of Directors of the company dated January 28, 2014 and the resolution of the committee of Directors passed in that behalf on the 29th day of March, 2014 in the presence of Mr. Din Dayal Jalan Director and Mr. G.R. Arun Kumar



/s/ G.R. Arun Kumar

/s/ Din Dayal Jalan

For Sesa Sterlite Limited

G.R. Arun Kumar
Director/Authorised Signatory

For Union Bank of India

कृते यूनियन बैंक ऑफ इंडिया
For Union Bank of India

/s/ Shri Javed Ahmad Jafri

मुख्य प्रबंधक / Chief Manager
आय.एफ.बी. एम.एस. मार्ग/I.F.B., M. S. Marg

Signed for and on behalf of **UNION BANK OF INDIA** by Shri Javed Ahmad Jafri, chief Manager (designation) and as such its authorised officer.



20018GsPnWVrk276\

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : **IN-DL44192356741349M**

Certificate issued Date : 11-Apr-2014 04:22 PM

Account Reference : IMPACC (IV)/ d1725403/ DELHI/ DL-DLH

Unique Doc. Reference : SUBIN-DL44192356741349M

Purchased by : SESA STERLITE LTD

Description of Document : Article 5 General Agreement

Property Description : COUNTER PART

Consideration Price (Rs.) : 0
(Zero)

First Party : SESA STERLITE LTD

Second Party : Not Applicable

Stamp Duty Paid By : SESA STERLITE LTD

Stamp Duty Amount (Rs.) : 100
(One Hundred only)

..... Please write or type below this line

RUPEE LOAN AGREEMENT

THIS LOAN AGREEMENT made at New Delhi as of the 15th day of APRIL 2014.

 Borrower	 Lender
-------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------



Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.sholestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



20018GsPjMv1MkWD

BETWEEN

M/S SESA STERLITE LIMITED, a company within the meaning of the Companies Act, 1956 with corporate identification no. L13209GA1965PLC000044 and having its registered office at Sesa Ghor, 20 EDC Complex, Patto, Panjim, Goa-4030001 (hereinafter called “the **Borrower**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **FIRST PART**;

AND

BANK OF INDIA, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, with its Head Office at Star House, C-5 G Block, Bandra - Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India and having its branch, among other places, at Andheri Large Corporate Branch, M. D. I. Building, First Floor, 28, S. V. Road, Andheri (West), Mumbai 400 058 (hereinafter referred to as the “**Lender**” which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors, assigns, transferees and novatees, as the context may require or admit) of the **SECOND PART**.





WHEREAS the Borrower has requested the Lender to provide financial assistance in the form of rupee term loan for a sum not exceeding of Rs. 2000,00,00,000/- (Rupees Two Thousand Crores only) (hereinafter referred to as the “**Facility**”) for the purpose of:

- (a) Repayment/ prepayment of the existing long term debt of the Borrower;
- (b) Repayment of short term loan/ commercial paper/ other facilities raised for various businesses of the Borrower;
- (c) Retirement of outstanding capex letter of credit(s)/buyers’ credit(s)/ suppliers’ credit used mainly for capex purposes of the Borrower; and
- (d) Meeting normal capital expenditure requirements of the Borrower.

(hereinafter collectively referred to as the “**Purpose**”); and

AND WHEREAS the Lender has at such request of the Borrower agreed to grant a rupee term loan for a sum not exceeding of Rs.2000,00,00,000/- (Rupees Two Thousand Crores only) for the Purpose and subject to the terms and conditions contained in this Agreement.

NOW IT IS HEREBY AGREED AS FOLLOWS:

  Borrower	  Lender
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement definitions hereunder shall have the following meanings:

Agreement shall mean this rupee loan agreement including its recitals and schedules, as may be amended or supplemented in writing signed by the parties hereto from time to time.

Aluminium Division shall mean the project of the Borrower comprising the following facilities:

- (i) 1 MTPA alumina refinery along with 75 MW co-generation captive power plant in Lanjigarh, Odisha; and
- (ii) 1.6 MTPA aluminium smelter plant along with 1215 MW (9*135 MW) power plant in Jharsuguda, Odisha.

Applicable Interest Rate means the Base Rate plus the Margin (as on the date of this Agreement the present effective Applicable Interest Rate being 10.50% p.a. (ten point fifty percent per annum) with monthly rests. The Base Rate of the Lender shall always be floating.

Availability Period means a period up to December 31, 2014 or the day on which the Available Commitment is zero, whichever is earlier, or such extended period, as may be mutually agreed upon between the Lender and Borrower.





Available Commitment means at anytime the amount of Rs.2000,00,00,000/- (Rupees Two Thousand Crores only) to the extent not suspended or cancelled pursuant to the terms of this Agreement, as reduced by the aggregate amount of all its Disbursements in accordance with this Agreement, being the maximum amount from time to time which the Lender has committed to make available under the Facility.

Base Rate means the rate of interest as determined, from time to time by the Lender, whether known as base rate or any other nomenclature for the same as applicable to rupee facilities sanctioned by the Lender.

Business Day means the day on which the Lender is open for business in Mumbai.

Disbursement shall mean advancing the funds by way of rupee term loan under (his Agreement, However, disbursement of the entire Facility has to be availed by the Borrower within the Availability Period.

Drawdown Schedule means the schedule for drawdown furnished by the Borrower to the Lender pursuant to this Agreement for seeking Disbursements within the Availability Period. The Drawdown Schedule can be revised by the Borrower anytime by giving 7 (seven) days' written notice to the Lender.

  Borrower	  Lender
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



Drawing means a request for Disbursement of the Facility made by the Borrower pursuant to this Agreement.

Due Date means in respect of:

- a) Repayment of principal amount of Loan – the Repayment Dates on which the instalments of principal falls due as stipulated in this Agreement;
- b) Interest – the Interest Payment Dates; or
- c) Any other amount payable under this Agreement – the date on which such amount falls due in terms of this Agreement.

Provided that in the event any day on which any amount shall have fallen due is not a Business Day, the preceding Business Day shall be the Due Date.

Encumbrance means any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, security interest, title retention or other security arrangement of any kind;

Event of Default means any of the events referred to in Clause 12;

Excluded Assets means the assets of the Borrower that have been charged exclusively in favour of Life Insurance Corporation of India.

Existing Lenders shall mean all the lenders in whose favour a charge has been created over the Security.



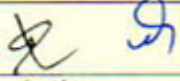
Facility means the rupee term loan of Rs.2000,00,00,000/- (Rupees Two Thousand Crores only) agreed to be provided by the Lender to the Borrower for the Purpose on the terms and conditions set out in this Agreement.

Final Settlement Date shall mean the date on which all Secured Obligations of the Borrower under this Agreement shall have been paid and discharged in full, in accordance with the terms hereof.

Finance Documents shall mean this Agreement, and the Security Documents and such documents as may be required to be executed or obtained under, pursuant to, or in connection with the Facility under this Agreement and other related agreements to perfect and validate this Agreement and Security Documents.

Financial Year shall mean the accounting period commencing from April 1st of each year till March 31st of next year.

Fixed Assets shall mean the aggregate of the immovable properties (as specified in Schedule II), moveable fixed assets of the Borrower pertaining to the Aluminium Division and also includes moveable machinery, machinery spares, equipments, tools and accessories, other than current assets (excluding revaluation if any). However, the same shall not include Excluded Assets.

  Borrower	 Lender
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------



Fixed Asset Coverage Ratio or **FACR** at any time shall mean the ratio of (i) the aggregate of the Net Fixed Assets, to (ii) aggregate outstanding loans secured by way of first charge on the Net Fixed Assets.

GDSCR shall mean sum total of net profit, depreciation, non-cash expenses, deferred tax and interest excluding interest on working capital loans divided by sum total of long term loan installment excluding prepayments and interest payable excluding interest on working capital loans by the Borrower in any Financial Year. Any long term loan refinanced/ substituted by way of fresh facility, and/ or repaid by sale of surplus investments/ deposits shall not be considered for calculation of GDSCR.

Interest Payment Date shall mean the last day of each month and if such last day is not a Business Day, then the Business Day immediately preceding such last day, provided however, the Interest to be paid to the Lender shall always be calculated till such last day of the month.

Interest Reset Dates shall mean in the first instance the date falling 1 (one) year after the date of first Disbursement and every year thereafter.

Loan means the aggregate principal amount for the time being and from time to time outstanding under the Facility.

Margin shall mean 0.30% p.a. (zero point thirty percent per annum) over the Base Rate. The Margin may be reset by the Lender on each Interest Reset Date.

Material Adverse Effect shall mean any event, occurrence or change in facts, conditions or other change or effect which has resulted or could reasonably be expected to be materially adverse to any of the following viz.

- i) the Borrower, its business, operations or results of operations,
- ii) the Security provided to the Lender under the Security Documents,
- iii) the Borrower or the business or financial condition of the Borrower
- iv) the ability of the Borrower to observe or perform any of its obligations under the Agreement,
- v) the legality, validity and enforceability of any Finance Documents; and
- vi) the enforcement of the rights and remedies of the Lender.

Net Fixed Assets shall mean the value of Fixed Assets (including capital work in progress) as reduced by the accumulated depreciation.

Potential Event of Default shall mean happening or occurrence of any event, which with the lapse of time, determination of materiality or giving of notice would become an Event of Default as specified in Clause 12 of this Agreement.

Quarter means each of the consecutive periods of three months commencing from 1st of April, 1st of July, 1st of October and 1st of January, in each Financial Year.



Repayment Dates shall mean the last Business Day of each Quarter on which the Repayment instalments are due for payment as stated in the Repayment Schedule.

Repayment Instalment means each of the 25 (twenty five) consecutive structured quarterly instalments by which the Borrower shall repay the Loan to the Lender, the first of which shall fall due for payment on December 31, 2014.

Repayment Schedule means the schedule of Repayment provided in **Schedule-I** to this Agreement.

Secured Obligations shall mean the Borrower's obligation to repay, pay or reimburse, as the case may be, the Loan, interest, additional interest, premium on prepayment, up-front fees, management fees, all costs, charges and expenses and other monies owing by, and all other present and future obligations and liabilities of the Borrower to the Lender under this Agreement, legal expenses and costs incurred by the Lender under or in respect of this Agreement and/or Security Documents executed by the Borrower or any other person.

Security Documents means the Security Trustee Agreement and other documents, agreements, instruments, deeds, writings, undertaking executed/to be executed by the Borrower or any other person in favour of the Lender and any reference to the "Security Documents" shall be construed, as the context may permit, as a reference to any or all of them.

Security Trustee shall mean SBICAP Trustee Company Limited a company incorporated under the Companies Act (1 of 1956) having its Corporate Identification No. U65991MH2005PLC158386 and its registered office at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 and an office at Apeejay House, 6th Floor, 3, Dinshaw Wachha Road Churchgate, Mumbai – 400 020 or such other person who is authorised to act as a trustee.

Security Trustee Agreement shall mean the agreement to be entered into amongst, inter alia, the Lender and the Borrower, with respect to appointment of the Security Trustee, on terms and conditions thereof and other matters connected therewith, as may be amended or supplemented from time to time.

Tangible Net Worth or **TNW** shall mean paid-up capital (equity/ preference share capital), share premium and reserves (excluding revaluation reserves) less intangible assets.

Total Outside Liabilities or **TOL** in relation to the Borrower shall mean all secured and unsecured loans, including current liabilities of the Borrower.

1.2 The Clause headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless otherwise specified, all references to clauses and schedules are to clauses of and schedules to this Agreement. Unless the context otherwise requires words denoting the singular number shall include the plural and vice versa.



20018GsPjMus@dnQ;

- 1.3 The Borrower's application and the subsequent correspondence with the Lender (hereinafter collectively referred to as "the **Borrower's proposal**") shall be deemed to constitute the basis of this Agreement and of the Facility to be granted by the Lender; and the Borrower hereby warrants the correctness of each and every statement and particulars therein contained and undertakes to carry out the proposal therein set forth.
- 1.4 The Borrower declares and confirms that the Facility agreed to be granted to the Borrower shall be governed by the terms and conditions set out in this Agreement and the other Finance Documents.
- 1.5 The Borrower undertakes to notify in writing to the Lender of any circumstances affecting the correctness of any of the particulars set forth in the Borrower's proposal immediately on the happening or occurrence of any such circumstance.

**2. FACILITY AND PURPOSE**

- 2.1 The obligation of the Lender to make Disbursement under this Agreement shall be subject to the Borrower complying with the terms and conditions of this Agreement to the satisfaction of the Lender, besides compliance by the Borrower with the Disbursement procedure, if any, stipulated by the Lender, such as submission of necessary information, documents, etc., to the satisfaction of the Lender.
- 2.2 The Facility is being availed by the Borrower for the Purpose. Accordingly the Borrower shall apply the amounts drawn by it hereunder in or towards such Purpose only. If for any reason the Borrower finds it unable to comply with this condition, it shall immediately inform the Lender in writing, of the same, and reasons therefore and shall, unless otherwise agreed to by the Lender, repay forthwith, the Loan together with interest and all other monies due and payable in respect thereof. The Lender shall be under no obligation to monitor or verify the application of the Disbursements made under the Facility or any part thereof.

3. AVAILABILITY

- 3.1 The Borrower may draw down the Facility in one or more tranche, during the Availability Period subject to the Lender having received the following and found satisfactory, not later than the date of first Drawing:
- a) this Agreement and such other documents as may be required by the Lender shall be duly executed by the Borrower;
 - b) A copy of the memorandum and articles of association of the Borrower certified by a Director or Secretary of the Borrower to be true, complete and up to date as in force on the date of this Agreement;
 - c) Copy of the resolution of the members of the Company, wherever applicable and copy of the resolution of Board of Directors / finance standing committee of the Borrower certified by a Director or Secretary of the Borrower to be true, in full force and effect at the date of receipt by the Lender approving the terms of this Agreement and the transactions contemplated by this Agreement and authorising the execution of this Agreement and the Finance Documents by the Borrower and authorising a person or persons to sign and deliver on behalf of the Borrower any notice, request, communication and documents to be given by the Borrower pursuant to or in connection with this Agreement;
 - d) Specimen signatures of each of the authorised signatories referred to in clause (b) above; and
 - e) Notice of drawdown.

Provided no Event of Default has occurred and no Potential Event of Default is continuing.



- 3.2 Drawing may only be made on a Business Day falling within the Availability Period by providing a written notice of Drawdown. The Lender may in its absolute discretion extend the Availability Period.
- 3.3 Disbursement will be made, subject to the Borrower complying with the provisions of this Agreement.
- 3.4 Notwithstanding anything contained hereinabove, the Borrower hereby agrees and confirms that the Lender reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice in the event of:
- (a) the limits/ part of the limits are not utilized by the Borrower at the end of the Availability Period; and/or
 - (b) any non compliance of the terms and conditions of this Agreement.
- 3.5 Drawdown Schedule to be furnished by the Borrower, if required by the Lender.

4. INTEREST

- 4.1 The Borrower shall pay interest on the Loan outstanding for the time being and from time to time, calculated at the Applicable Interest Rate with monthly rests in accordance with the following provisions of this clause commencing from the date of first Disbursement till the Final Settlement Date.
- 4.2 The Lender shall have the right to review and reset the Margin on every Interest Reset Date. In the event the revised Margin is not acceptable to the Borrower, the Borrower may prepay the Facility without any prepayment penalty in accordance with Clause 6.4 (c) of this Agreement.
- 4.3 Interest shall accrue from day to day and shall be calculated on the basis of actual number of days elapsed in a year of 365 days and shall be paid in arrears on the Interest Payment Dates falling at monthly intervals.
- 4.4 In the event of default by the Borrower in the payment of any sum due pursuant to this Agreement on the Due Date for payment including payment of principal amount of Loan, interest or any other amount due to the Lender, the Borrower shall pay interest at rate of 1% p.a. (one percent per annum) over and above the Applicable Interest Rate (the “**Default Interest**”) on the defaulted amount of Loan due to the Lender calculated from the Due Date thereof until actual payment of the defaulted amount. Such Default Interest shall be payable till the time the defaulted amount is not paid by the Borrower.
- 4.5 In the event of the Borrower’s failure to create and perfect Security within the stipulated period of 6 (six) months from the date of first Disbursement of the Facility or any other extended time period as agreed upon by the Lender in its absolute discretion, the Borrower shall pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) on the entire outstanding Loan amount over and above the Applicable Interest Rate from the date of expiry of the said period of 6 (six) months from the date of first Disbursement of the Facility until the date on which the Borrower creates and perfects the Security to the satisfaction of the Lender.



- 4.6 In the event of any adverse deviation in any two of the financial covenants stated in Clause 10.3 hereto from the levels stipulated therein, than the Borrower shall pay additional interest on the outstanding Loan at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate for the period for which the deviation continues.
- 4.7 Unless, the Borrower is able to, by way of evidence, prove the contrary, the statement of the Lender as to the rate and amount of interest, default interest or penal interest payable pursuant to this Agreement shall, in the absence of manifest error, be conclusive and binding on the Borrower.
- 4.8 The following conditions shall apply to the additional interest and Default Interest payable by the Borrower in terms of this Agreement:
- (a) The Borrower acknowledges that the right of the Lender to charge Default Interest and/or additional interest hereunder shall be without prejudice to the other rights and remedies available to the Lender under the Finance Documents.
 - (b) The Borrower further acknowledges that the Facility provided under this Agreement, is for a commercial transaction.
 - (c) The Default Interest and the additional interests payable by the Borrower hereunder shall be payable on demand and in the absence of any such demand on the next Interest Payment Date occurring after the date of default.

5. COMMISSION, FEES AND CHARGES

- 5.1 The Borrower shall pay or reimburse the Lender on demand all reasonable expenses (including, but not limited to, legal fees) in connection with the negotiation, preparation and execution of this Agreement and other Security Documents or in enforcing, perfecting, protecting or preserving (or attempting to do so) any of the rights, or in suing for or recovering any sum due from the Borrower under this Agreement and other Finance Documents.
- 5.2 The Borrower shall pay all stamp and other duties and taxes, levies and imposts, both present and future, to which this Agreement and/or other Security Documents may be subject or give rise and will indemnify the Lender against any and all liabilities with respect to or resulting from any delay or omission on the part of the Borrower in the payment of such duties or taxes. Any stamp duty, levy or other form of charges applied by the Government of India or any of its agencies or relevant State Government shall be for the account of the Borrower.
- 5.3 On or before the date of execution of this Agreement the Borrower shall pay to the Lender a non-refundable and non adjustable up-front fee calculated at the rate 0.15% (of the total amount of the of the Facility amount i.e., Rs. 3,00,00,000/- (Rupees Three Crore only) along with applicable Service Tax.



6. REPAYMENT AND PREPAYMENT

- 6.1 The door-to-door tenure of the Facility shall be 6.75 (six point seventy five) years including a moratorium period of 6 (six) months and repayment period of 6.25 (six point twenty five) years.
- 6.2 The Borrower shall repay the principal amount of the Loan in 25 (twenty five) Repayment Instalments on the Repayment Dates as mentioned in the Repayment Schedule. The first Repayment Instalment shall be due and payable on December 31, 2014 and the last Repayment Instalment shall be due and payable on December 31, 2020.
- However, in case the entire Available Commitment of the Lender is fully disbursed on or before March 31, 2014, or June 30, 2014, the first Repayment Instalment will commence from June 30, 2014, or September 30, 2014, respectively.
- 6.3 The Borrower shall at all times have the option to prepay the whole or part of the Loan together with interest, prepayment premium and other charges on that amount accrued up to the date of prepayment by paying a prepayment premium calculated at the rate of 0.25% (zero point two five percent) of the principal amount being prepaid and other applicable taxes thereon to the Lender.
- 6.4 Notwithstanding anything stated in this Agreement, no prepayment premium shall be payable by the Borrower to the Lender in the following events:
- (a) If the pre-payment is effected at the instance of the Lender;
 - (b) If the pre-payment is made from surplus cash accruals generated by the Borrower;
 - (c) If on any Interest Reset Date, the interest rate is not acceptable to the Borrower, the Borrower would have the option to prepay the outstanding amount of Loan within the immediate period of 3 (three) months by giving a notice to the Lender of at least 30 (thirty) days. Such notice of prepayment shall be given by the Borrower within a period of 2 (two) months from such Interest Reset Date or receipt of advice from the Lender about the Interest Reset Date; and
 - (d) On Interest Reset Dates by giving a prior notice of 30 (thirty) days.
- 6.5 The following are the general provisions relating to prepayment:
- (a) All notice of prepayment under this Agreement shall be given to the Lender in writing and shall be irrevocable and unconditional.
 - (b) The amounts prepaid as above shall be reduced pro rata from the repayment instalments as set out in the Repayment Schedule.
 - (c) No amount prepaid under this Agreement may subsequently be re-borrowed by the Borrower under the Facility.



7. SECURITY FOR THE FACILITY

7.1 The Borrower shall secure the unconditional discharge and irrevocable repayment of the Secured Obligations including the Loan and payment of all interests, including default interest and penal interest, up-front fee, management fees, prepayment premium or on redemption, costs, charges, expenses and other monies whatsoever stipulated as due and payable by the Borrower to the Lender under this Agreement as under:

- a. by creating and perfecting a first pari passu charge by way of hypothecation of the movable fixed assets of the Aluminium Division of the Borrower, both present and future;
- b. By creating and perfecting a first pari passu charge by way of mortgage on the immovable fixed assets of the Aluminium Division of the Borrower (as specified in Schedule II), both present and future.

(Hereinafter the security interest over the movable and immovable fixed assets stipulated at (a) and (b) above shall be collectively referred to as the “Security”)

Provided however the Security shall not include the Excluded Assets.

Provided further that the, security interest stipulated in paragraphs (a) and (b) above shall in all respects rank pari-passu among the Lender having first charge and the other term loan lenders/ other charge holders (both present and future) of the Borrower having first charge on the Security, without any preference or priority to one over the other or others.

Provided further that the, security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the ECB lenders for securing the ECB facilities to the maximum extent of USD 545 Million shall in all respects rank second, residual and subservient to the security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the Lender/ Security Trustee for securing the Facility.

7.2 The Borrower shall create and perfect in favour of the Lender/ the Security Trustee acting in trust for the benefit of the Lender the Security as stated herein above within the time limits stipulated below:

- a. The Borrower shall create security over the movable fixed assets stipulated under Clause 7.1 (a) above and get it registered with concerned Registrar of Companies (if required), within a period of 6 (six) months from the date of first Disbursement of the Facility;
- b. The Borrower shall create and perfect the security over immovable fixed assets stipulated under Clause 7.1 (b) above within a period of 6 (six) months from the date of first Disbursement of the Facility; and



- c. The Borrower shall arrange to obtain the no objection certificates (NOC) from the Existing Lenders/ other charge holders of the Borrower, as may be required, within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - d. The Borrower shall procure and submit to the Lender applicable clearances/ consents as may be required to create and perfect the Security within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - e. The Borrower shall bear all cost and expenses for the creation and perfection of the Security in terms of this Agreement and other Finance Documents.
- 7.3 The Borrower shall not create any encumbrance over the Security in favour of any person without the prior written consent of the Lender other than those encumbrances/ security interests which are existing on the date of execution of this Agreement, or as allowed in this Agreement, or as may be specifically permitted by the Lender in writing.
- 7.4 The Security Trustee shall perform such functions and duties as may be assigned to it under the Security Trustee Agreement (including the function of holding the Security for the benefit of the Lender). The Borrower shall bear all cost and expenses of the Security Trustee.
- 7.5 The Borrower declares that it possesses or will possess valid and marketable title/ rights and interest over the **Schedule II** properties, and the security interest(s) created or expressed to be created by the Security Documents is valid and enforceable.
- 7.6 The Borrower shall do everything necessary to maintain the Security in full force and effect at all times (including the priority thereof) and preserve and protect the Security and protect and enforce its rights and title

8. REPRESENTATIONS AND WARRANTIES

- 8.1 The Borrower hereby agrees, declares and covenants that the Lender has agreed to enter into this Agreement and to make Disbursement under the Facility to the Borrower, relying upon the following representations and warranties made by the Borrower to the Lender: -
- a) The Borrower is a company duly incorporated and validly existing under the laws of India and has the power and authority to own its assets and to conduct the Business which it conducts and/ or proposes to conduct.
 - b) The Borrower has the corporate power to enter into, exercise its rights and perform and comply with its obligations under this Agreement including borrowing under this Agreement;
 - c) The execution of this Agreement on behalf of the Borrower and the performance of its obligations under this Agreement have been duly authorised by all necessary corporate action and the obligations expressed as being assumed by it under this Agreement constitute and will constitute valid, legal and binding obligations of the Borrower enforceable against it in accordance with their terms;



- d) Neither the execution and delivery of this Agreement nor the exercise of any of its rights under this Agreement nor the performance or observance of any of its obligations under this Agreement will:
- (i) Conflict with, or result in any breach of, any law, statute, regulation indenture, mortgage, trust deed, agreement or other instrument, arrangement obligation or duty by which the Borrower is bound: or,
 - (ii) Cause any limitation on any of its powers whatsoever and howsoever imposed, or on the right or ability of the directors of the Borrower to exercise such powers, to be exceeded.
- e) The Borrower is not in default under any law, statute regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which it is bound.
- f) The audited accounts of the Borrower i.e. erstwhile Sesa Goa Limited for the year ended the 31st day of March, 2013 were prepared in accordance with generally accepted accounting principles, standards and practices consistently applied and give a true and fair view of the results of the operations for that period and the financial position as at that date and there has been no material adverse change in the business, assets, conditions or operations of the Borrower since that date.
- g) Other than in the normal course of business, no litigation or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, administrative or governmental authority or dispute with any governmental authority are presently in process, pending or (to the best of its knowledge, information and belief) threatened against it which might have an adverse effect on its ability duly to perform and observe any of its obligations under this Agreement.
- h) No Event of Default or a Potential Event of Default has occurred and is continuing at the date of this Agreement.
- i) It is not in default of any statutory dues such as income tax, corporation tax, and all other taxes and revenues payable to Government or any local or other authority except those are contested in good faith by proper proceedings and are disclosed/to be disclosed in the latest balance sheet of the Borrower.
- 8.2 The representations and warranties contained in this Clause shall be deemed to be repeated by the Borrower on the date of each Disbursement, on each Interest Payment Dale as well as on each Repayment Dates with reference to the circumstances existing on such day.

9. UNDERTAKINGS

- 9.1. The Borrower shall apply the Loan as stated under Clause 2 of this Agreement.
- 9.2. The Borrower shall ensure at all time during the currency of the Facility that its liabilities under this Agreement shall rank at least pari passu in right and priority of payment with all its other present and future secured indebtedness (actual or contingent) by way of first charge till the Final Settlement date except as may be required by applicable law;



- 9.3. The Borrower shall promptly give written notice to the Lender of any Event of Default and of any other event which, with the giving of notice and/or lapse of time or otherwise could constitute an Event of Default, at the same time informing the Lender of any action taken or proposed to be taken by the Borrower in that connection;
- 9.4. Borrower shall provide the Lender:
- a. two copies of its annual audited profit and loss account and balance sheet and annual report of the Borrower within 180 (one hundred and eighty) days after the end of each Financial Year or immediately on being published /signed by the auditors, whichever is earlier. The profit and loss account shall present fairly the operation of the Borrower for the period covered by it and the balance sheet shall present fairly the financial position of the Borrower at the date as at which the same shall be prepared.
 - b. Quarterly financial statements within 2 (two) months at the end of the relevant quarter / the prescribed time.
 - c. The Borrower shall provide a certificate from a Chartered Accountant/ Statutory Auditor within 60 (sixty) days after finalisation of the annual audited accounts that the Borrower has maintained FACR of 1.25x (one point two five times) for that Financial Year.
 - d. In addition to the above, the Borrower shall submit to the Lender such financial statements or other information as may be required by the Lender from time to time.
- 9.5. The Borrower shall obtain and ensure that all major approvals and clearances and other requirements as per applicable law are maintained and are in force and effect to enable it to comply with the terms and conditions under this Agreement or required on its part for the validity or enforceability of this Agreement;
- 9.6. The Borrower shall immediately inform the Lender of any event which has a Material Adverse Effect.
- 9.7. The Borrower shall not induct in their Board a person who has been identified as a wilful defaulter by RBI or CIBIL or is a director of a company, or a partner in a partnership firm which has been identified as a wilful defaulter (other than as a nominee/ professional/ honorary director) and in case, such a person is found to be on the Board of Directors of the Borrower, it shall take expeditious and effective steps for removal of the person from its Board.
- 9.8. The Borrower shall not without the prior written consent of the Lender voluntarily enter into liquidation or dissolution or any merger, amalgamation or consolidation with any other person or entity except within Vedanta group companies.
- 9.9. The Borrower shall obtain external credit rating within a period of 6 (six) months from the date of First Disbursement, from an external credit rating agency recognised by RBI, all costs and expenses in relation to the above shall be borne by the Borrower. Such credit rating shall be taken thereafter on annual intervals.



10. COVENANTS

10.1 Positive Covenants

- 10.1.1 The Borrower shall allow the Lender with prior intimation to examine its books of accounts and to have the factories inspected, from time to time, by the officer(s) of the Lender and / or qualified auditors and/ or technical experts and / or management consultants of the Lender's choice. The Borrower shall bear the cost of such inspection.
- 10.1.2 The Borrower shall maintain adequate books of accounts, correctly reflecting its financial position and scale of operations and shall not radically change its accounting system without prior notice to the Lender.
- 10.1.3 The Borrower shall keep the Lender informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps taken or proposed to be taken.
- 10.1.4 The Borrower shall submit the end use certificate, from a Chartered Accountant/ Statutory Auditor, regarding the utilisation of the proceeds of Disbursement within 3(three) months from the date of each Disbursement.
- 10.1.5 The Borrower shall obtain comprehensive insurance cover for the Fixed Assets of the Borrower hypothecated and / or mortgaged as security for the Facility and the policies shall be retained by the Borrower. The Borrower shall deliver to the Lender promptly after the same are issued, copies of all policies of insurance and renewals thereof. Insurance policies shall contain the Lender's hypothecation/mortgage clause. The Borrower shall duly pay all premia and other sums payable and perform all actions necessary to ensure that the insurance as required in accordance with this Agreement is maintained.
- 10.1.6 The Borrower shall declare the relation, if any, of its directors with the directors and senior officers of the Lender.

10.2 Negative Covenants

During the currency of the Facility the Borrower shall not, without the prior written permission of the Lender, which shall not be unreasonably withheld:

- 10.2.1 Formulate any scheme of amalgamation or reconstruction, except within Vedanta group companies;
- 10.2.2 Create any charge, lien or encumbrance on the assets charged to the Lender in favour of any financial institution, bank, company, firm or persons except where the minimum FACR does not fall below 1.25x (one point twenty five times);
- 10.2.3 Declare dividends on its share capital if it fails to meet its obligations to pay interest and/ or Repayment Installment and/ or other monies due to the Lender as long as such default continues.

10.3 Financial Covenants

- 10.3.1 Until the Final Settlement Date, the Borrower shall ensure that there is no adverse deviation, in the following financial parameters, based on standalone audited financial statements of the Borrower as determined on the last day of a Financial Year starting from the Financial Year ending on March 31, 2015, from the level stipulated herein below:
 - (a) TOL/TNW shall not exceed the maximum permitted level of 3.00 (three point zero zero);



20018GsPjMun9Lh0E

- (b) GDSCR shall not fall below the minimum level of 1.10 (one point one zero); and
- (c) FACR shall not fall below the minimum level of 1.25x (one point two five times).

10.3.2 In the event of adverse deviation from stipulated level in any two of the financial covenants stated in Clause 10.3.1 above, the Borrower shall be liable to pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate on the entire outstanding Loan for the period of non-adherence.

11. PAYMENTS

- 11.1 All payments to be made under this Agreement shall be made directly to the Lending Office of the Lender or at such other place as may be specified by the Lender electronically preferably by RTGS or by electronic transfer to the account of the Lender (except when payment is made through payable-at-par cheque drawn on a Lender which is not on NEFT or RTGS) during normal banking hours on the Due Date thereof. Subject to the provisions of this Agreement if any sum falls due for payment under this Agreement on a day which is not a Business Day such payment shall be made on the immediately preceding Business Day.
- 11.2 Save and except any disputed amount, all sums payable by the Borrower under this Agreement whether of principal, interest, fees or otherwise shall be paid in full without any set-off, counter-claim or condition and free and clear of and without any deduction or withholding whatsoever. If the Borrower shall be required by law to make any deduction of or withholding for or on account of any tax from any payment to the Lender then:
- (i) The Borrower shall ensure that such deduction or withholding does not exceed the minimum legal liability, and shall immediately pay to the Lender the balance amount so that the full amount which would otherwise have been received under this Agreement had no such deduction or withholding been made and shall remit the amount of such tax to the appropriate taxation authority; and
 - (ii) The Borrower shall, not later than 30 days after each deduction or withholding of any taxes, forward to the Lender documentary evidence required by the Lender in respect of the deduction, withholding or payment of any taxes.



- 11.3 All payments to be made by the Borrower under this Agreement shall be made to the Lender at its Andheri Large Corporate Branch, MDI Building, 1st Floor, 28, S V Road, Andheri West, Mumbai 400 058 or at such other office as the Lender may notify to the Borrower from time to time.
- 11.4 Notwithstanding anything to the contrary contained in this Agreement or in any other agreement with the Borrower, in the event of failure by the Borrower to pay any sum on the Due Date on which such sum is expressed to be due and payable pursuant to this Agreement the Lender shall have the right without notice or demand to set off any sums held to the credit of the Borrower and/or debit any other account of the Borrower in the books of the Lender.
- 11.5 If the Borrower pays a sum which is less than the total amount due and overdue in respect of principal, interest, commission, fees, and any other sum due under this Agreement on the day on which such sum is paid, the Borrower waives any right it may have to make any appropriation of such sum as between any amounts so due and overdue and the sum so paid shall be applied by the Lender in or towards satisfaction of such amount or amounts which are due or overdue for payment on that day in the following order or such other order as the Lender may deem fit:
- (i) Interest on costs, charges, expenses and other monies
 - (ii) Costs, charges, expenses and other moneys due and payable or becoming due and payable to the Lender;
 - (iii) Interests due and payable and / or accruing due and payable to the Lender;
 - (iv) prepayment premium and
 - (v) Lastly, towards repayment of the amount of principal sum due and payable or becoming due and payable to the Lender.
- 11.6 Notwithstanding anything contained in Clause 11.5 above, the Lender may, in its absolute discretion, appropriate in any manner, such payment towards the dues, if any, payable by the Borrower under any other Financing Documents.

12. EVENTS OF DEFAULT

- 12.1 The following shall be Events of Default under this Agreement:
- a) The Borrower's failure to pay the principal or any interest or any other sum payable pursuant to this Agreement on the Due Date upon which the same is due and payable pursuant to this Agreement and the same is not paid within a period of 7 (seven) days from the due date; or
 - b) If the Borrower commits any breach of or omits to observe any of its covenants, obligations or undertakings under this Agreement (other than failure to pay any sum due under this Agreement) and in respect of any such breach or omission which is capable of being remedied such breach or omission is not remedied within 90 (ninety) days of knowing such breach or omission; or
 - c) If any representation or warranty made or deemed to be made by the Borrower in or pursuant to this Agreement, or in any notice, certificate, instrument or statement contemplated by or made or delivered pursuant to this Agreement is incorrect and the same is not rectified within 90 (ninety) days of becoming aware of the same; or



- d) If any other indebtedness of the Borrower to the other lender exceeding Rs. 100 Crores (Rupees One Hundred Crores Only) is not paid when due and the same is declared as an event of default by that lender; or
- e) The Borrower ceasing or threatening to cease, to carry on all or substantially all of its business or operations; or
- f) Any action is taken for or with a view to the winding up of the Borrower (except voluntary winding up) otherwise than for reorganization approved in writing by the Lender or as allowed under this Agreement and the same is not dismissed or stayed within a period of 90 (ninety) days; or
- g) Voluntary winding up of the Borrower; or
- h) if the Borrower enters into an arrangement with any of its creditors with a view to avoiding, or in expectation of, insolvency, or the Borrower stops or threatens to stop payments generally or a receiver is appointed over or has taken possession of any of the assets of the Borrower; or
- i) At any time if the Borrower refutes or repudiates its obligation under this Agreement to be valid, legal and binding and enforceable against the Borrower in accordance with its terms; or
- j) Occurrence of any circumstances which is prejudicial to or impairs, imperils or deteriorates or which is likely to prejudice, impair, imperil or deteriorate the security given to the Lender and necessary steps are not taken by the Borrower within 90 (ninety) days; or
- k) Occurrence of any Material Adverse Effect and the same is not cured within a period of 90 (ninety) days; or
- l) If the Facility becomes illegal under any applicable law.

In such a case, the Lender shall be entitled to cancel its commitment by giving notice to the Borrower.

Provided further that the Lender shall undertake any action only to the extent that is necessary to cure or reduce the impact of such illegality.

Upon receipt of notice of cancellation, the commitment of the Lender shall stand cancelled and the Borrower shall arrange funds to repay the Lender soon thereafter but in no case later than the time period provided under the applicable law giving rise to such illegality.

- 12.2 On the happening of an Event of Default, the Lender shall give to the Borrower a notice of 30 (thirty) days prior to initiating any action against the Borrower under this Agreement.



12.3 No further Drawing may be made after the occurrence of an Event of Default. The Lender may at any time alter the happening of an Event of Default (whether or not notice shall have been given by the Borrower of such Event of Default) at its discretion while such Event of Default shall be continuing by notice in writing to the Borrower declare the Loan and all interest and commission or fees accrued and all other sums payable pursuant to this Agreement to be immediately due and payable whereupon the same shall become immediately due and payable without any further presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, and the Borrower shall immediately pay the same to the Lender and the total commitments shall be cancelled and the Facility shall automatically cease to be available to the Borrower, and the Security created in terms of the Security Documents shall become enforceable and the Lender shall have, including without limitation, the following rights (notwithstanding anything to the contrary in this Agreement), namely:

- (a) exercise any and all rights specified in the Security Documents including, without limitation, to enforce all of the Security created pursuant to the Security Documents,
- (b) exercise such other remedies as permitted or available under the Finance Documents and the Applicable Law.
- (c) enter upon and take possession of the Security of the Borrower;
- (d) To instruct any person, who is liable to make any payment to the Borrower, to pay directly to the Lender;
- (e) To exercise all or any rights or remedies of the Borrower in such manner as the Lender may determine in its absolute discretion.

13 CONSENT TO DISCLOSE NAME AND INFORMATION:

- 13.1 As a precondition relating to the grant of the Facility, the Borrower hereby agrees and consents for the disclosure by the Lender of all or any information and data relating to the Borrower, the Facility availed by the Borrower, obligations assumed/ to be assumed by the Borrower in relation thereto and the default if any committed by the Borrower in discharge thereof, as the Lender may deem appropriate and necessary to disclose and furnish to Credit Information Bureau (India) Limited and any other agency or institution so authorised in this behalf by RBI.
- 13.2 The Borrower hereby declares that the information and data furnished and /or to be furnished by the Borrower to the Lender are and shall be true and correct.
- 13.3 The Borrower hereby agrees that the Credit Information Bureau (India) Limited and any other agency so authorised may use, process the said information and data disclosed by the Lender in the manner as deemed fit by them; and the Credit Information Bureau (India) Limited and any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to Lender s or financial institutions and other credit grantors or registered users, as may be specified by the Reserve Lender in this behalf.
- 13.4 The Borrower hereby agrees that the Lender may disclose information regarding the Borrower, the Facility and any other financial assistance availed by the Borrower from the Lender etc., as it may deem fit to any other bank or financial institution having banking relationship with the Borrower or intends to have banking relationship with Borrower or any other institution as approved by RBI from time to time; or any actual or potential assignee to whom the Lender might transfer the whole or part of the Facility or who intends to participate in the Facility.

**14 NOTICES**

14.1 Any notice or other communication required to be given -

- a) To the Lender under this Agreement shall be addressed and delivered at Andheri Large Corporate Branch. MDI Building, 1st Floor, 28, S V Road, Andheri West, Mumbai 400 058 marked for attention of Mr. Gehani
- b) To the Borrower under this Agreement shall be addressed and delivered to the Borrower at its Registered office marked for attention of CFO. Sesa Sterlite Ltd., Solitaire Park, 101, Business Square, C- Wing, Andheri Kurla Road, Chakala, Andheri East, Mumbai -400093.
Phone No. 40902600
Fax No. 40902618
- c) The Borrower also has an office at Core 6, Scope office complex, 7, Lodhi Road, New Delhi – 110003.

14.2 The Lender shall be entitled to act upon (and the Borrower shall be bound accordingly by) any notice or other communication believed by the Lender to be given or made by the person or persons duly authorised by the Borrower to give or make the same.

14.3 All notice to be given hereunder may be given:

- (a) By ordinary prepaid mail to the addresses identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another address and shall be deemed to have been received on the day upon which in the ordinary course of mail it should have been received; or
- (b) By facsimile to the fax number identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another fax number) effective upon transmission; and
- (c) By courier to the addresses identified by the parties hereto upon receipt thereof.

15 ASSIGNMENT

15.1 This Agreement shall be binding upon and enure to the benefit of the Lender, the Borrower and their respective successors.

15.2 The Borrower shall not assign or transfer any of its rights and or obligations under this Agreement to any other person without the prior written consent of the Lender.

15.3 The Borrower hereby recognises and acknowledges that the Lender shall have the right to securitise, sell, assign or otherwise transfer in any manner whatsoever, in whole or in part, and in such manner and on such terms as the Lender may decide (including if deemed appropriate by the Lender reserving a right to the Lender to retain its power to proceed against the Borrower on behalf of the purchaser, assignee or transferee) any or all outstanding dues of the Borrower, to any third party of the Lender's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower.



16 WAIVER, REMEDIES CUMULATIVE

No failure or delay by the Lender in exercising any right, power or privilege under this Agreement shall impair the same or operate as a waiver of the same nor shall any single or partial exercise of any right power or privilege preclude any further exercise of the same or the exercise of any other right power or privilege. The rights and remedies provided under this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

17 GOVERNING LAW AND JURISDICTION

- 17.1 This Agreement shall be governed by and construed in accordance with the Laws of India. For the exclusive benefit of the Lender all the parties hereto hereby irrevocably agree that the courts or Tribunals in Bhubaneshwar are to have non exclusive jurisdiction to settle any dispute, which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding (together in this clause referred to as 'Proceedings') arising out of this Agreement may be brought in such courts or tribunals, All costs and expenses in relation to the above shall be borne by the Borrower.
- 17.2 Nothing contained in this clause shall limit the right of the Lender/ Security Trustee to take any other proceedings otherwise than through court of law or proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdiction, preclude the taking of any other proceedings in any other jurisdiction whether concurrently or not.

18 AGREEMENT IN COUNTERPARTS

This Agreement may be executed in two counterparts, all which, taken together, shall constitute one and the same Agreement and each of which shall be treated as an original.



20018GsPjMutJB4Ql

SCHEDULE I
REPAYMENT SCHEDULE

(Amount of Rupees in crores)

<u>Financial Year</u>	<u>Quarter No</u>	<u>Principal Repayment Amount (%)</u>
FY 2015	1-2	1% (0.5% each)
FY 2016	3-6	10% (2.5% each)
FY 2017	7-10	14% (3.5% each)
FY 2018	11-14	18% (4.5% each)
FY 2019	15-18	24% (6% each)
FY 2020	19-22	24% (6% each)
FY 2021	23-25	9% (3% each)

In case the entire Available Commitment of the Lender is fully disbursed on or before March 31, 2014, or June 30, 2014, the first Repayment Instalment will commence from June 30, 2014, or September 30, 2014, respectively.



20018GsPjMutKMMwI

SCHEDULE II
Details of Immovable Property

Sl. No.	Date of the Registered Lease Deed	Registered Lease Deed No.	Vilages/Mouza Covered	Leased Area (in Acres)
1	June 29, 2004	1937	Sindhihal, Bandhaguda, Kothaduar, Barbhata, Kinarl and Bundel.	494.22
2	October 8, 2004	2104	Kinarl, Barobhata and Kothaduar	80.90
3	October 28, 2006	2138 & 2139	Bundel, Harekrushnapur, Narayanpur, Jagannathpur, Chhatrapur, Nungalbeda, Bilatipadar, Lanjigarh, Kasibadi, Malikukudaghar, Raghunathpur, Mohanguda, Chandanpur, Kamankhunti, Gopinathpur, Jodabandha and Dangargada	446.41
4	January 17, 2007	121	Rengopalli, Kenduguda, and Kothaduar	393.99
5	January 17, 2007	122	Jagannath pur, Narayanpur, Kasibadi, Gopinathpur, Harekrushnapur, Rengopalli, Raghunathpur, Nangalbeda, Mohanguda, Chandanpur, Borbhata, Kenduguda, Bandhaguda, Kothaduar, Bilatipadar, Kamankhunti, Dangargarh, Jodabandha and Kinarl	263.28
6	March 27, 2009	1164	Phuldumer and Palbir	32.40
7	May 28, 2009	1923	Nutanbaeli, Kamankhunti, Chandanpur, Gopinathpur, Jodabandha, Bitatipadar, Nangalbeda, Harekrushnapur, Mohanguda, Rahgunatahpur, Chhatrapur, Lanjigarh and Malikukudaghar	94.33
8	May 28, 2009	1924	Nangalbeda, Nutanbaeli, Naraynpur, Bilatipadar, Harekrushnapur, Lanjigarh, Chandanpur and Mohanguda	26.29
9	January 12, 2011	10881100135	Jagannathpur, Kothaduar and Lanjigarh	4.51
10	June 20, 2009	1143	Paikaranipinda and Ambodala	82.31
11	May 3, 2010	860	Babruguda	9.80
12	February 15, 2007	432	Bhurkamunda	528.01
13	February 15, 2007	433	Bhurkamunda and Bhaglpall	171.30
14	July 11, 2008	2576	Kurebaga, Bhurkamunda and Brundamal	160.05
15	July 11, 2008	2568	Brundamal	394.89
16	May 27, 2008	2033	Bhurkamunda	115.58
17	July 16, 2009	1995	Bhurkamunda	52.93
18	August 27, 2009	2302	Bhaglpall	91.55
19	July 16, 2009	1996	Bhurkamunda, Brundamal, and Kurebaga	105.63
20	July 16, 2009	1992	Brundamal	5.12
21	December 8, 2009	3211	Kherual	14.15
22	July 16, 2009	1993	Kurebaga	61.91
23	May 22, 2009	1362	Jharsuguda Town Unit No. 5	9.54
24	July 11, 2008	2566	Jharsuguda Town Unit No. 7	2.29
25	July 7, 2010	10861002754	Jharsuguda Town Unit No. 5	5.19
26	July 7, 2010	10861002755	Jharsuguda Town Unit No. 6	37.30
27	February 2, 2009	323	Jharsuguda Town Unit No. 6	44.91
28	February 24, 2010	675	Brundamal and Bhaglpall	2.11
29	November 5, 2009	2866	Kurebaga	44.75
30	November 6, 2006	2791	Bhurkamunda	8.18
31	May 22, 2009	1366	Bhurkamunda	8.85
32	May 22, 2009	1364	Bhurkhamunda and Brundamal	2.44
33	October 5, 2010	10861003993	Bhurkamunda	9.90
34	August 27, 2009	2303	Brundamal	0.13



20018GsPjMvimVdQV

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day month and year first hereinabove written as hereinafter appearing.

THE COMMON SEAL OF THE SESA STERLITE LIMITED was hereunto affixed pursuant to the resolution of the Board of Directors of the company dated January 28, 2014 and the resolution of the committee of Directors passed in that behalf on the 29th day of March 2014 in the presence of Mr. Din Dayal Jalan Director and Mr. G.R. Arun Kumar



/s/ G.R. Arun Kumar /s/ Din Dayal Jalan

For Sesa Sterlite Limited

[Handwritten signature]
~~Director~~/Authorised Signatory

For Bank of India

बैंक ऑफ इंडिया
For BANK OF INDIA
[Handwritten signature]
निर्दिष्ट अधिकारी / Constituted Attorney

Signed for and on behalf of BANK OF INDIA by Shri Dr D.P. Tiwari (Chairman) MAKHAN LAL (son) (designation) and as such its authorised officer.



20018GsPnWWCx0pg

Exhibit 4.38

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : IN-DL44191079951196M
 Certificate Issued Date : 11-Apr-2014 04:20 PM
 Account Reference : IMPACC (IV)/ dl725403/ DELHI/ DL-DLH
 Unique Doc. Reference : SUBIN-DL72540385561151851787M
 Purchased by : SESA STERLITE LTD
 Description of Document : Article 5 General Agreement
 Property Description : COUNTER PART
 Consideration Price (Rs.) : 0
 (Zero)
 First Party : SESA STERLITE LTD
 Second Party : Not Applicable
 Stamp Duty Paid By : SESA STERLITE LTD
 Stamp Duty Amount (Rs.) : 100
 (One Hundred only)

Please write or type below this line

RUPEE LOAN AGREEMENT

THIS LOAN AGREEMENT made at New Delhi as of the 15th day of April 2014.

Borrower	Lender

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shcilestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



20018GsPnWWC#N86

BETWEEN

M/S SESA STERLITE LIMITED, a company within the meaning of the Companies Act, 1956 with corporate identification no. L13209GA1965PLC000044 and having its registered office at Sesa Ghor, 20 EDC Complex, Patto, Panjim, Goa-4030001 (hereinafter called “the **Borrower**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **FIRST PART**:

AND




SYNDICATE BANK, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, with its Head Office at Manipal -576 104 in Udupi District, Karnataka and large corporate branch at 3rd Floor, 10, Homji Street, Fort, Mumbai - 400 023 (hereinafter referred to as the “**Lender**” which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors, assigns, transferees and novatees, as the context may require or admit) of the **SECOND PART**.

WHEREAS the Borrower has requested the Lender to provide financial assistance in the form of rupee term loan for a sum not exceeding of Rs. 1025,00,00,000/- (Rupees One Thousand and Twenty Five Crores only) (hereinafter referred to as the “**Facility**”) for the purpose of:

- (a) Retirement of outstanding capex letter of credit(s)/buyers’ credit(s)/ suppliers’ credit used mainly for capex purposes of the Borrower;
- (b) Meeting normal capital expenditure requirements of the Borrower; and
- (c) for shoring of the net working capital/ prepayment of existing loans of the Borrower

(hereinafter collectively referred to as the “**Purpose**”); and

AND WHEREAS the Lender has at such request of the Borrower agreed to gram a rupee term loan for a sum not exceeding of Rs. 1025,00,00.000/- (Rupees One Thousand and Twenty Five Crores only) for the Purpose and subject to the terms and conditions contained in this Agreement.

  Borrower	 Lender
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------



NOW IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement definitions hereunder shall have the following meanings:

Agreement shall mean this rupee loan agreement including its recitals and schedules, as may be amended or supplemented in writing signed by the parties hereto from time to time.

Aluminium Division shall mean the project of the Borrower comprising the following facilities:

- (i) 1 MTPA alumina refinery along with 75 MW co-generation captive power plant in Lanjigarh, Odisha; and
- (ii) 1.6 MTPA aluminium smelter plant along with 1215 MW (9*135 MW) power plant in Jharsuguda, Odisha.

Applicable Interest Rate means the Base Rate plus the Margin (as on the date of this Agreement the present effective Applicable Interest Rate being 10.50% p.a. (ten point fifty percent per annum) with monthly rests. The Base Rate of the Lender shall always be floating.!

Availability Period means a period up to December 31, 2014 or the day on which the Available Commitment is zero, whichever is earlier, or such extended period, as may be mutually agreed upon between the Lender and Borrower.



Available Commitment means at anytime the amount of Rs. 1025,00,00,000/- (Rupees One Thousand and Twenty Five Crores only) to the extent not suspended or cancelled pursuant to the terms of this Agreement, as reduced by the aggregate amount of all its Disbursements in accordance with this Agreement, being the maximum amount from time to time which the Lender has committed to make available under the Facility.

Base Rate means the rate of interest as determined, from time to time by the Lender, whether known as base rate or any other nomenclature for the same as applicable to rupee facilities sanctioned by the Lender.

Business Day means the day on which the Lender is open for business in Mumbai.

Disbursement shall mean advancing the funds by way of rupee term loan under this Agreement. However, disbursement of the entire Facility has to be availed by the Borrower within the Availability Period.

Drawdown Schedule means the schedule for drawdown furnished by the Borrower to the Lender pursuant to this Agreement for seeking Disbursements within the Availability Period. The Drawdown Schedule can be revised by the Borrower anytime by giving 7 (seven) days' written notice to the Lender.

 Borrower	 Lender
-------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------



Drawing means a request for Disbursement of the Facility made by the Borrower pursuant to this Agreement.

Due Date means in respect of:

- a) Repayment of principal amount of Loan – the Repayment Dates on which the instalments of principal falls due as stipulated in this Agreement;
- b) Interest – the Interest Payment Dates; or
- c) Any other amount payable under this Agreement – the date on which such amount falls due in terms of this Agreement.

Provided that in the event any day on which any amount shall have fallen due is not a Business Day, the preceding Business Day shall be the Due Date.

Encumbrance means any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, security interest, title retention or other security arrangement of any kind;

Event of Default means any of the events referred to in Clause 12;

Excluded Assets means the assets of the Borrower that have been charged exclusively in favour of Life Insurance Corporation of India.

Existing Lenders shall mean all the lenders in whose favour a charge has been created over the Security.

Facility means the rupee term loan of Rs. 1025,00,00,000/- (Rupees One Thousand and Twenty Five Crores only) agreed to be provided by the Lender to the Borrower for the Purpose on the terms and conditions set out in this Agreement.

Final Settlement Date shall mean the date on which all Secured Obligations of the Borrower under this Agreement shall have been paid and discharged in full, in accordance with the terms hereof.

Finance Documents shall mean this Agreement, and the Security Documents and such documents as may be required to be executed or obtained under, pursuant to, or in connection with the Facility under this Agreement and other related agreements to perfect and validate this Agreement and Security Documents.

Financial Year shall mean the accounting period commencing from April 1st of each year till March 31st of next year.

Fixed Assets shall mean the aggregate of the immovable properties (as specified in Schedule II), moveable fixed assets of the Borrower pertaining to the Aluminium Division and also includes moveable machinery, machinery spares, equipments, tools and accessories, other than current assets (excluding revaluation if any). However, the same shall not include Excluded Assets.



Fixed Asset Coverage Ratio or **FACR** at any time shall mean the ratio of (i) the aggregate of the Net Fixed Assets, to (ii) aggregate outstanding loans secured by way of first charge on the Net Fixed Assets.

GDSCR shall mean sum total of net profit, depreciation, non-cash expenses, deferred tax and interest excluding interest on working capital loans divided by sum total of long term loan installment excluding prepayments and interest payable excluding interest on working capital loans by the Borrower in any Financial Year. Any long term loan refinanced/ substituted by way of fresh facility, and/ or repaid by sale of surplus investments/ deposits shall not be considered for calculation of GDSCR.

Interest Payment Date shall mean the last day of each month and if such last day is not a Business Day, then the Business Day immediately preceding such last day, provided however, the Interest to be paid to the Lender shall always be calculated till such last day of the month.

Interest Reset Dates shall mean in the first instance the date falling 1 (one) year after the date of first Disbursement and every year thereafter.

Loan means the aggregate principal amount for the time being and from time to time outstanding under the Facility.

Margin shall mean 0.25% p.a. (zero point twenty five percent per annum) over the Base Rate. The Margin may be reset by the Lender on each Interest Reset Date.

Material Adverse Effect shall mean any event, occurrence or change in facts, conditions or other change or effect which has resulted or could reasonably be expected to be materially adverse to any of the following viz.

- i) the Borrower, its business, operations or results of operations,
- ii) the Security provided to the Lender under the Security Documents,
- iii) the Borrower or the business or financial condition of the Borrower
- iv) the ability of the Borrower to observe or perform any of its obligations under the Agreement,
- v) the legality, validity and enforceability of any Finance Documents; and
- vi) the enforcement of the rights and remedies of the Lender.

Net Fixed Assets shall mean the value of Fixed Assets (including capital work in progress) as reduced by the accumulated depreciation.

Potential Event of Default shall mean happening or occurrence of any event, which with the lapse of time, determination of materiality or giving of notice would become an Event of Default as specified in Clause 12 of this Agreement.

Quarter means each of the consecutive periods of three months commencing from 1st of April, 1st of July, 1st of October and 1st of January, in each Financial Year.



Repayment Dates shall mean the last Business Day of each Quarter on which the Repayment Instalments are due for payment as stated in the Repayment Schedule.

Repayment Instalment means each of the 25 (twenty five) consecutive structured quarterly instalments by which the Borrower shall repay the Loan to the Lender, the first of which shall fall due for payment on December 31, 2014.

Repayment Schedule means the schedule of Repayment provided in **Schedule-I** to this Agreement.

Secured Obligations shall mean the Borrower's obligation to repay, pay or reimburse, as the case may be, the Loan, interest, additional interest, premium on prepayment, up-front fees, management fees, all costs, charges and expenses and other monies owing by, and all other present and future obligations and liabilities of the Borrower to the Lender under this Agreement, legal expenses and costs incurred by the Lender under or in respect of this Agreement and/or Security Documents executed by the Borrower or any other person.

Security Documents means the Security Trustee Agreement and other documents, agreements, instruments, deeds, writings, undertaking executed/to be executed by the Borrower or any other person in favour of the Lender and any reference to the "Security Documents" shall be construed, as the context may permit, as a reference to any or all of them.

Security Trustee shall mean SBICAP Trustee Company Limited a company incorporated under the Companies Act (1 of 1956) having its Corporate Identification No. U65991MH2005PLC158386 and its registered office at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 and an office at Apeejay House, 6th Floor, 3, Dinshaw Wachha Road Churchgate, Mumbai – 400 020 or such other person who is authorised to act as a trustee.

Security Trustee Agreement shall mean the agreement to be entered into amongst, inter alia, the Lender and the Borrower, with respect to appointment of the Security Trustee, on terms and conditions thereof and other matters connected therewith, as may be amended or supplemented from time to time.

Tangible Net Worth or **TNW** shall mean paid-up capital (equity/ preference share capital), share premium and reserves (excluding revaluation reserves) less intangible assets.

Total Outside Liabilities or **TOL** in relation to the Borrower shall mean all secured and unsecured loans, including current liabilities of the Borrower.

- 1.2 The Clause headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless otherwise specified, all references to clauses and schedules are to clauses of and schedules to this Agreement. Unless the context otherwise requires words denoting the singular number shall include the plural and vice versa.



- 1.3 The Borrower's application and the subsequent correspondence with the Lender (hereinafter collectively referred to as "the **Borrower's proposal**") shall be deemed to constitute the basis of this Agreement and of the Facility to be granted by the Lender; and the Borrower hereby warrants the correctness of each and every statement and particulars therein contained and undertakes to carry out the proposal therein set forth.
- 1.4 The Borrower declares and confirms that the Facility agreed to be granted to the Borrower shall be governed by the terms and conditions set out in this Agreement and the other Finance Documents.
- 1.5 The Borrower undertakes to notify in writing to the Lender of any circumstances affecting the correctness of any of the particulars set forth in the Borrower's proposal immediately on the happening or occurrence of any such circumstance.

**2. FACILITY AND PURPOSE**

- 2.1 The obligation of the Lender to make Disbursement under this Agreement shall be subject to the Borrower complying with the terms and conditions of this Agreement to the satisfaction of the Lender, besides compliance by the Borrower with the Disbursement procedure, if any, stipulated by the Lender, such as submission of necessary information, documents, etc., to the satisfaction of the Lender.
- 2.2 The Facility is being availed by the Borrower for the Purpose, Accordingly the Borrower shall apply the amounts drawn by it hereunder in or towards such Purpose only. If for any reason the Borrower finds it unable to comply with this condition, it shall immediately inform the Lender in writing, of the same, and reasons therefore and shall, unless otherwise agreed to by the Lender, repay forthwith, the Loan together with interest and all other monies due and payable in respect thereof. The Lender shall be under no obligation to monitor or verify the application of the Disbursements made under the Facility or any part thereof.

3. AVAILABILITY

- 3.1 The Borrower may draw down the Facility in one or more tranche, during the Availability Period subject to the Lender having received the following and found satisfactory, not later than the date of first Drawing:
- a) this Agreement and such other documents as may be required by the Lender shall be duly executed by the Borrower;
 - b) A copy of the memorandum and articles of association of the Borrower certified by a Director or Secretary of the Borrower to be true, complete and up to date as in force on the date of this Agreement;
 - c) Copy of the resolution of the members of the Company, wherever applicable and copy of the resolution of Board of Directors / finance standing committee of the Borrower certified by a Director or Secretary of the Borrower to be true, in full force and effect at the date of receipt by the Lender approving the terms of this Agreement and the transactions contemplated by this Agreement and authorising the execution of this Agreement and the Finance Documents by the Borrower and authorising a person or persons to sign and deliver on behalf of the Borrower any notice, request, communication and documents to be given by the Borrower pursuant to or in connection with this Agreement;
 - d) Specimen signatures of each of the authorised signatories referred to in clause (b) above;
 - e) Notice of drawdown;
 - f) the existing loan of Rs.636,34,00,000/- (Rupees Six Hundred and Thirty Six Crores and Thirty Four Lakhs only) as on March 19, 2014, as reduced by principal repayments of existing loan made by the Borrower till the date of first Disbursement of the Facility, shall be closed by the Borrower. The prepayment penalty for the said loan is waived by the Lender;



- g) the Borrower shall have submitted a declaration in the form acceptable to the Lender regarding interest of any member of the Board of Director of the Lender or other lender or any senior officer of the Lender or other lender in the borrowings of the Borrower;
- h) the Borrower shall have submitted a declaration in a form acceptable to Lender regarding the names of its directors appearing in defaulters List maintained by RBI/ CIBIL/or any other agency; and
- i) the Borrower shall have provided an undertaking for agreeing to hedge the exchange rate risk wherever natural hedging is not available.

Provided no Event of Default has occurred and no Potential Event of Default is continuing.

- 3.2 Drawing may only be made on a Business Day falling within the Availability Period by providing a written notice of Drawdown. The Lender may in its absolute discretion extend the Availability Period.
- 3.3 Disbursement will be made, subject to the Borrower complying with the provisions of this Agreement.
- 3.4 Notwithstanding anything contained hereinabove, the Borrower hereby agrees and confirms that the Lender reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice in the event of:
 - (a) the limits/ part of the limits are not utilized by the Borrower at the end of the Availability Period; and/or
 - (b) any non compliance of the terms and conditions of this Agreement.
- 3.5 Drawdown Schedule to be furnished by the Borrower, if required by the Lender.

4. INTEREST

- 4.1 The Borrower shall pay interest on the Loan outstanding for the time being and from time to time, calculated at the Applicable Interest Rate with monthly rests in accordance with the following provisions of this clause commencing from the date of first Disbursement till the Final Settlement Date.
- 4.2 The Lender shall have the right to review and reset the Margin on every Interest Reset Date. In the event the revised Margin is not acceptable to the Borrower, the Borrower may prepay the Facility without any prepayment penalty in accordance with Clause 6.4 (c) of this Agreement.
- 4.3 Interest shall accrue from day to day and shall be calculated on the basis of actual number of days elapsed in a year of 365 days and shall be paid in arrears on the Interest Payment Dates falling at monthly intervals.



- 4.4 In the event of default by the Borrower in the payment of any sum due pursuant to this Agreement on the Due Date for payment including payment of principal amount of Loan, interest or any other amount due to the Lender, the Borrower shall pay interest at rate of 1% p.a. (one percent per annum) over and above the Applicable Interest Rate (the “**Default Interest**”) on the defaulted amount of Loan due to the Lender calculated from the Due Date thereof until actual payment of the defaulted amount. Such Default Interest shall be payable till the time the defaulted amount is not paid by the Borrower.
- 4.5 In the event of the Borrower’s failure to create and perfect Security within the stipulated period of 6 (six) months from the date of first Disbursement of the Facility or any other extended time period as agreed upon by the Lender in its absolute discretion, the Borrower shall pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) on the entire outstanding Loan amount over and above the Applicable Interest Rate from the date of expiry of the said period of 6 (six) months from the date of first Disbursement of the Facility until the date on which the Borrower creates and perfects the Security to the satisfaction of the Lender.
- 4.6 In the event of any adverse deviation in any two of the financial covenants stated in Clause 10.3 hereto from the levels stipulated therein, than the Borrower shall pay additional interest on the outstanding Loan at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate for the period for which the deviation continues.
- 4.7 Unless, the Borrower is able to, by way of evidence, prove the contrary, the statement of the Lender as to the rate and amount of interest, default interest or penal interest payable pursuant to this Agreement shall, in the absence of manifest error, be conclusive and binding on the Borrower.
- 4.8 The following conditions shall apply to the additional interest and Default Interest payable by the Borrower in terms of this Agreement:
- (a) The Borrower acknowledges that the right of the Lender to charge Default Interest and/or additional interest hereunder shall be without prejudice to the other rights and remedies available to the Lender under the Finance Documents.
 - (b) The Borrower further acknowledges that the Facility provided under this Agreement, is for a commercial transaction.
 - (c) The Default Interest and the additional interests payable by the Borrower hereunder shall be payable on demand and in the absence of any such demand on the next Interest Payment Date occurring after the date of default.

**5. COMMISSION, FEES AND CHARGES**

- 5.1 The Borrower shall pay or reimburse the Lender on demand all reasonable expenses (including, but not limited to, legal fees) in connection with the negotiation, preparation and execution of this Agreement and other Security Documents or in enforcing, perfecting, protecting or preserving (or attempting to do so) any of the rights, or in suing for or recovering any sum due from the Borrower under this Agreement and other Finance Documents.
- 5.2 The Borrower shall pay all stamp and other duties and taxes, levies and imposts, both present and future, to which this Agreement and/or other Security Documents may be subject or give rise and will indemnify the Lender against any and all liabilities with respect to or resulting from any delay or omission on the part of the Borrower in the payment of such duties or taxes. Any stamp duty, levy or other form of charges applied by the Government of India or any of its agencies or relevant State Government shall be for the account of the Borrower.
- 5.3 On or before the date of execution of this Agreement the Borrower shall pay to the Lender a non-refundable and non adjustable up-front fee calculated at the rate 0.15% (of the total amount of the of the Facility amount i.e., Rs. 1,53,75,000/- (Rupees One Crore, Fifty Three lakh and Seventy Five thousand only) along with applicable Service Tax.

6. REPAYMENT AND PREPAYMENT

- 6.1 The door-to-door tenure of the Facility shall be 6.75 (six point seventy five) years including a moratorium period of 6 (six) months and repayment period of 6.25 (six point twenty five) years.
- 6.2 The Borrower shall repay the principal amount of the Loan in 25 (twenty five) Repayment Instalments on the Repayment Dates as mentioned in the Repayment Schedule. The first Repayment Instalment shall be due and payable on December 31, 2014 and the last Repayment Instalment shall be due and payable on December 31, 2020.
- 6.3 The Borrower shall at all times have the option to prepay the whole or part of the Loan together with interest, prepayment premium and other charges on that amount accrued up to the date of prepayment by paying a prepayment premium calculated at the rate of 0.25% (zero point two five percent) of the principal amount being prepaid and other applicable taxes thereon to the Lender.
- 6.4 Notwithstanding anything stated in this Agreement, no prepayment premium shall be payable by the Borrower to the Lender in the following events:
- If the pre-payment is effected at the instance of the Lender;
 - If the pre-payment is made from surplus cash accruals generated by the Borrower;
 - If on any Interest Reset Date, the interest rate is not acceptable to the Borrower, the Borrower would have the option to prepay the outstanding amount of Loan within the immediate period of 3 (three) months by giving a notice to the Lender of at least 30 (thirty) days. Such notice of prepayment shall be given by the Borrower within a period of 2 (two) months from such Interest Reset Date or receipt of advice from the Lender about the Interest Reset Date; and
 - On Interest Reset Dates by giving a prior notice of 30 (thirty) days.



6.5 The following are the general provisions relating to prepayment:

- (a) All notice of prepayment under this Agreement shall be given to the Lender in writing and shall be irrevocable and unconditional.
- (b) The amounts prepaid as above shall be reduced pro rata from the repayment instalments as set out in the Repayment Schedule.
- (c) No amount prepaid under this Agreement may subsequently be re-borrowed by the Borrower under the Facility.

7. SECURITY FOR THE FACILITY

7.1 The Borrower shall secure the unconditional discharge and irrevocable repayment of the Secured Obligations including the Loan and payment of all interests, including default interest and penal interest, up-front fee, management fees, prepayment premium or on redemption, costs, charges, expenses and other monies whatsoever stipulated as due and payable by the Borrower to the Lender under this Agreement as under:

- a. by creating and perfecting a first pari passu charge by way of hypothecation of the movable fixed assets of the Aluminium Division of the Borrower, both present and future;
- b. By creating and perfecting a first pari passu charge by way of mortgage on the immovable fixed assets of the Aluminium Division of the Borrower (as specified in Schedule II), both present and future.

(Hereinafter the security interest over the movable and immovable fixed assets stipulated at (a) and (b) above shall be collectively referred to as the “**Security**”)

Provided however the Security shall not include the Excluded Assets.

Provided further that the, security interest stipulated in paragraphs (a) and (b) above shall in all respects rank pari-passu among the Lender having first charge and the other term loan lenders/ other charge holders (both present and future) of the Borrower having first charge on the Security, without any preference or priority to one over the other or others.

Provided further that the, security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the ECB lenders for securing the ECB facilities to the maximum extent of USD 545 Million shall in all respects rank second, residual and subservient to the security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the Lender/ Security Trustee for securing the Facility.



- 7.2 The Borrower shall create and perfect in favour of the Lender/ the Security Trustee acting in trust for the benefit of the Lender the Security as stated herein above within the time limits stipulated below:
- a. The Borrower shall create security over the movable fixed assets stipulated under Clause 7.1 (a) above and get it registered with concerned Registrar of Companies (if required), within a period of 6 (six) months from the date of first Disbursement of the Facility;
 - b. The Borrower shall create and perfect the security over immovable fixed assets stipulated under Clause 7.1 (b) above within a period of 6 (six) months from the date of first Disbursement of the Facility; and
 - c. The Borrower shall arrange to obtain the no objection certificates (NOC) from the Existing Lenders/ other charge holders of the Borrower, as may be required, within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - d. The Borrower shall procure and submit to the Lender applicable clearances/ consents as may be required to create and perfect the Security within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - e. The Borrower shall bear all cost and expenses for the creation and perfection of the Security in terms of this Agreement and other Finance Documents.
- 7.3 The Borrower shall not create any encumbrance over the Security in favour of any person without the prior written consent of the Lender other than those encumbrances/ security interests which are existing on the date of execution of this Agreement, or as allowed in this Agreement, or as may be specifically permitted by the Lender in writing.
- 7.4 The Security Trustee shall perform such functions and duties as may be assigned to it under the Security Trustee Agreement (including the function of holding the Security for the benefit of the Lender). The Borrower shall bear all cost and expenses of the Security Trustee.
- 7.5 The Borrower declares that it possesses or will possess valid and marketable title/ rights and interest over the **Schedule II** properties, and the security interest(s) created or expressed to be created by the Security Documents is valid and enforceable.
- 7.6 The Borrower shall do everything necessary to maintain the Security in full force and effect at all times (including the priority thereof) and preserve and protect the Security and protect and enforce its rights and title.

**8. REPRESENTATIONS AND WARRANTIES**

- 8.1 The Borrower hereby agrees, declares and covenants that the Lender has agreed to enter into this Agreement and to make Disbursement under the Facility to the Borrower, relying upon the following representations and warranties made by the Borrower to the Lender: -
- a) The Borrower is a company duly incorporated and validly existing under the laws of India and has the power and authority to own its assets and to conduct the Business which it conducts and/ or proposes to conduct.
 - b) The Borrower has the corporate power to enter into, exercise its rights and perform and comply with its obligations under this Agreement including borrowing under this Agreement;
 - c) The execution of this Agreement on behalf of the Borrower and the performance of its obligations under this Agreement have been duly authorised by all necessary corporate action and the obligations expressed as being assumed by it under this Agreement constitute and will constitute valid, legal and binding obligations of the Borrower enforceable against it in accordance with their terms;
 - d) Neither the execution and delivery of this Agreement nor the exercise of any of its rights under this Agreement nor the performance or observance of any of its obligations under this Agreement will:
 - (i) Conflict with, or result in any breach of, any law, statute, regulation indenture, mortgage, trust deed, agreement or other instrument, arrangement obligation or duty by which the Borrower is bound; or,
 - (ii) Cause any limitation on any of its powers whatsoever and howsoever imposed, or on the right or ability of the directors of the Borrower to exercise such powers, to be exceeded.
 - e) The Borrower is not in default under any law, statute regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which it is bound.
 - f) The audited accounts of the Borrower i.e. erstwhile Sesa Goa Limited for the year ended the 31st day of March, 2013 were prepared in accordance with generally accepted accounting principles, standards and practices consistently applied and give a true and fair view of the results of the operations for that period and the financial position as at that date and there has been no material adverse change in the business, assets, conditions or operations of the Borrower since that date.
 - g) Other than in the normal course of business, no litigation or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, administrative or governmental authority or dispute with any governmental authority are presently in process, pending or (to the best of its knowledge, information and belief) threatened against it which might have an adverse effect on its ability duly to perform and observe any of its obligations under this Agreement.
 - h) No Event of Default or a Potential Event of Default has occurred and is continuing at the date of this Agreement.
 - i) It is not in default of any statutory dues such as income tax, corporation tax, and all other taxes and revenues payable to Government or any local or other authority except those are contested in good faith by proper proceedings and are disclosed/to be disclosed in the latest balance sheet of the Borrower.
- 8.2 The representations and warranties contained in this Clause shall be deemed to be repeated by the Borrower on the date of each Disbursement, on each Interest Payment Date as well as on each Repayment Dates with reference to the circumstances existing on such day.

**9. UNDERTAKINGS**

- 9.1. The Borrower shall apply the Loan as stated under Clause 2 of this Agreement.
- 9.2. The Borrower shall ensure at all time during the currency of the Facility that its liabilities under this Agreement shall rank at least pari passu in right and priority of payment with all its other present and future secured indebtedness (actual or contingent) by way of first charge till the Final Settlement date except as may be required by applicable law;
- 9.3. The Borrower shall promptly give written notice to the Lender of any Event of Default and of any other event which, with the giving of notice and/or lapse of time or otherwise could constitute an Event of Default, at the same time informing the Lender of any action taken or proposed to be taken by the Borrower in that connection;
- 9.4. Borrower shall provide the Lender:
- a. two copies of its annual audited profit and loss account and balance sheet and annual report of the Borrower within 180 (one hundred and eighty) days after the end of each Financial Year or immediately on being published /signed by the auditors, whichever is earlier. The profit and loss account shall present fairly the operation of the Borrower for the period covered by it and the balance sheet shall present fairly the financial position of the Borrower at the date as at which the same shall be prepared,
 - b. Quarterly financial statements within 2 (two) months at the end of the relevant quarter / the prescribed time.
 - c. The Borrower shall provide a certificate from a Chartered Accountant/ Statutory Auditor within 60 (sixty) days after finalisation of the annual audited accounts that the Borrower has maintained FACR of 1.25x (one point two five times) for that Financial Year.
 - d. In addition to the above, the Borrower shall submit to the Lender such financial statements or other information as may be required by the Lender from time to time.
- 9.5. The Borrower shall obtain and ensure that all major approvals and clearances and other requirements as per applicable law are maintained and are in force and effect to enable it to comply with the terms and conditions under this Agreement or required on its part for the validity or enforceability of this Agreement;
- 9.6. The Borrower shall immediately inform the Lender of any event which has a Material Adverse Effect.



20018GsPnWJmKbfg

- 9.7. The Borrower shall not induct in their Board a person who has been identified as a wilful defaulter by RBI or CIBIL or is a director of a company, or a partner in a partnership firm which has been identified as a wilful defaulter (other than as a nominee/ professional/ honorary director) and in case, such a person is found to be on the Board of Directors of the Borrower, it shall take expeditious and effective steps for removal of the person from its Board.
- 9.8. The Borrower shall not without the prior written consent of the Lender voluntarily enter into liquidation or dissolution or any merger, amalgamation or consolidation with any other person or entity except within Vedanta group companies.
- 9.9. The Borrower shall obtain external credit rating within a period of 6 (six) months from the date of First Disbursement, from an external credit rating agency recognised by RBI, all costs and expenses in relation to the above shall be borne by the Borrower. Such credit rating shall be taken thereafter on annual intervals.
- 9.10. The Borrower undertakes to hedge the exchange rate risk wherever natural hedging is not available.
- 9.11. The Borrower undertakes to submit to the Lender its liability position along with overdues, if any, with other lenders.

10. COVENANTS

10.1 Positive Covenants

- 10.1.1 The Borrower shall allow the Lender with prior intimation to examine its books of accounts and to have the factories inspected, from time to time, by the officer(s) of the Lender and / or qualified auditors and/ or technical experts and / or management consultants of the Lender's choice. The Borrower shall bear the cost of such inspection.
- 10.1.2 The Borrower shall maintain adequate books of accounts, correctly reflecting its financial position and scale of operations and shall not radically change its accounting system without prior notice to the Lender.
- 10.1.3 The Borrower shall keep the Lender informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps taken or proposed to be taken.
- 10.1.4 The Borrower shall submit the end use certificate, from a Chartered Accountant/ Statutory Auditor, regarding the utilisation of the proceeds of Disbursement within 3(three) months from the date of each Disbursement.
- 10.1.5 The Borrower shall obtain comprehensive insurance cover for the Fixed Assets of the Borrower hypothecated and / or mortgaged as security for the Facility and the policies shall be retained by the Borrower. The Borrower shall deliver to the Lender promptly after the same are issued, copies of all policies of insurance and renewals thereof. Insurance policies shall contain the Lender's hypothecation/mortgage clause. The Borrower shall duly pay all premia and other sums payable and perform all actions necessary to ensure that the insurance as required in accordance with this Agreement is maintained.

**10.2 Negative Covenants**

During the currency of the Facility the Borrower shall not, without the prior written permission of the Lender, which shall not be unreasonably withheld:

- 10.2.1 Formulate any scheme of amalgamation or reconstruction, except within Vedanta group companies;
- 10.2.2 Create any charge, lien or encumbrance on the assets charged to the Lender in favour of any financial institution, bank, company, firm or persons except where the minimum FACR does not fall below 1.25x (one point twenty five times);
- 10.2.3 Declare dividends on its share capital if it fails to meet its obligations to pay interest and/ or Repayment Installment and/ or other monies due to the Lender as long as such default continues.

10.3 Financial Covenants

- 10.3.1 Until the Final Settlement Date, the Borrower shall ensure that there is no adverse deviation, in the following financial parameters, based on standalone audited financial statements of the Borrower as determined on the last day of a Financial Year starting from the Financial Year ending on March 31, 2015, from the level stipulated herein below:
 - (a) TOL/TNW shall not exceed the maximum permitted level of 3.00 (three point zero zero);
 - (b) GDSCR shall not fall below the minimum level of 1.10 (one point one zero); and
 - (c) FACR shall not fall below the minimum level of 1.25x (one point two five times).
- 10.3.2 In the event of adverse deviation from stipulated level in any two of the financial covenants stated in Clause 10.3.1 above, the Borrower shall be liable to pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate on the entire outstanding Loan for the period of non-adherence.

11. PAYMENTS

- 11.1 All payments to be made under this Agreement shall be made directly to the Lending Office of the Lender or at such other place as may be specified by the Lender electronically preferably by RTGS or or by electronic transfer to the account of the Lender (except when payment is made through payable-at-par cheque drawn on a Lender which is not on NEFT or RTGS) during normal banking hours on the Due Date thereof. Subject to the provisions of this Agreement if any sum falls due for payment under this Agreement on a day which is not a Business Day such payment shall be made on the immediately preceding Business Day.



- 11.2 Save and except any disputed amount, all sums payable by the Borrower under this Agreement whether of principal, interest, fees or otherwise shall be paid in full without any set-off, counter-claim or condition and free and clear of and without any deduction or withholding whatsoever. If the Borrower shall be required by law to make any deduction of or withholding for or on account of any tax from any payment to the Lender then:
- (i) The Borrower shall ensure that such deduction or withholding does not exceed the minimum legal liability, and shall immediately pay to the Lender the balance amount so that the full amount which would otherwise have been received under this Agreement had no such deduction or withholding been made and shall remit the amount of such tax to the appropriate taxation authority; and
 - (ii) The Borrower shall, not later than 30 days after each deduction or withholding of any taxes, forward to the Lender documentary evidence required by the Lender in respect of the deduction withholding or payment of any taxes.
- 11.3 All payments to be made by the Borrower under this Agreement shall be made to the Lender at its Large Corporate Branch, 3rd Floor, 10 Homji Street, Fort, Mumbai 400023 or at such other office as the Lender may notify to the Borrower from time to time.
- 11.4 Notwithstanding anything to the contrary contained in this Agreement or in any other agreement with the Borrower, in the event of failure by the Borrower to pay any sum on the Due Date on which such sum is expressed to be due and payable pursuant to this Agreement the Lender shall have the right without notice or demand to set off any sums held to the credit of the Borrower and/or debit any other account of the Borrower in the books of the Lender.
- 11.5 If the Borrower pays a sum which is less than the total amount due and overdue in respect of principal, interest, commission, fees, and any other sum due under this Agreement on the day on which such sum is paid, the Borrower waives any right it may have to make any appropriation of such sum as between any amounts so due and overdue and the sum so paid shall be applied by the Lender in or towards satisfaction of such amount or amounts which are due or overdue for payment on that day in the following order or such other order as the Lender may deem fit:
- (i) Interest on costs, charges, expenses and other monies
 - (ii) Costs, charges, expenses and other moneys due and payable or becoming due and payable to the Lender;
 - (iii) Interests due and payable and / or accruing due and payable to the Lender;
 - (iv) prepayment premium and
 - (v) Lastly, towards repayment of the amount of principal sum due and payable or becoming due and payable to the Lender.
- 11.6 Notwithstanding anything contained in Clause 11.5 above, the Lender may, in its absolute discretion, appropriate in any manner, such payment towards the dues, if any, payable by the Borrower under any other Financing Documents.

**12. EVENTS OF DEFAULT**

12.1 The following shall be Events of Default under this Agreement:

- a) The Borrower's failure to pay the principal or any interest or any other sum payable pursuant to this Agreement on the Due Date upon which the same is due and payable pursuant to this Agreement and the same is not paid within a period of 7 (seven) days from the due date; or
- b) If the Borrower commits any breach of or omits to observe any of its covenants, obligations or undertakings under this Agreement (other than failure to pay any sum due under this Agreement) and in respect of any such breach or omission which is capable of being remedied such breach or omission is not remedied within 90 (ninety) days of knowing such breach or omission; or
- c) If any representation or warranty made or deemed to be made by the Borrower in or pursuant to this Agreement, or in any notice, certificate, instrument or statement contemplated by or made or delivered pursuant to this Agreement is incorrect and the same is not rectified within 90 (ninety) days of becoming aware of the same; or
- d) If any other indebtedness of the Borrower to the other lender exceeding Rs. 100 Crores (Rupees One Hundred Crores Only) is not paid when due and the same is declared as an event of default by that lender; or
- e) The Borrower ceasing or threatening to cease, to carry on all or substantially all of its business or operations; or
- f) Any action is taken for or with a view to the winding up of the Borrower (except voluntary winding up) otherwise than for reorganization approved in writing by the Lender or as allowed under this Agreement and the same is not dismissed or stayed within a period of 90 (ninety) days; or
- g) Voluntary winding up of the Borrower; or
- h) if the Borrower enters into an arrangement with any of its creditors with a view to avoiding, or in expectation of, insolvency, or the Borrower stops or threatens to stop payments generally or a receiver is appointed over or has taken possession of any of the assets of the Borrower; or
- i) At any time if the Borrower refutes or repudiates its obligation under this Agreement to be valid, legal and binding and enforceable against the Borrower in accordance with its terms; or
- j) Occurrence of any circumstances which is prejudicial to or impairs, imperils or deteriorates or which is likely to prejudice, impair, imperil or deteriorate the security given to the Lender and necessary steps are not taken by the Borrower within 90 (ninety) days; or
- k) Occurrence of any Material Adverse Effect and the same is not cured within a period of 90 (ninety) days; or
- l) If the Facility becomes illegal under any applicable law.



In such a case, the Lender shall be entitled to cancel its commitment by giving notice to the Borrower.

Provided further that the Lender shall undertake any action only to the extent that is necessary to cure or reduce the impact of such illegality.

Upon receipt of notice of cancellation, the commitment of the Lender shall stand cancelled and the Borrower shall arrange funds to repay the Lender soon thereafter but in no case later than the time period provided under the applicable law giving rise to such illegality.

- 12.2 On the happening of an Event of Default, the Lender shall give to the Borrower a notice of 30 (thirty) days prior to initiating any action against the Borrower under this Agreement.
- 12.3 No further Drawing may be made after the occurrence of an Event of Default. The Lender may at any time after the happening of an Event of Default (whether or not notice shall have been given by the Borrower of such Event of Default) at its discretion while such Event of Default shall be continuing by notice in writing to the Borrower declare the Loan and all interest and commission or fees accrued and all other sums payable pursuant to this Agreement to be immediately due and payable whereupon the same shall become immediately due and payable without any further presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, and the Borrower shall immediately pay the same to the Lender and the total commitments shall be cancelled and the Facility shall automatically cease to be available to the Borrower; and the Security created in terms of the Security Documents shall become enforceable and the Lender shall have, including without limitation, the following rights (notwithstanding anything to the contrary in this Agreement), namely:
 - (a) exercise any and all rights specified in the Security Documents including, without limitation, to enforce all of the Security created pursuant to the Security Documents,
 - (b) exercise such other remedies as permitted or available under the Finance Documents and the Applicable Law.
 - (c) enter upon and take possession of the Security of the Borrower;
 - (d) To instruct any person, who is liable to make any payment to the Borrower, to pay directly to the Lender;
 - (e) To exercise all or any rights or remedies of the Borrower in such manner as the Lender may determine in its absolute discretion.

13 CONSENT TO DISCLOSE NAME AND INFORMATION:

- 13.1 As a precondition relating to the grant of the Facility, the Borrower hereby agrees and consents for the disclosure by the Lender of all or any information and data relating to the Borrower, the Facility availed by the Borrower, obligations assumed/ to be assumed by the Borrower in relation thereto and the default if any committed by the Borrower in discharge thereof, as the Lender may deem appropriate and necessary to disclose and furnish to Credit Information Bureau (India) Limited and any other agency or institution so authorised in this behalf by RBI.



- 13.2 The Borrower hereby declares that the information and data furnished and /or to be furnished by the Borrower to the Lender are and shall be true and correct.
- 13.3 The Borrower hereby agrees that the Credit Information Bureau (India) Limited and any other agency so authorised may use, process the said information and data disclosed by the Lender in the manner as deemed fit by them; and the Credit Information Bureau (India) Limited and any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to Lenders or financial institutions and other credit grantors or registered users, as may be specified by the Reserve Lender in this behalf.
- 13.4 The Borrower hereby agrees that the Lender may disclose information regarding the Borrower, the Facility and any other financial assistance availed by the Borrower from the Lender etc., as it may deem fit to any other bank or financial institution having banking relationship with the Borrower or intends to have banking relationship with Borrower or any other institution as approved by RBI from time to time; or any actual or potential assignee to whom the Lender might transfer the whole or part of the Facility or who intends to participate in the Facility.

14 NOTICES

- 14.1 Any notice or other communication required to be given -
- a) To the Lender under this Agreement shall be addressed and delivered at Large Corporate Branch, 3rd Floor, 10 Homji Street, Fort, Mumbai 400023 marked for attention of Dy. General Manager.
 - b) To the Borrower under this Agreement shall be addressed and delivered to the Borrower at its Registered office marked for attention of CFO, Sesa Sterlite Ltd., Solitaire Park, 101, Business Square, C- Wing, Andheri Kurla Road, Chakala, Andheri East, Mumbai -400093.
Phone No. 40902600
Fax No. 40902618
 - c) The Borrower also has an office at Core 6, Scope office complex, 7, Lodhi Road, New Delhi – 110003.
- 14.2 The Lender shall be entitled to act upon (and the Borrower shall be bound accordingly by) any notice or other communication believed by the Lender to be given or made by the person or persons duly authorised by the Borrower to give or make the same.
- 14.3 All notice to be given hereunder may be given:
- (a) By ordinary prepaid mail to the addresses identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another address and shall be deemed to have been received on the day upon which in the ordinary course of mail it should have been received; or
 - (b) By facsimile to the fax number identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another fax number) effective upon transmission; and
 - (c) By courier to the addresses identified by the parties hereto upon receipt thereof.

**15 ASSIGNMENT**

- 15.1 This Agreement shall be binding upon and enure to the benefit of the Lender, the Borrower and their respective successors.
- 15.2 The Borrower shall not assign or transfer any of its rights and or obligations under this Agreement to any other person without the prior written consent of the Lender.
- 15.3 The Borrower hereby recognises and acknowledges that the Lender shall have the right to securitise, sell, assign or otherwise transfer in any manner whatsoever, in whole or in part, and in such manner and on such terms as the Lender may decide (including if deemed appropriate by the Lender reserving a right to the Lender to retain its power to proceed against the Borrower on behalf of the purchaser, assignee or transferee) any or all outstanding dues of the Borrower, to any third party of the Lender's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower.

16 WAIVER, REMEDIES CUMULATIVE

No failure or delay by the Lender in exercising any right, power or privilege under this Agreement shall impair the same or operate as a waiver of the same nor shall any single or partial exercise of any right power or privilege preclude any further exercise of the same or the exercise of any other right power or privilege. The rights and remedies provided under this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

17 GOVERNING LAW AND JURISDICTION

- 17.1 This Agreement shall be governed by and construed in accordance with the Laws of India. For the exclusive benefit of the Lender all the parties hereto hereby irrevocably agree that the courts or Tribunals in Bhubaneshwar are to have non exclusive jurisdiction to settle any dispute, which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding (together in this clause referred to as 'Proceedings') arising out of this Agreement may be brought in such courts or tribunals.
- 17.2 Nothing contained in this clause shall limit the right of the Lender/ Security Trustee to take any other proceedings otherwise than through court of law or proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdiction, preclude the taking of any other proceedings in any other jurisdiction whether concurrently or not.

18 AGREEMENT IN COUNTERPARTS

This Agreement may be executed in two counterparts, all which, taken together, shall constitute one and the same Agreement and each of which shall be treated as an original.



20018GsPnWJHc#yg\

SCHEDULE I
REPAYMENT SCHEDULE

(Amount of Rupees in crores)

<u>Financial Year</u>	<u>Quarter No</u>	<u>Principal Repayment Amount (%)</u>
FY 2015	1-2	1% (0.5% each)
FY 2016	3-6	10% (2.5% each)
FY 2017	7-10	14% (3.5% each)
FY 2018	11-14	18% (4.5% each)
FY 2019	15-18	24% (6% each)
FY 2020	19-22	24% (6% each)
FY 2021	23-25	9% (3% each)



20018GsPnWJHnJ46

SCHEDULE II
Details of Immovable Property

<u>Sl. No.</u>	<u>Date of the Registered Lease Deed</u>	<u>Registered Lease Deed No.</u>	<u>Vilages/Mouza Covered</u>	<u>Leased Area (in Acres)</u>
1	June 29, 2004	1937	Sindhibahal, Bandhaguda, Kothaduar, Barbhata, Kinarl and Bundel.	494.22
2	October 8, 2004	2104	Kinarl, Barobhataand Kothaduar	80.90
3	October 28, 2006	2138 & 2139	Bundel, Harekrushnapur, Narayanpur, Jagannathpur, Chhatrapur, Nangalbeda, Bilatipadar, Lanjigarh, Kasibadi, Malikukudaghar, Raghunathpur, Mohanguda, Chandanpur, Kamankhunti, Gopinathpur, Jodabandha and Dangargada	446.41
4	January 17, 2007	121	Rengopalli, Kenduguda, and Kothaduar	393.99
5	January 17, 2007	122	Jagannathpur, Narayanpur, Kasibadi, Gopinathpur, Harekrushnapur, Rengopalli, Raghunathpur, Nangalbeda, Mohanguda, Chandanpur, Borbhata, Kenduguda, Bandhaguda, Kothaduar, Bilatipadar, Kamankhunti, Dangargarh, Jodabandha and Kinarl	263.28
6	March 27, 2009	1164	Phuldumer and Palbir	32.40
7	May 28, 2009	1923	Nutanbaeli, Kamankhunti, Chandanpur, Gopinathpur, Jodabandha, Bitatipadar, Nangalbeda, Harekrushnapur, Mohanguda, Rahgunatahpur, Chhatrapur, Lanjigarh and Malikukudaghar	94.33
8	May 28, 2009	1924	Nangalbeda, Nutanbaeli, Naraynpur, Bilatipadar, Harekrushnapur, Lanjigarh, Chandanpur and Mohanguda	26.29
9	January 12, 2011	10881100135	Jagannathpur, Kothaduar and Lanjigarh	4.51



20018GsPnWJ.Hu=@g)

<u>Sl. No.</u>	<u>Date of the Registered Lease Deed</u>	<u>Registered Lease Deed No.</u>	<u>Vilages/Mouza Covered</u>	<u>Leased Area (in Acres)</u>
10	June 20, 2009	1143	Paikaranipinda and Ambodala	82.31
11	May 3, 2010	860	Babruguda	9.80
12	February 15, 2007	432	Bhurkamunda.	528.01
13	February 15, 2007	433	Bhurkamunda and Bhaglpall	171.30
14	July 11, 2008	2576	Kurebaga, Bhurkamunda and Brundamal	160.05
15	July 11, 2008	2568	Brundamal	394.89
16	May 27, 2008	2033	Bhurkamunda	115.58
17	July 16, 2009	1995	Bhurkamunda	52.93
18	August 27, 2009	2302	Bhaglpall	91.55
19	July 16, 2009	1996	Bhurkamunda, Brundamal, and Kurebaga	105.63
20	July 16, 2009	1992	Brundamal	5.12
21	December 8, 2009	3211	Kherual	14.15
22	July 16, 2009	1993	Kurebaga	61.91
23	May 22, 2009	1362	Jharsuguda Town Unit No. 5	9.54
24	July 11, 2008	2566	Jharsuguda Town Unit No. 7	2.29
25	July 7, 2010	10861002754	Jharsuguda Town Unit No. 5	5.19
26	July 7, 2010	10861002755	Jharsuguda Town Unit No. 6	37.30
27	February 2, 2009	323	Jharsuguda Town Unit No. 6	44.91
28	February 24, 2010	675	Brundamal and Bhaglpall	2.11
29	November 5, 2009	2866	Kurebaga	44.75
30	November 6, 2006	2791	Bhurkamunda	8.18
31	May 22, 2009	1366	Bhurkamunda	8.85
32	May 22, 2009	1364	Bhurkamunda and Brundamal	2.44
33	October 5, 2010	10861003993	Bhurkamunda	9.90
34	August 27, 2009	2303	Brundamal	0.13



IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day month and year first hereinabove written as hereinafter appearing.

THE COMMON SEAL OF THE SESA STERLITE LIMITED was hereunto affixed pursuant to the resolution of the Board of Directors of the company dated January 28, 2014 and the resolution of the committee of Directors passed in that behalf on the 29th day of March, 2014 in the presence of Mr. Din Dayal Jalan Director and Mr. G R Arun Kumar



Signed for and on behalf of SYNDICATE BANK by Shri Pramodkumar H Bask Manager (designation) and as such its authorised officer.

/s/ G.R. Arun Kumar /s/ Din Dayal Jalan

For Sesa Sterlite Limited
[Signature]
~~Authorised Signatory~~

For Syndicate Bank
कृते सिंडिकेट बैंक
For SYNDICATE BANK
[Signature]
प्रबंधक/Manager
महा निगम शाखा, मुंबई
Large Corporate Branch, Mumbai



20018GsPnWWLp#86G

INDIA NON JUDICIAL

Government of National Capital Territory of Delhi

e-Stamp

Certificate No. : **IN-DL44194697391331M**
Certificate Issued Date : 11 -Apr-2014 04:25 PM
Account Reference : IMPACC (IV)/ dI725403/ DELHI/ DL-DLH
Unique Doc. Reference : SUBIN-DL44194697391331M
Purchased by : SESA STERLITE LTD
Description of Document : Article 5 General Agreement
Property Description : COUNTER PART
Consideration Price (Rs.) : 0
 (Zero)
First Party : SESA STERLITE LTD
Second Party : Not Applicable
Stamp Duty Paid By : SESA STERLITE LTD
Stamp Duty Amount(Rs.) : 100
 (One Hundred only)

..... Please write or type below this line

RUPEE LOAN AGREEMENT

THIS LOAN AGREEMENT made at New Delhi as of the 15th day of April 2014.

Borrower	Lender

Statutory Alert:

1. The authenticity of this Stamp Certificate should be verified at "www.shclestamp.com". Any discrepancy in the details on this Certificate and as available on the website renders it invalid.
2. The onus of checking the legitimacy is on the users of the certificate.
3. In case of any discrepancy please inform the Competent Authority.



20018GsPnWVsaftNgP

BETWEEN

M/S SESA STERLITE LIMITED, a company within the meaning of the Companies Act, 1956 with corporate identification no. L13209GA1965PLC000044 and having its registered office at Sesa Ghor, 20 EDC Complex, Patto, Panjim, Goa-4030001 (hereinafter called “the **Borrower**” which expression shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **FIRST PART**;

AND



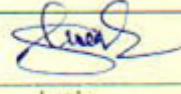
BANK OF BARODA, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, with its Corporate Center at Baroda Corporate Centre, Plot no. C-26, G Block, Bandra - Kurla Complex, Bandra (Hast), Mumbai 400 051, Maharashtra, India and large corporate branch at 3, Walchand Hirachand Marg, Ballard Pier, Mumbai - 400 001 (hereinafter referred to as the “**Lender**” which expression shall unless repugnant to the context or meaning thereof be deemed to mean and include its successors, assigns, transferees and novatees, as the context may require or admit) of the **SECOND PART**.

WHEREAS the Borrower has requested the Lender to provide financial assistance in the form of rupee term loan for a sum not exceeding of Rs. 2000,00,00,000/- (Rupees Two Thousand Crores only) (hereinafter referred to as the “**Facility**”) for the purpose of:

- (a) Repayment/ prepayment of the existing long term debt of the Borrower;
- (b) Repayment of short term loan/ commercial paper/ other facilities raised for various businesses of the Borrower;
- (c) Retirement of outstanding capex letter of credit(s)/buyers’ credit(s)/ suppliers’ credit used mainly for capex purposes of the Borrower; and
- (d) Meeting normal capital expenditure requirements of the Borrower.

(hereinafter collectively referred to as the “**Purpose**”); and

AND WHEREAS the Lender has at such request of the Borrower agreed to grant a rupee term loan for a sum not exceeding of Rs. 2000,00.00,000/- (Rupees Two Thousand Crores only) for the Purpose and subject to the terms and conditions contained in this Agreement.

  Borrower	 Lender
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------



20018GsPnWVsh4R6V

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Agreement definitions hereunder shall have the following meanings:

Agreement shall mean this rupee loan agreement including its recitals and schedules, as may be amended or supplemented in writing signed by the parties hereto from time to time.

Aluminium Division shall mean the project of the Borrower comprising the following facilities:

- (i) 1 MTPA alumina refinery along with 75 MW co-generation captive power plant in Lanjigarh, Odisha; and
- (ii) 1.6 MTPA aluminium smelter plant along with 1215 MW (9*135 MW) power plant in Jharsuguda, Odisha.

Applicable Interest Rate means the Base Rate plus the Margin (as on the date of this Agreement the present effective Applicable Interest Rate being 10.50% p.a. (ten point fifty percent per annum) with monthly rests. The Base Rate of the Lender shall always be floating.!

Availability Period means a period up to December 31, 2014 or the day on which the Available Commitment is zero, whichever is earlier, or such extended period, as may be mutually agreed upon between the Lender and Borrower.



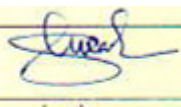
Available Commitment means at anytime the amount of Rs. 2000,00.00,000/- (Rupees Two Thousand Crores only) to the extent not suspended or cancelled pursuant to the terms of this Agreement, as reduced by the aggregate amount of all its Disbursements in accordance with this Agreement, being the maximum amount from time to time which the Lender has committed to make available under the Facility.

Base Rate means the rate of interest as determined, from time to time by the Lender, whether known as base rate or any other nomenclature for the same as applicable to rupee facilities sanctioned by the Lender.

Business Day means the day on which the Lender is open for business in Mumbai.

Disbursement shall mean advancing the funds by way of rupee term loan under this Agreement. However, disbursement of the entire Facility has to be availed by the Borrower within the Availability Period.

Drawdown Schedule means the schedule for drawdown furnished by the Borrower to the Lender pursuant to this Agreement for seeking Disbursements within the Availability Period. The Drawdown Schedule can be revised by the Borrower anytime by giving 7 (seven) days' written notice to the Lender.

  Borrower	 Lender
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------



20018GsPnWJidFy6h

Drawing means a request for Disbursement of the Facility made by the Borrower pursuant to this Agreement.

Due Date means in respect of:

- a) Repayment of principal amount of Loan – the Repayment Dates on which the instalments of principal falls due as stipulated in this Agreement;
- b) Interest – the Interest Payment Dates; or
- c) Any other amount payable under this Agreement – the date on which such amount falls due in terms of this Agreement.

Provided that in the event any day on which any amount shall have fallen due is not a Business Day, the preceding Business Day shall be the Due Date.

Encumbrance means any mortgage, charge (whether fixed or floating), pledge, lien, encumbrance, hypothecation, security interest, title retention or other security arrangement of any kind;

Event of Default means any of the events referred to in Clause 12;

Excluded Assets means the assets of the Borrower that have been charged exclusively in favour of Life Insurance Corporation of India.

Existing Lenders shall mean all the lenders in whose favour a charge has been created over the Security.

Facility means the rupee term loan of Rs. 2000,00,00,000/- (Rupees Two Thousand Crores only) agreed to be provided by the Lender to the Borrower for the Purpose on the terms and conditions set out in this Agreement.

Final Settlement Date shall mean the date on which all Secured Obligations of the Borrower under this Agreement shall have been paid and discharged in full, in accordance with the terms hereof.

Finance Documents shall mean this Agreement, and the Security Documents and such documents as may be required to be executed or obtained under, pursuant to, or in connection with the Facility under this Agreement and other related agreements to perfect and validate this Agreement and Security Documents.

Financial Year shall mean the accounting period commencing from April 1st of each year till March 31st of next year.

Fixed Assets shall mean the aggregate of the immoveable properties (as specified in Schedule II), moveable fixed assets of the Borrower pertaining to the Aluminium Division and also includes moveable machinery, machinery spares, equipments, tools and accessories, other than current assets (excluding revaluation if any). However, the same shall not include Excluded Assets.



Fixed Asset Coverage Ratio or **FACR** at any time shall mean the ratio of (i) the aggregate of the Net Fixed Assets, to (ii) aggregate outstanding loans secured by way of first charge on the Net Fixed Assets.

GDSCR shall mean sum total of net profit, depreciation, non-cash expenses, deferred tax and interest excluding interest on working capital loans divided by sum total of long term loan installment excluding prepayments and interest payable excluding interest on working capital loans by the Borrower in any Financial Year. Any long term loan refinanced/ substituted by way of fresh facility, and/ or repaid by sale of surplus investments/ deposits shall not be considered for calculation of GDSCR.

Interest Payment Date shall mean the last day of each month and if such last day is not a Business Day, then the Business Day immediately preceding such last day, provided however, the Interest to be paid to the Lender shall always be calculated till such last day of the month.

Interest Reset Dates shall mean in the first instance the date falling 1 (one) year after the date of first Disbursement and every year thereafter.

Loan means the aggregate principal amount for the time being and from time to time outstanding under the Facility.

Margin shall mean 0.25% p.a. (zero point twenty five percent per annum) over the Base Rate. The Margin may be reset by the Lender on each Interest Reset Date.

Material Adverse Effect shall mean any event, occurrence or change in facts, conditions or other change or effect which has resulted or could reasonably be expected to be materially adverse to any of the following viz.

- i) the Borrower, its business, operations or results of operations,
- ii) the Security provided to the Lender under the Security Documents,
- iii) the Borrower or the business or financial condition of the Borrower
- iv) the ability of the Borrower to observe or perform any of its obligations under the Agreement,
- v) the legality, validity and enforceability of any Finance Documents; and
- vi) the enforcement of the rights and remedies of the Lender.

Net Fixed Assets shall mean the value of Fixed Assets (including capital work in progress) as reduced by the accumulated depreciation.

Potential Event of Default shall mean happening or occurrence of any event, which with the lapse of time, determination of materiality or giving of notice would become an Event of Default as specified in Clause 12 of this Agreement.

Quarter means each of the consecutive periods of three months commencing from 1st of April, 1st of July, 1st of October and 1st of January, in each Financial Year.



Repayment Dates shall mean the last Business Day of each Quarter on which the Repayment Instalments are due for payment as stated in the Repayment Schedule.

Repayment Instalment means each of the 25 (twenty five) consecutive structured quarterly instalments by which the Borrower shall repay the Loan to the Lender, the first of which shall fall due for payment on December 31, 2014.

Repayment Schedule means the schedule of Repayment provided in **Schedule-I** to this Agreement.

Secured Obligations shall mean the Borrower's obligation to repay, pay or reimburse, as the case may be, the Loan, interest, additional interest, premium on prepayment, up-front fees, management fees, all costs, charges and expenses and other monies owing by, and all other present and future obligations and liabilities of the Borrower to the Lender under this Agreement, legal expenses and costs incurred by the Lender under or in respect of this Agreement and/or Security Documents executed by the Borrower or any other person.

Security Documents means the Security Trustee Agreement and other documents, agreements, instruments, deeds, writings, undertaking executed/to be executed by the Borrower or any other person in favour of the Lender and any reference to the "Security Documents" shall be construed, as the context may permit, as a reference to any or all of them.

Security Trustee shall mean SBICAP Trustee Company Limited a company incorporated under the Companies Act (1 of 1956) having its Corporate Identification No. U65991MH2005PLC58386 and its registered office at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005 and an office at Apeejay House, 6th Floor, 3, Dinshaw Wachha Road Churchgate, Mumbai – 400 020 or such other person who is authorised to act as a trustee.

Security Trustee Agreement shall mean the agreement to be entered into amongst, inter alia, the Lender and the Borrower, with respect to appointment of the Security Trustee, on terms and conditions thereof and other matters connected therewith, as may be amended or supplemented from time to time.

Tangible Net Worth or TNW shall mean paid-up capital (equity/ preference share capital), share premium and reserves (excluding revaluation reserves) less intangible assets.

Total Outside Liabilities or TOL in relation to the Borrower shall mean all secured and unsecured loans, including current liabilities of the Borrower.

- 1.2 The Clause headings in this Agreement are inserted for convenience only and shall be ignored in construing this Agreement. Unless otherwise specified, all references to clauses and schedules are to clauses of and schedules to this Agreement. Unless the context otherwise requires words denoting the singular number shall include the plural and vice versa.



- 1.3 The Borrower's application and the subsequent correspondence with the Lender (hereinafter collectively referred to as "the **Borrower's proposal**") shall be deemed to constitute the basis of this Agreement and of the Facility to be granted by the Lender; and the Borrower hereby warrants the correctness of each and every statement and particulars therein contained and undertakes to carry out the proposal therein set forth.
- 1.4 The Borrower declares and confirms that the Facility agreed to be granted to the Borrower shall be governed by the terms and conditions set out in this Agreement and the other Finance Documents.
- 1.5 The Borrower undertakes to notify in writing to the Lender of any circumstances affecting the correctness of any of the particulars set forth in the Borrower's proposal immediately on the happening or occurrence of any such circumstance.

**2. FACILITY AND PURPOSE**

- 2.1 The obligation of the Lender to make Disbursement under this Agreement shall be subject to the Borrower complying with the terms and conditions of this Agreement to the satisfaction of the Lender, besides compliance by the Borrower with the Disbursement procedure, if any, stipulated by the Lender, such as submission of necessary information, documents, etc., to the satisfaction of the Lender.
- 2.2 The Facility is being availed by the Borrower for the Purpose. Accordingly the Borrower shall apply the amounts drawn by it hereunder in or towards such Purpose only. If for any reason the Borrower finds it unable to comply with this condition, it shall immediately inform the Lender in writing, of the same, and reasons therefore and shall, unless otherwise agreed to by the Lender, repay forthwith, the Loan together with interest and all other monies due and payable in respect thereof. The Lender shall be under no obligation to monitor or verify the application of the Disbursements made under the Facility or any part thereof.

3. AVAILABILITY

- 3.1 The Borrower may draw down the Facility in one or more tranche, during the Availability Period subject to the Lender having received the following and found satisfactory, not later than the date of first Drawing:
- a) this Agreement and such other documents as may be required by the Lender shall be duly executed by the Borrower;
 - b) A copy of the memorandum and articles of association of the Borrower certified by a Director or Secretary of the Borrower to be true, complete and up to date as in force on the date of this Agreement;
 - c) Copy of the resolution of the members of the Company, wherever applicable and copy of the resolution of Board of Directors / finance standing committee of the Borrower certified by a Director or Secretary of the Borrower to be true, in full force and effect at the date of receipt by the Lender approving the terms of this Agreement and the transactions contemplated by this Agreement and authorising the execution of this Agreement and the Finance Documents by the Borrower and authorising a person or persons to sign and deliver on behalf of the Borrower any notice, request, communication and documents to be given by the Borrower pursuant to or in connection with this Agreement;
 - d) Specimen signatures of each of the authorised signatories referred to in clause (b) above;
 - e) Notice of drawdown; and
 - f) the existing loan of Rs. 1238,44,00,000/- (Rupees One thousand Two Hundred and Thirty Eight Crores and Forty Four Lakhs only) as on March 21, 2014, as reduced by principal repayments of existing loan made by the Borrower till the date of first Disbursement of the Facility, shall be closed by the Borrower. The prepayment penalty for the said loan is waived by the Lender.



Provided no Event of Default has occurred and no Potential Event of Default is continuing.

- 3.2 Drawing may only be made on a Business Day falling within the Availability Period by providing a written notice of Drawdown. The Lender may in its absolute discretion extend the Availability Period.
- 3.3 Disbursement will be made, subject to the Borrower complying with the provisions of this Agreement.
- 3.4 Notwithstanding anything contained hereinabove, the Borrower hereby agrees and confirms that the Lender reserves the absolute right to cancel the limits (either fully or partially) unconditionally without prior notice in the event of:
 - (a) the limits/ part of the limits are not utilized by the Borrower at the end of the Availability Period; and/or
 - (b) any non compliance of the terms and conditions of this Agreement.
- 3.5 Drawdown Schedule to be furnished by the Borrower, if required by the Lender.

4. INTEREST

- 4.1 The Borrower shall pay interest on the Loan outstanding for the time being and from time to time, calculated at the Applicable Interest Rate with monthly rests in accordance with the following provisions of this clause commencing from the date of first Disbursement till the Final Settlement Date.
- 4.2 The Lender shall have the right to review and reset the Margin on every Interest Reset Date. In the event the revised Margin is not acceptable to the Borrower, the Borrower may prepay the Facility without any prepayment penalty in accordance with Clause 6.4 (c) of this Agreement.
- 4.3 Interest shall accrue from day to day and shall be calculated on the basis of actual number of days elapsed in a year of 365 days and shall be paid in arrears on the Interest Payment Dates falling at monthly intervals.
- 4.4 In the event of default by the Borrower in the payment of any sum due pursuant to this Agreement on the Due Date for payment including payment of principal amount of Loan, interest or any other amount due to the Lender, the Borrower shall pay interest at rate of 1% p.a. (one percent per annum) over and above the Applicable Interest Rate (the “**Default Interest**”) on the defaulted amount of Loan due to the Lender calculated from the Due Date thereof until actual payment of the defaulted amount. Such Default Interest shall be payable till the time the defaulted amount is not paid by the Borrower.



- 4.5 In the event of the Borrower's failure to create and perfect Security within the stipulated period of 6 (six) months from the date of first Disbursement of the Facility or any other extended time period as agreed upon by the Lender in its absolute discretion, the Borrower shall pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) on the entire outstanding Loan amount over and above the Applicable Interest Rate from the date of expiry of the said period of 6 (six) months from the date of first Disbursement of the Facility until the date on which the Borrower creates and perfects the Security to the satisfaction of the Lender.
- 4.6 In the event of any adverse deviation in any two of the financial covenants stated in Clause 10.3 hereto from the levels stipulated therein, than the Borrower shall pay additional interest on the outstanding Loan at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate for the period for which the deviation continues.
- 4.7 Unless, the Borrower is able to, by way of evidence, prove the contrary, the statement of the Lender as to the rate and amount of interest, default interest or penal interest payable pursuant to this Agreement shall, in the absence of manifest error, be conclusive and binding on the Borrower.
- 4.8 The following conditions shall apply to the additional interest and Default Interest payable by the Borrower in terms of this Agreement:
- (a) The Borrower acknowledges that the right of the Lender to charge Default Interest and/or additional interest hereunder shall be without prejudice to the other rights and remedies available to the Lender under the Finance Documents.
 - (b) The Borrower further acknowledges that the Facility provided under this Agreement, is for a commercial transaction.
 - (c) The Default Interest and the additional interests payable by the Borrower hereunder shall be payable on demand and in the absence of any such demand on the next Interest Payment Date occurring after the date of default.

5. COMMISSION, FEES AND CHARGES

- 5.1 The Borrower shall pay or reimburse the Lender on demand all reasonable expenses (including, but not limited to, legal fees) in connection with the negotiation, preparation and execution of this Agreement and other Security Documents or in enforcing, perfecting, protecting or preserving (or attempting to do so) any of the rights, or in suing for or recovering any sum due from the Borrower under this Agreement and other Finance Documents.
- 5.2 The Borrower shall pay all stamp and other duties and taxes, levies and imposts, both present and future, to which this Agreement and/or other Security Documents may be subject or give rise and will indemnify the Lender against any and all liabilities with respect to or resulting from any delay or omission on the part of the Borrower in the payment of such duties or taxes. Any stamp duty, levy or other form of charges applied by the Government of India or any of its agencies or relevant State Government shall be for the account of the Borrower.
- 5.3 On or before the date of execution of this Agreement the Borrower shall pay to the Lender a non-refundable and non adjustable up-front fee calculated at the rate 0.15% (of the total amount of the of the Facility amount i.e., Rs.3,00,00,000/- (Rupees Three Crore only) along with applicable Service Tax.



6. REPAYMENT AND PREPAYMENT

- 6.1 The door-to-door tenure of the Facility shall be 6.75 (six point seventy five) years including a moratorium period of 6 (six) months and repayment period of 6.25 (six point twenty five) years.
- 6.2 The Borrower shall repay the principal amount of the Loan in 25 (twenty five) Repayment Instalments on the Repayment Dates as mentioned in the Repayment Schedule. The first Repayment Instalment shall be due and payable on December 31, 2014 and the last Repayment Instalment shall be due and payable on December 31, 2020.
- 6.3 The Borrower shall at all times have the option to prepay the whole or part of the Loan together with interest, prepayment premium and other charges on that amount accrued up to the date of prepayment by paying a prepayment premium calculated at the rate of 0.25% (zero point two five percent) of the principal amount being prepaid and other applicable taxes thereon to the Lender.
- 6.4 Notwithstanding anything stated in this Agreement, no prepayment premium shall be payable by the Borrower to the Lender in the following events:
- (a) If the pre-payment is effected at the instance of the Lender;
 - (b) If the pre-payment is made from surplus cash accruals generated by the Borrower;
 - (c) If on any Interest Reset Date, the interest rate is not acceptable to the Borrower, the Borrower would have the option to prepay the outstanding amount of Loan within the immediate period of 3 (three) months by giving a notice to the Lender of at least 30 (thirty) days. Such notice of prepayment shall be given by the Borrower within a period of 2 (two) months from such Interest Reset Date or receipt of advice from the Lender about the Interest Reset Date; and
 - (d) On Interest Reset Dates by giving a prior notice of 30 (thirty) days.
- 6.5 The following are the general provisions relating to prepayment:
- (a) All notice of prepayment under this Agreement shall be given to the Lender in writing and shall be irrevocable and unconditional.
 - (b) The amounts prepaid as above shall be reduced pro rata from the repayment instalments as set out in the Repayment Schedule.
 - (c) No amount prepaid under this Agreement may subsequently be re-borrowed by the Borrower under the Facility.



7. SECURITY FOR THE FACILITY

7.1 The Borrower shall secure the unconditional discharge and irrevocable repayment of the Secured Obligations including the Loan and payment of all interests, including default interest and penal interest, up-front fee, management fees, prepayment premium or on redemption, costs, charges, expenses and other monies whatsoever stipulated as due and payable by the Borrower to the Lender under this Agreement as under:

- a. by creating and perfecting a first pari passu charge by way of hypothecation of the movable fixed assets of the Aluminium Division of the Borrower, both present and future;
- b. By creating and perfecting a first pari passu charge by way of mortgage on the immovable fixed assets of the Aluminium Division of the Borrower (as specified in Schedule II), both present and future.

(Hereinafter the security interest over the movable and immovable fixed assets stipulated at (a) and (b) above shall be collectively referred to as the “**Security**”)

Provided however the Security shall not include the Excluded Assets.

Provided further that the, security interest stipulated in paragraphs (a) and (b) above shall in all respects rank pari-passu among the Lender having first charge and the other term loan lenders/ other charge holders (both present and future) of the Borrower having first charge on the Security, without any preference or priority to one over the other or others.

Provided further that the, security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the ECB lenders for securing the ECB facilities to the maximum extent of USD 545 Million shall in all respects rank second, residual and subservient to the security interest created and perfected by the Borrower on the Security stipulated at paragraphs (a) and (b) above in favour of the Lender/ Security Trustee for securing the Facility.

7.2 The Borrower shall create and perfect in favour of the Lender/ the Security Trustee acting in trust for the benefit of the Lender the Security as stated herein above within the time limits stipulated below:

- a. The Borrower shall create security over the movable fixed assets stipulated under Clause 7.1 (a) above and get it registered with concerned Registrar of Companies (if required), within a period of 6 (six) months from the date of first Disbursement of the Facility;



- b. The Borrower shall create and perfect the security over immovable fixed assets stipulated under Clause 7.1 (b) above within a period of 6 (six) months from the date of first Disbursement of the Facility; and
 - c. The Borrower shall arrange to obtain the no objection certificates (NOC) from the Existing Lenders/ other charge holders of the Borrower, as may be required, within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - d. The Borrower shall procure and submit to the Lender applicable clearances/ consents as may be required to create and perfect the Security within a period of 6 (six) months from the date of first Disbursement of the Facility.
 - e. The Borrower shall bear all cost and expenses for the creation and perfection of the Security in terms of this Agreement and other Finance Documents.
- 7.3 The Borrower shall not create any encumbrance over the Security in favour of any person without the prior written consent of the Lender other than those encumbrances/ security interests which are existing on the date of execution of this Agreement, or as allowed in this Agreement, or as may be specifically permitted by the Lender in writing.
- 7.4 The Security Trustee shall perform such functions and duties as may be assigned to it under the Security Trustee Agreement (including the function of holding the Security for the benefit of the Lender). The Borrower shall bear all cost and expenses of the Security Trustee.
- 7.5 The Borrower declares that it possesses or will possess valid and marketable title/ rights and interest over the **Schedule II** properties, and the security interest(s) created or expressed to be created by the Security Documents is valid and enforceable.
- 7.6 The Borrower shall do everything necessary to maintain the Security in full force and effect at all times (including the priority thereof) and preserve and protect the Security and protect and enforce its rights and title

8. REPRESENTATIONS AND WARRANTIES

- 8.1 The Borrower hereby agrees, declares and covenants that the Lender has agreed to enter into this Agreement and to make Disbursement under the Facility to the Borrower, relying upon the following representations and warranties made by the Borrower to the Lender: -
- a) The Borrower is a company duly incorporated and validly existing under the laws of India and has the power and authority to own its assets and to conduct the Business which it conducts and/ or proposes to conduct.
 - b) The Borrower has the corporate power to enter into, exercise its rights and perform and comply with its obligations under this Agreement including borrowing under this Agreement;



- c) The execution of this Agreement on behalf of the Borrower and the performance of its obligations under this Agreement have been duly authorised by all necessary corporate action and the obligations expressed as being assumed by it under this Agreement constitute and will constitute valid, legal and binding obligations of the Borrower enforceable against it in accordance with their terms;
- d) Neither the execution and delivery of this Agreement nor the exercise of any of its rights under this Agreement nor the performance or observance of any of its obligations under this Agreement will:
- (i) Conflict with, or result in any breach of, any law, statute, regulation indenture, mortgage, trust deed, agreement or other instrument, arrangement obligation or duty by which the Borrower is bound; or,
 - (ii) Cause any limitation on any of its powers whatsoever and howsoever imposed, or on the right or ability of the directors of the Borrower to exercise such powers, to be exceeded.
- e) The Borrower is not in default under any law, statute regulation, indenture, mortgage, trust deed, agreement or other instrument, arrangement, obligation or duty by which it is bound.
- f) The audited accounts of the Borrower i.e. erstwhile Sesa Goa Limited for the year ended the 31st day of March, 2013 were prepared in accordance with generally accepted accounting principles, standards and practices consistently applied and give a true and fair view of the results of the operations for that period and the financial position as at that date and there has been no material adverse change in the business, assets, conditions or operations of the Borrower since that date.
- g) Other than in the normal course of business, no litigation or administrative or arbitration proceedings before or of any court, tribunal, arbitrator, administrative or governmental authority or dispute with any governmental authority are presently in process, pending or (to the best of its knowledge, information and belief) threatened against it which might have an adverse effect on its ability duly to perform and observe any of its obligations under this Agreement.
- h) No Event of Default or a Potential Event of Default has occurred and is continuing at the date of this Agreement.
- i) It is not in default of any statutory dues such as income tax, corporation tax, and all other taxes and revenues payable to Government or any local or other authority except those are contested in good faith by proper proceedings and are disclosed/to be disclosed in the latest balance sheet of the Borrower.
- 8.2 The representations and warranties contained in this Clause shall be deemed to be repeated by the Borrower on the date of each Disbursement, on each Interest Payment Date as well as on each Repayment Dates with reference to the circumstances existing on such day.

**9. UNDERTAKINGS**

- 9.1. The Borrower shall apply the Loan as stated under Clause 2 of this Agreement.
- 9.2. The Borrower shall ensure at all time during the currency of the Facility that its liabilities under this Agreement shall rank at least pari passu in right and priority of payment with all its other present and future secured indebtedness (actual or contingent) by way of first charge till the Final Settlement date except as may be required by applicable law;
- 9.3. The Borrower shall promptly give written notice to the Lender of any Event of Default and of any other event which, with the giving of notice and/or lapse of time or otherwise could constitute an Event of Default, at the same time informing the Lender of any action taken or proposed to be taken by the Borrower in that connection;
- 9.4. Borrower shall provide the Lender:
- a. two copies of its annual audited profit and loss account and balance sheet and annual report of the Borrower within 180 (one hundred and eighty) days after the end of each Financial Year or immediately on being published /signed by the auditors, whichever is earlier. The profit and loss account shall present fairly the operation of the Borrower for the period covered by it and the balance sheet shall present fairly the financial position of the Borrower at the date as at which the same shall be prepared.
 - b. Quarterly financial statements within 2 (two) months at the end of the relevant quarter / the prescribed time.
 - c. The Borrower shall provide a certificate from a Chartered Accountant/ Statutory Auditor within 60 (sixty) days after finalisation of the annual audited accounts that the Borrower has maintained FACR of 1.25x (one point two five times) for that Financial Year.
 - d. In addition to the above, the Borrower shall submit to the Lender such financial statements or other information as may be required by the Lender from time to time.
- 9.5. The Borrower shall obtain and ensure that all major approvals and clearances and other requirements as per applicable law are maintained and are in force and effect to enable it to comply with the terms and conditions under this Agreement or required on its part for the validity or enforceability of this Agreement;
- 9.6. The Borrower shall immediately inform the Lender of any event which has a Material Adverse Effect.
- 9.7. The Borrower shall not induct in their Board a person who has been identified as a wilful defaulter by RBI or CIBIL or is a director of a company, or a partner in a partnership firm which has been identified as a wilful defaulter (other than as a nominee/ professional/ honorary director) and in case, such a person is found to be on the Board of Directors of the Borrower, it shall take expeditious and effective steps for removal of the person from its Board.
- 9.8. The Borrower shall not without the prior written consent of the Lender voluntarily enter into liquidation or dissolution or any merger, amalgamation or consolidation with any other person or entity except within Vedanta group companies.
- 9.9. The Borrower shall obtain external credit rating within a period of 6 (six) months from the date of First Disbursement, from an external credit rating agency recognised by RBI, all costs and expenses in relation to the above shall be borne by the Borrower. Such credit rating shall be taken thereafter on annual intervals.



20018GsPnWLSwKN6g

10. COVENANTS**10.1 Positive Covenants**

- 10.1.1 The Borrower shall allow the Lender with prior intimation to examine its books of accounts and to have the factories inspected, from time to time, by the officer(s) of the Lender and / or qualified auditors and/ or technical experts and / or management consultants of the Lender's choice. The Borrower shall bear the cost of such inspection.
- 10.1.2 The Borrower shall maintain adequate books of accounts, correctly reflecting its financial position and scale of operations and shall not radically change its accounting system without prior notice to the Lender.
- 10.1.3 The Borrower shall keep the Lender informed of the happening of any event likely to have substantial effect on their profit or business, with explanations and the remedial steps taken or proposed to be taken.
- 10.1.4 The Borrower shall submit the end use certificate, from a Chartered Accountant/ Statutory Auditor, regarding the utilisation of the proceeds of Disbursement within 3(three) months from the date of each Disbursement.
- 10.1.5 The Borrower shall obtain comprehensive insurance cover for the Fixed Assets of the Borrower hypothecated and / or mortgaged as security for the Facility and the policies shall be retained by the Borrower. The Borrower shall deliver to the Lender promptly after the same are issued, copies of all policies of insurance and renewals thereof. Insurance policies shall contain the Lender's hypothecation/mortgage clause. The Borrower shall duly pay all premia and other sums payable and perform all actions necessary to ensure that the insurance as required in accordance with this Agreement is maintained.

10.2 Negative Covenants

During the currency of the Facility the Borrower shall not, without the prior written permission of the Lender, which shall not be unreasonably withheld:

- 10.2.1 Formulate any scheme of amalgamation or reconstruction, except within Vedanta group companies :
- 10.2.2 Create any charge, lien or encumbrance on the assets charged to the Lender in favour of any financial institution, bank, company, firm or persons except where the minimum FACR does not fall below 1.25x (one point twenty five times);
- 10.2.3 Declare dividends on its share capital if it fails to meet its obligations to pay interest and/ or Repayment Installment and/ or other monies due to the Lender as long as such default continues.



10.3 Financial Covenants

- 10.3.1 Until the Final Settlement Date, the Borrower shall ensure that there is no adverse deviation, in the following financial parameters, based on standalone audited financial statements of the Borrower as determined on the last day of a Financial Year starting from the Financial Year ending on March 31, 2015, from the level stipulated herein below:
- (a) TOL/TNW shall not exceed the maximum permitted level of 3.00 (three point zero zero);
 - (b) GDSCR shall not fall below the minimum level of 1.10 (one point one zero); and
 - (c) FACR shall not fall below the minimum level of 1.25x (one point two five times).
- 10.3.2 In the event of adverse deviation from stipulated level in any two of the financial covenants stated in Clause 10.3.1 above, the Borrower shall be liable to pay additional interest at the rate of 0.5% p.a. (zero point five percent per annum) over and above the Applicable Interest Rate on the entire outstanding Loan for the period of non- adherence.

11. PAYMENTS

- 11.1 All payments to be made under this Agreement shall be made directly to the Lending Office of the Lender or as such other place as may be specified by the Lender electronically preferably by RTGS or or by electronic transfer to the account of the Lender (except when payment is made through payable-at-par cheque drawn on a Lender which is not on NEFT or RTGS) during normal banking hours on the Due Date thereof. Subject to the provisions of this Agreement if any sum falls due for payment under this Agreement on a day which is not a Business Day such payment shall be made on the immediately preceding Business Day.
- 11.2 Save and except any disputed amount, all sums payable by the Borrower under this Agreement whether of principal, interest, fees or otherwise shall be paid in full without any set-off counter-claim or condition and free and clear of and without any deduction or withholding whatsoever. If the Borrower shall be required by law to make any deduction of or withholding for or on account of any tax from any payment to the Lender then:
- (i) The Borrower shall ensure that such deduction or withholding does not exceed the minimum legal liability, and shall immediately pay to the Lender the balance amount so that the full amount which would otherwise have been received under this Agreement had no such deduction or withholding been made and shall remit the amount of such tax to the appropriate taxation authority; and
 - (ii) The Borrower shall, not later than 30 days after each deduction or withholding of any taxes, forward to the Lender documentary evidence required by the Lender in respect of the deduction, withholding or payment of any taxes.



- 11.3 All payments to be made by the borrower under this Agreement shall be made to the Lender at its Corporate Financial Services Branch, 3, Walchand Hirachand Marg, 1st Floor, Ballard Pier, Mumbai - 400 001 or at such other office as the Lender may notify to the Borrower from time to time.
- 11.4 Notwithstanding anything to the contrary contained in this Agreement or in any other agreement with the Borrower, in the event of failure by the Borrower to pay any sum on the Due Date on which such sum is expressed to be due and payable pursuant to this Agreement the Lender shall have the right without notice or demand to set off any sums held to the credit of the Borrower and/or debit any other account of the Borrower in the books of the Lender.
- 11.5 If the Borrower pays a sum which is less than the total amount due and overdue in respect of principal, interest, commission, fees, and any other sum due under this Agreement on the day on which such sum is paid, the Borrower waives any right it may have to make any appropriation of such sum as between any amounts so due and overdue and the sum so paid shall be applied by the Lender in or towards satisfaction of such amount or amounts which are due or overdue for payment on that day in the following order or such other order as the Lender may deem fit:
- (i) Interest on costs, charges, expenses and other monies
 - (ii) Costs, charges, expenses and other moneys due and payable or becoming due and payable to the Lender;
 - (iii) Interests due and payable and / or accruing due and payable to the Lender;
 - (iv) prepayment premium and
 - (v) Lastly, towards repayment of the amount of principal sum due and payable or becoming due and payable to the Lender.
- 11.6 Notwithstanding anything contained in Clause 11.5 above, the Lender may, in its absolute discretion, appropriate in any manner, such payment towards the dues, if any, payable by the Borrower under any other Financing Documents.

12. EVENTS OF DEFAULT

- 12.1 The following shall be Events of Default under this Agreement:
- a) The Borrower's failure to pay the principal or any interest or any other sum payable pursuant to this Agreement on the Due Date upon which the same is due and payable pursuant to this Agreement and the same is not paid within a period of 7 (seven) days from the due date; or
 - b) If the Borrower commits any breach of or omits to observe any of its covenants, obligations or undertakings under this Agreement (other than failure to pay any sum due under this Agreement) and in respect of any such breach or omission which is capable of being remedied such breach or omission is not remedied within 90 (ninety) days of knowing such breach or omission; or



- c) If any representation or warranty made or deemed to be made by the Borrower in or pursuant to this Agreement, or in any notice, certificate, instrument or statement contemplated by or made or delivered pursuant to this Agreement is incorrect and the same is not rectified within 90 (ninety) days of becoming aware of the same; or
- d) If any other indebtedness of the Borrower to the other lender exceeding Rs. 100 Crores (Rupees One Hundred Crores Only) is not paid when due and the same is declared as an event of default by that lender; or
- e) The Borrower ceasing or threatening to cease, to carry on all or substantially all of its business or operations; or
- f) Any action is taken for or with a view to the winding up of the Borrower (except voluntary winding up) otherwise than for reorganization approved in writing by the Lender or as allowed under this Agreement and the same is not dismissed or stayed within a period of 90 (ninety) days; or
- g) Voluntary winding up of the Borrower; or
- h) if the Borrower enters into an arrangement with any of its creditors with a view to avoiding, or in expectation of, insolvency, or the Borrower stops or threatens to stop payments generally or a receiver is appointed over or has taken possession of any of the assets of the Borrower; or
- i) At any time if the Borrower refutes or repudiates its obligation under this Agreement to be valid, legal and binding and enforceable against the Borrower in accordance with its terms; or
- j) Occurrence of any circumstances which is prejudicial to or impairs, imperils or deteriorates or which is likely to prejudice, impair, imperil or deteriorate the security given to the Lender and necessary steps are not taken by the Borrower within 90 (ninety) days; or
- k) Occurrence of any Material Adverse Effect and the same is not cured within a period of 90 (ninety) days; or
- l) if the facility becomes illegal under any applicable law.

In such a case, the Lender shall be entitled to cancel its commitment by giving notice to the Borrower.

Provided further that the Lender shall undertake any action only to the extent that is necessary to cure or reduce the impact of such illegality.

Upon receipt of notice of cancellation, the commitment of the Lender shall stand cancelled and the Borrower shall arrange funds to repay the Lender soon thereafter but in no case later than the time period provided under the applicable law giving rise to such illegality.

- 12.2 On the happening of an Event of Default, the Lender shall give to the Borrower a notice of 30 (thirty) days prior to initiating any action against the Borrower under this Agreement.



- 12.3 No further Drawing may be made after the occurrence of an Event of Default. The Lender may at any time after the happening of an Event of Default (whether or not notice shall have been given by the Borrower of such Event of Default) at its discretion while such Event of Default shall be continuing by notice in writing to the Borrower declare the Loan and all interest and commission or fees accrued and all other sums payable pursuant to this Agreement to be immediately due and payable whereupon the same shall become immediately due and payable without any further presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived, anything contained herein to the contrary notwithstanding, and the Borrower shall immediately pay the same to the Lender and the total commitments shall be cancelled and the Facility shall automatically cease to be available to the Borrower; and the Security created in terms of the Security Documents shall become enforceable and the Lender shall have, including without limitation, the following rights (notwithstanding anything to the contrary in this Agreement), namely:
- (a) exercise any and all rights specified in the Security Documents including, without limitation, to enforce all of the Security created pursuant to the Security Documents,
 - (b) exercise such other remedies as permitted or available under the Finance Documents and the Applicable Law,
 - (c) enter upon and take possession of the Security of the Borrower;
 - (d) To instruct any person, who is liable to make any payment to the Borrower, to pay directly to the Lender;
 - (e) To exercise all or any rights or remedies of the Borrower in such manner as the Lender may determine in its absolute discretion.

13 CONSENT TO DISCLOSE NAME AND INFORMATION:

- 13.1 As a precondition relating to the grant of the Facility, the Borrower hereby agrees and consents for the disclosure by the Lender of all or any information and data relating to the Borrower, the Facility availed by the Borrower, obligations assumed/ to be assumed by the Borrower in relation thereto and the default if any committed by the Borrower in discharge thereof, as the Lender may deem appropriate and necessary to disclose and furnish to Credit Information Bureau (India) Limited and any other agency or institution so authorised in this behalf by RBI.
- 13.2 The Borrower hereby declares that the information and data furnished and /or to be furnished by the Borrower to the Lender are and shall be true and correct.
- 13.3 The Borrower hereby agrees that the Credit Information Bureau (India) Limited and any other agency so authorised may use, process the said information and data disclosed by the Lender in the manner as deemed fit by them; and the Credit Information Bureau (India) Limited and any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to Lender s or financial institutions and other credit grantors or registered users, as may be specified by the Reserve Lender in this behalf.
- 13.4 The Borrower hereby agrees that the Lender may disclose information regarding the Borrower, the Facility and any other financial assistance availed by the Borrower from the Lender etc., as it may deem fit to any other bank or financial institution having banking relationship with the Borrower or intends to have banking relationship with Borrower or any other institution as approved by RBI from time to time; or any actual or potential assignee to whom the Lender might transfer the whole or part of the Facility or who intends to participate in the Facility.



20018GsPnWWMz3VDgt

14 NOTICES

14.1 Any notice or other communication required to be given -

- a) To the Lender under this Agreement shall be addressed and delivered at Corporate Financial Services Branch, 3, Walchand Hirachand Marg, 1st Floor, Ballard Pier, Mumbai - 400 001 marked for attention of the Branch Head.
- b) To the Borrower under this Agreement shall be addressed and delivered to the borrower at its Registered office marked for attention of CFO, Sesa Sterlite Ltd., Solitaire Park, 101, Business Square, C- Wing, Andheri Kurla Road, Chakala, Andheri East, Mumbai -400093.
Phone No. 40902600
Fax No. 40902618
- c) The Borrower also has an office at Core 6, Scope office complex, 7, Lodhi Road, New Delhi – 110003.

14.2 The Lender shall be entitled to act upon (and the Borrower shall be bound accordingly by) any notice or other communication believed by the Lender to be given or made by the person or persons duly authorised by the Borrower to give or make the same.

14.3 At notice to be given hereunder may be given:

- (a) By ordinary prepaid mail to the addresses identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another address and shall be deemed to have been received on the day upon which in the ordinary course of mail it should have been received; or
- (b) By facsimile to the fax number identified by the parties hereto (unless one party by 15 days' notice to the other shall specify another fax number) effective upon transmission; and
- (c) By courier to the addresses identified by the parties hereto upon receipt thereof.

15 ASSIGNMENT

15.1 This Agreement shall be binding upon and enure to the benefit of the Lender, the Borrower and their respective successors.

15.2 The borrower shall not assign or transfer any of its rights and or obligations under this Agreement to any other person without the prior written consent of the Lender.

15.3 The borrower hereby recognises and acknowledges that the Lender shall have the right to securitise, sell, assign or otherwise transfer in any manner whatsoever, in whole or in part, and in such manner and on such terms as the Lender may decide (including if deemed appropriate by the Lender reserving a right to the Lender to retain its power to proceed against the Borrower on behalf of the purchaser, assignee or transferee) any or all outstanding dues of the Borrower, to any third party of the Lender's choice without any further reference or intimation or notice to the Borrower, and without seeking any consent of the Borrower.



20018GsPnWm=JV8g

16 WAIVER, REMEDIES CUMULATIVE

No failure or delay by the Lender in exercising any right, power or privilege under this Agreement shall impair the same or operate as a waiver of the same nor shall any single or partial exercise of any right power or privilege preclude any further exercise of the same or the exercise of any other right power or privilege. The rights and remedies provided under this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

17 GOVERNING LAW AND JURISDICTION

- 17.1 This Agreement shall be governed by and construed in accordance with the Laws of India. For the exclusive benefit of the Lender all the parties hereto hereby irrevocably agree that the courts or Tribunals in Bhubaneshwar are to have non exclusive jurisdiction to settle any dispute, which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceeding (together in this clause referred to as 'Proceedings') arising out of this Agreement may be brought in such courts or tribunals.
- 17.2 Nothing contained in this clause shall limit the right of the Lender/ Security Trustee to take any other proceedings otherwise than through court of law or proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in one or more jurisdiction, preclude the taking of any other proceedings in any other jurisdiction whether concurrently or not.

18 AGREEMENT IN COUNTERPARTS

This Agreement may be executed in two counterparts, all which, taken together, shall constitute one and the same Agreement and each of which shall be treated as an original.



20018GsPnWMDtwZg6

SCHEDULE I
REPAYMENT SCHEDULE

(Amount of Rupees in crores)

Financial Year	Quarter No	Principal Repayment Amount (%)
FY 2015	1-2	1% (0.5% each)
FY 2016	3-6	10% (2.5% each)
FY 2017	7-10	14% (3.5% each)
FY 2018	11-14	18% (4.5% each)
FY 2019	15-18	24% (6% each)
FY 2020	19-22	24% (6% each)
FY 2021	23-25	9% (3% each)



20018GsPnWNSdj16S

SCHEDULE II
Details of Immovable Property

<u>Sl. No.</u>	<u>Date of the Registered Lease Deed</u>	<u>Registered Lease Deed No.</u>	<u>Vilages/Mouza Covered</u>	<u>Leased Area (in Acres)</u>
1	June 29, 2004	1937	Sindhibahal, Bandhaguda, Kothaduar, Barbhata, Kinarl and Bundel.	494.22
2	October 8, 2004	2104	Kinarl, Barobhataand Kothaduar	80.90
3	October 28, 2006	2138 & 2139	Bundel, Harekrushnapur, Narayanpur, Jagannathpur, Chhatrapur, Nangalbeda, Bilatipadar, Lanjigarh, Kasibadl, Malikukudaghar, Raghunathpur, Mohanguda, Chandanpur, Kamankhunti, Gopinathpur, Jodabandha and Dangargada	446.41
4	January 17, 2007	121	Rengopalli, Kenduguda, and Kothaduar	393.99
5	January 17, 2007	122	Jagannathpur, Narayanpur, Kasibadi, Gopinathpur, Harekrushnapur, Rengopalli, Raghunathpur, Nangalbeda, Mohanguda, Chandanpur, Borbhata, Kenduguda, Bandhaguda, Kothaduar, Bilatipadar, Kamankhunti, Dangargarh, Jodabandha and Kinarl	263.28
6	March 27, 2009	1164	Phuldumer and Palbir	32.40
7	May 28, 2009	1923	Nutanbaeli, Kamankhunti, Chandanpur, Gopinathpur, Jodabandha, Bitatipadar, Nangalbeda, Harekrushnapur, Mohanguda, Rahgunatahpur, Chhatrapur, Lanjigarh and Malikukudaghar	94.33
8	May 28, 2009	1924	Nangalbeda, Nutanbaeli, Naraynpur, Bilatipadar, Harekrushnapur, Lanjigarh, Chandanpur and Mohanguda	26.29
9	January 12, 2011	10881100135	Jagannathpur, Kothaduar and Lanjigarh	4.51



20018GsPnWNSgM!g6

<u>Sl. No.</u>	<u>Date of the Registered Lease Deed</u>	<u>Registered Lease Deed No.</u>	<u>Vilages/Mouza Covered</u>	<u>Leased Area (in Acres)</u>
10	June 20, 2009	1143	Paikaranipinda and Ambodala	82.31
11	May 3, 2010	800	Babruguda	9.80
12	February 15, 2007	432	Bhurkamunda.	528.01
13	February 15, 2007	433	Bhurkamunda and Bhaglpall	171.30
14	July 11, 2008	2576	Kurebaga, Bhurkamunda and Brundamal	160.05
15	July 11, 2008	2568	Brundamal	394.89
16	May 27, 2008	2033	Bhurkamunda	115.58
17	July 16, 2009	1995	Bhurkamunda	52.93
18	August 27, 2009	2302	Bhaglpall	91.55
19	July 16, 2009	1996	Bhurkamunda, Brundamal, and Kurebaga	105.63
20	July 16, 2009	1992	Brundamal	5.12
21	December 8, 2009	3211	Kherual	14.15
22	July 16, 2009	1993	Kurebaga	61.91
23	May 22, 2009	1362	Jharsuguda Town Unit No. 5	9.54
24	July 11, 2008	2566	Jharsuguda Town Unit No. 7	2.29
25	July 7, 2010	10861002754	Jharsuguda Town Unit No. 5	5.19
26	July 7, 2010	10861002755	Jharsuguda Town Unit No. 6	37.30
27	February 2, 2009	323	Jharsuguda Town Unit No. 6	44.91
28	February 24, 2010	675	Brundamal and Bhaglpall	2.11
29	November 5, 2009	2866	Kurebaga	44.75
30	November 6, 2006	2791	Bhurkamunda	8.18
31	May 22, 2009	1366	Bhurkamunda	8.85
32	May 22, 2009	1364	Bhurkhamunda and Brundamal	2.44
33	October 5, 2010	10861003993	Bhurkamunda	9.90
34	August 27, 2009	2303	Brundamal	0.13

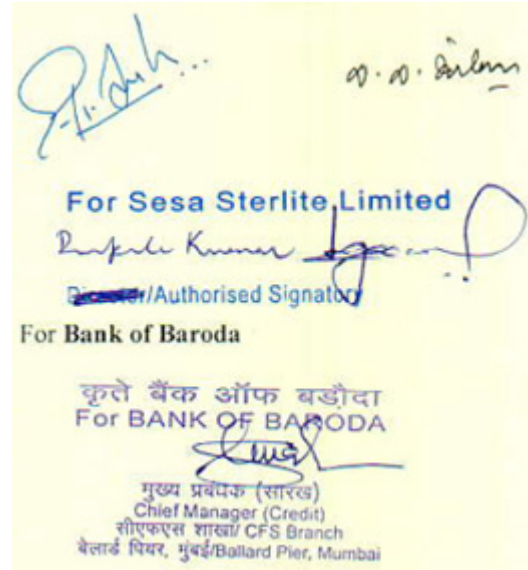


IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day month and year first hereinabove written as hereinafter appearing.

THE COMMON SEAL OF THE SESA
STERLITE LIMITED was hereunto affixed
pursuant to the resolution of the Board of
Directors of the company dated January 28, 2014
and the resolution of the committee of Directors
passed in that behalf on the 29th day of
March, 2014 in the presence of
Mr. Din Dayal Jalan Director and
Mr. GR Arun Kumar



Signed for and on behalf of **BANK OF
BARODA** by Shri AMAR SINGH
Chief Manager (designation)
and as such its authorised officer.





20018GsPnWRCx&fg/

Exhibit 4.40

DATED 23rd December, 2014

DEBENTURE TRUST DEED

FOR RATED, SECURED, LISTED, REDEEMABLE NON-CONVERTIBLE DEBENTURES

BETWEEN

SESA STERLITE LIMITED as the Issuer

AND

AXIS TRUSTEE SERVICES LIMITED
as the Debenture Trustee



20018GsPnWWdjVwgn



DEBENTURE TRUST DEED

THIS DEBENTURE TRUST DEED (hereinafter referred to as the “Deed” / “Indenture” interchangeably) is made at Tulicorin, State of Tamil Nadu, India on this the 23rd day of December 2014.

BY AND BETWEEN

1. **SESA STERLITE LIMITED**, a company incorporated under the provisions of the Companies Act of 1956 and validly existing under the Companies Act of 2013 with its Corporate Identity Number L13209GA1965PLC000044 and having its Registered Office at Sesa Ghor, 20 EDC Complex, Palto, Panjim - 403001 in the State of Goa, India (hereinafter referred to as the “Company”, which expression shall, unless repugnant to the context or meaning thereof, deem to include its successors and permitted assigns); of the **ONE PART**;

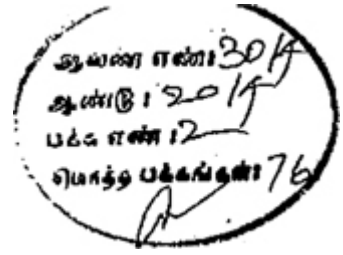
AND

2. **AXIS TRUSTEE SERVICES LIMITED**, a company incorporated under the Companies Act, 1956 with Corporate Identity Number – U74999MH2008PLC182264 and having its registered office at 2nd Floor, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai 400 025, in its capacity as Debenture Trustee for the Debenture Holder (s) (hereinafter referred to as the “**Debenture Trustee**” or the “**Trustee**”, which expression shall, unless repugnant to the subject or context thereof, and include its successors and assigns) of the **OTHER PART**.

For Sesa Sterlite Limited

For Sesa Sterlite Limited

For AXIS TRUSTEE SERVICES LTD.



WHEREAS:-

I. The Company is duly incorporated and validly existing under the laws of India and is engaged, inter alia, in the business of minerals and natural resources such as iron ore, copper, aluminium and power generation, oil & gas and zinc-lead-silver etc. The details of the authorised, issued, subscribed and paid-up share capital of the Company as on September 30 2014 is as under:-

1) AUTHORISED:	
Equity Shares of Rs.10/- each	51,260,000,000
Preference Shares of Rs.10/- each	—
2) ISSUED, SUBSCRIBED AND PAID UP:	
Equity Shares of Rs.10/- each fully paid-up	2,965,004,871
Preference Shares of Rs.10/- each fully paid-up	—

II. With a view to meet the Company's requirements for the Purpose (as hereinafter defined), the Company being duly empowered by its Memorandum of Association and Articles of Association, and pursuant to the authority granted by the resolution of the Board of the Issuer passed at its meeting held on 5th September 2014 and the shareholders' resolution passed under Section 42 of the Act dated 11th October 2014, intends to issue 9.36% rated listed secured redeemable non-convertible debentures each having a face value of Rs. 10,00,000/- (Rupees Ten Lakhs only), wherein the issue size would be Rs.1,200 crores (Rupees One Thousand Two Hundred Crores only) along with a green shoe option of Rs. 300/- crores (Rupees Three Hundred Crores only) (total issue size aggregating to Rs.1,600 Crores (Rupees One Thousand Five Hundred Crores only) including the green shoe option across all series) in two series viz., Series I and Series II (hereinafter referred to as the "Debentures") on private placement in dematerialized form, in terms of Information Memorandum No. Nil dated October 28, 2014, this Deed and the Transaction Documents (as defined hereinafter). The Company has on November 21, 2014 filed with the Registrar of Companies, Goa, the said Information Memorandum dated October 28, 2014 ("Disclosure Document").

III. Accordingly the Company pursuant to aforesaid resolutions and the shareholders resolution passed under Section 180 (1) (a) and Section 180(1)(c) of the Act on 21st January 2014, has allotted the Debentures for cash at par basis in terms of the Disclosure Document to the subscribers thereof ("Debenture Holders" or "Non-Convertible Debenture Holders" or "NCD Holders" as used interchangeably).

IV. The debt equity ratio of the Company after the issue of the Debentures is 1.23. The Debentures have been rated as "CRISIL AA+/" by Crisil Limited. The rating indicates high degree of safety with regard to timely payment of financial obligations. The Company has entered into an agreement with depositories viz. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") for the issuance of Debentures in dematerialised form.

One of the terms of the issue is that the redemption of the principal amount of the Debentures, payment of coupon/interest, remuneration of the Debenture Trustee, and all costs, charges, expenses and other monies payable by the Company in respect of the Debentures shall be secured *Inter alia*, by way of a first ranking mortgage and charge on all the Company's fixed assets as set out in the First Schedule.

For Sesa Sterile Limited

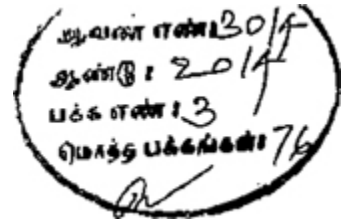
Authorised Signatory

For Sesa Sterile Limited

Authorised Signatory

For AXIS TRUSTEE SERVICES LTD.

P. P. Narayanan
Managing Director & CEO



Such that, at all times, there shall be a minimum 1.25 times security cover for the principal amount or the Debentures and the interest payable thereon by the Company as per the terms of the Transaction Documents. The Company shall at all times maintain such security cover as set out in the Financial Covenants and Conditions throughout the tenor of the Debentures in respect of the outstanding Debentures.

In case of Hypothecation, the Company undertakes to execute all relevant documents and create full security in favour of the Debenture Trustee for the said Debentures, within a period of 180 days from the Deemed Date of Allotment (being 30th October 2014) and in case of mortgage over immovable property, the same shall be carried out within 60 days from the Deemed Date of Allotment (being 30th October 2014).

- V. The Debenture Trustee is registered with the Securities and Exchange Board of India (SEBI) as a debenture trustee under the SEBI (Debenture Trustee) Regulations, 1993 and pursuant to the letter dated 21st October 2014 has agreed to act as a debenture trustee, in trust for the benefit of the Debenture Holders. The Debenture Trustee and the Company have entered into a Debenture Trustee Agreement dated 29th October 2014 whereby the Company has appointed the Debenture Trustee and the Debenture Trustee has agreed to be appointed as debenture trustee for the benefit of the Debenture Holder(s) and for purposes related thereto, including for holding the security to be created by the Company in favour of the Debenture Trustee to secure the payment and other obligations of the Company in respect of the Debentures. Under the Debenture Trustee Agreement the Parties have also agreed to execute a debenture trust deed.
- VI. The Company is seized and possessed of and is the legal and beneficial owner of the Mortgaged Premises (*defined hereinafter*), free and clear of all Encumbrances (*defined hereinafter*) and for the purpose of securing the Debentures, the Company is required to create a first charge on the Mortgaged Premises which the Company and the Debenture Trustee have agreed to do by way of a legal mortgage in English form by way of a registered Debenture Trust Deed being these presents.
- VII. Accordingly the Debenture Trustee has called upon the Company to execute this Deed being these presents, pursuant to which the Debentures are being issued, and accordingly these present shall record the various terms, conditions and stipulations as well as the Company's obligation in respect of the Debentures including redemption of the Debentures, payment of interest, remuneration of the Trustee and all costs, charges, expenses and other monies in accordance with the terms of the issue, conditions of appointment of Debenture Trustee, creation, maintenance and enforcement of Security, and the Company has agreed to do so in the manner set out hereinafter.

NOW THIS INDENTURE WITNESSETH AND IT IS HEREBY MUTUALLY AGREED AND DECLARED BY AND BETWEEN THE PARTIES HERETO AS UNDER:

1. DEFINITIONS

In these presents, unless there is anything in the subject or context inconsistent therewith, the expressions listed below shall have the following meanings:-

“Act” shall mean the Companies Act, 1956 as substituted by the Companies Act, 2013 (to the extent notified and effective), as may be amended from time to time and shall include any statutory amendment or re-enactment thereof from time to time including but not limited to the rules, circulars or orders issued thereunder.

For Sesa Sterlite Limited

Authorized Signatory

For Sesa Sterlite Limited

Authorized Signatory

For AXIS TRUSTEE SERVICES LTD.

P.P. Narayanan
Managing Director & CEO



“**Applicable Law**” shall mean any statute, law, regulation, notification, ordinance, judgement, rule of law, order, decree, government resolution, clearance, approval, directive, guideline, policy, requirement, or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any statutory or governmental or regulatory authority, having jurisdiction over the matter in question, whether in effect as of the date of this Deed or thereafter and in each case as amended.

“**Board**” shall mean the board of directors of the Company for the time being and from time to time.

“**Business Day**” means a day (other than a Saturday, Sunday, a Bank holiday or an unscheduled non-business day) on which banks are open for general business in Mumbai, Maharashtra for carrying out high value clearing of cheques and/or for effecting transfer of payment through the Real Time Gross Settlement System operated by or on behalf of the Reserve Bank of India and “**Business Days**” shall be construed accordingly.

“**Debentures**” means (9.36%) rated listed secured redeemable non-convertible debentures each having a face value of Rs. 10,00,000/- (Rupees Ten Lakhs only), wherein the issue size would be Rs. 1,200 crores (Rupees One Thousand Two Hundred Crores only) along with a green shoe option of Rs. 300 crores (Rupees Three Hundred Crores only) (total issue size aggregating to Rs. 1,500 Crores (Rupees One Thousand Five Hundred Crores only) including the green shoe option across all series) in two series viz., Series I and Series II issued by the Company in terms of the Disclosure Document and these presents to the Debenture Holder(s) in dematerialised form in accordance with the procedure laid down in the Third Schedule hereunder written.

“**Debenture Holder(s)**” or “**Holders of Debentures**” or “**Beneficial Owners(s)**” means the persons who are, for the time being and from time to time, the owners of the Debentures in electronic (dematerialised) form, and whose names appear in the register of debenture holders(s) or the list of beneficial owner(s)/register of beneficial owners(s) prepared, held and given by the Depository viz. NSDL or CDSL, as the case may be and “**Beneficial Owner**” means each such person and includes their respective successors/ transferees and assigns.

“**Debenture Trustee Agreement**” shall mean the debenture trustee agreement, dated 29th October 2014 entered into by and between the Company and the Debenture Trustee.

“**Deed**” or “**Indenture**” means this debenture trust deed as may be amended, modified, or supplemented from time to time.

“**Deemed Date of Allotment**” means 30th October 2014.

“**Depository**” shall mean the depository with whom the Company has made arrangements for dematerializing the Debentures namely NSDL and/or CDSL.

“**Disclosure Document**” means an information memorandum/ private placement offer letter dated October 28, 2014, which sets out the key terms upon which the Debentures have been issued by the Company to the Debenture Holder(s).



“**Events of Default**” shall mean any event or circumstance as described in Clause 13 of this Deed.

“**Financial Covenants and Conditions**” means the covenants and conditions on the part of the Company to be observed and performed as set out in the **Disclosure Document and Second Schedule** hereunder written and as the same may from time to time, be modified in accordance with these presents.

“**Final Redemption Date**” shall mean 30th October 2017 in case of Debentures of Series I and 30th December 2017 in case of Debentures of Series II, more particularly described as under:

<u>Series</u>	<u>I</u>	<u>II</u>
ISIN No.	INE205A07014	INE205A07022
Issue Size	Rs. 975 crores	Rs. 225 crores
Tenor	3 years from Deemed Date of Allotment	3 years 2 months from Deemed Date of Allotment
Redemption Date	30-Oct-17	30-Dec-17
Coupon Rate	9.36%	9.36%
Coupon Payment Dates/Frequency	1 st : annual – Oct 30’ 2015 2 nd : annual – Oct 30’ 2016 3 rd : annual on maturity Oct 30’ 2017	1 st : annual – Oct 30’ 2015 2 nd : annual – Oct 30’ 2016 3 rd : annual – Oct 30’ 2017 4 th : on maturity Dec 30’ 2017

“**Government/Governmental Authority**” shall include president of India, the government of India, governor or the government of any state in India or any ministry, department, board, authority, instrumentality, agency, corporation or commission semi-governmental or judicial or quasi-judicial or administrative entity, under the direct or indirect control of the government of India.

“**Material Adverse Effect**” means an event, circumstance, occurrence or condition which has caused, as of any date of determination, or could be expected to cause a material adverse effect on or a material adverse change on:

- the business, operations, property, assets, condition (financial) of the Company; or
- the ability of the Company to enter into and to perform its obligations under Transaction Documents; or
- the legality or validity or enforceability of the Transaction Documents or any other related document or the rights or remedies of Debenture Holders) /Beneficial Owner(s) thereunder; or
- legality or validity or enforceability of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Security Documents.

“**Majority Debenture Holder(s)/Beneficial Owners**” shall at any time mean such number of Debenture Holder(s)/Beneficial Owner(s) holding 75% of the nominal value of the then outstanding Debentures.



20018GsPnWRvYy!gJ

“**Purpose**” shall mean the purpose for which the Debentures have been issued by the Company being general corporate purposes.

“**Repay**” shall include “**Redemption**” and *vice versa* and repaid, repayable, repayment, redeemed, redeemable and redemption shall be construed accordingly.

“**Secured Obligations**” shall mean all obligations at any time due, owing or incurred by the Company to the Debenture Trustee and the Debenture Holders in respect of the Debentures and shall include (i) the obligation to redeem the Debentures in terms thereof including payment of coupon/interest, default interest, penal interest, any outstanding remuneration of the Debenture Trustee and all fees, costs, charges and expenses payable to the Debenture Trustee/Debenture Holders and other monies payable by the Company in respect of the Debentures under the Transaction Documents; and (ii) any and all sums advanced by the Debenture Trustee in order to preserve the Security created / to be created by the Company in relation to the Debentures.

“**Security**” / “**Secured Assets**” mean the Mortgaged Premises

“**Security Interest**” shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever including without limitation any conditional sale or other title retention agreement, any financing or similar statement or notice filed under any recording or notice statute; and any designation of loss payees or beneficiaries or any similar arrangement under any contract of insurance or any other similar security interest.

“**Security Documents**” shall mean this Deed, Deed of Hypothecation, necessary powers of attorney, and all such other documents as may be required for creating and perfecting the Security Interest in favour of the Debenture Trustee for the benefit of the Debenture Holders (and their successors and assigns from time to time).

“**Special Resolution**” means a resolution passed in 3 members’ meeting where the votes cast in favour of the resolution is atleast 3 times more than the votes cast against the resolution and shall include only valid votes cast by members voting in person or proxy.

“**Specifically Mortgaged Premises/ Mortgaged Premises as used interchangeably**” means the immovable property of the Company in the State of Tamil Nadu as more specifically described in the First Schedule here under expressed to be granted, conveyed, transferred, assured and assigned as specific security for the redemption of the Secured Obligations to be secured hereunder in terms of the provisions of clause 9 hereof.

“**Transaction Documents**” shall mean the documents executed in relation to the issue of the Debentures and the creation of the Security Interest in relation to the Debentures including but not limited to the Disclosure Documents/Information Memorandum, the letters issued by the rating agency, letter appointing Registrar and Transfer Agents Debenture Trustee Agreement, letter appointing trustee, this Deed, Security Documents, necessary powers of attorney and such other documents as designated as such by the Debenture Trustee.



- 1.1 All other capitalised terms unless defined expressly under this Agreement, shall have the meaning assigned to it in the Disclosure Documents or Security Documents
- 1.2 Words denoting singular number only shall include plural number and *vice versa*
- 1.3 Words denoting one gender only shall include the other gender.
- 1.4 Words denoting persons only shall include companies and bodies corporate
- 1.5 Words and expressions defined in the Financial Covenants and Conditions shall, where used in these presents have the same meanings save where such meaning would render the same inconsistent with the definitions in this clause.
- 1.6 All references in these presents to any provision of any statute shall be deemed also to refer to the statute, modification or re-enactment thereof or any statutory rule, order or regulation made thereunder or under such re-enactment.
- 1.7 All references in these presents to Schedules, Clause, Sub-Clauses, Paragraphs or Sub-paragraphs shall be construed as reference respectively to the Schedules, Clauses, Sub-clauses, Paragraphs and Sub-paragraphs of these presents.
- 1.8 The recitals and schedules shall constitute an integral and operative part of this Deed. The provisions contained in the Schedules hereunder written shall have effect in this manner as if they were specifically herein set forth.
- 1.9 Reference to any document includes an amendment or supplement to, or replacement or novation of, that document.
- 1.10 no provision of this Deed shall be Interpreted in favour of or against any Party by reason of the extent to which such Party or its counsel participated in the drafting hereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof.
- 1.11 Whenever any coupon payment date falls on a day other than a Business Day, such payment shall be made on the immediately following Business Day Such payment on the following Business Day would not constitute non payment.
- 1.12 Whenever any maturity date falls on a on a day other than a Business Day, such payment shall be made on the previous Business Day

2. APPOINTMENT OF THE TRUSTEE

2.1 Appointment of Trustee

The Company has appointed the Debenture Trustee as trustee for the Debenture Holders pursuant to the Debenture Trustee Agreement The Company appoints Axis Trustee Services Limited as the Trustee, and the Trustee agrees to act as trustee for the benefit of the Debenture Holder(s)/Beneficial Owners(s) and their successors, transferees and assigns under the trust HEREUNDER created pursuant to Clause 2.2 below and in such trust capacity, the Trustee agrees and is authorised:

- (a) to execute and deliver this Deed, all other Transaction Documents and all other documents, agreements, instruments and certificates contemplated by this Deed or the other Transaction Documents which are to be executed and delivered by the Trustee or as the Trustee shall deem advisable and in the best Interests of the Debenture Holder(s)/Beneficial Owners(s);



- (b) to take whatever action as shall be required to be taken by the Trustee by the terms and provisions of the Transaction Documents, and subject to the terms and provisions of this Deed or any other Transaction Documents, to exercise its rights and perform its duties and obligations under each of the documents, agreements, instruments and certificates referred to in this clause 2.1(a) above in such documents, agreements, instruments and certificates; and
- (c) subject to the terms and provisions of this Deed and the other Transaction Documents, to take such other action in connection with the foregoing as the Majority Debenture Holder(s), may from time to time direct.

PROVIDED that before initiating any action or exercising any right or performing any duty under this Deed or any Transaction Documents, the Trustee shall seek written instructions from the Majority Debenture Holder(s) and only upon receipt of such instructions shall the Trustee exercise its rights and perform its duties and obligations under each of the documents, agreements, instruments and certificates referred in these presents.

2.2 Declaration of Trust by the Trustee

- (a) The Company hereby settles in trust with the Debenture Trustee, a sum of Rs.1,000/- (Rupees One Thousand only). The Trustee hereby declares and confirms that it has, accepted the above sum of Rs.1,000/- (Rupees One Thousand only) in trust declared and settled and kept apart the sum being the initial corpus (hereinafter referred to as the "Initial Contribution") of the trust created in terms of this Deed, to have and hold the same together with all additions or accretions thereto including the investments representing the same, subject to the powers, provisions, agreements and declarations herein contained.
- (b) The Trustee hereby declares that in relation to the Debenture Holder(s), it shall, as the case may be, hold:
 - (i) the Initial Contribution;
 - (ii) the Security created hereunder and under the other Transaction Documents;
 - (iii) all or its rights under or pursuant to this Deed and all sums received by it under this Deed (save for any sums received solely for its own account); and
 - (iv) all monies received by it out of, whether prior to or as a result of enforcement of the Security created hereunder or the exercise of rights and remedies under this Deedupon trust and for the benefit of the Debenture Holder(s)/Beneficial Owner(s) and subject to the powers and provisions hereinafter declared and contained and concerning the same, for due payment and discharge of the Secured Obligations.
- (c) The Trustee declares that it shall not revoke the trusts hereby declared till whole of the Secured Obligations is irrevocably discharged and paid in full by the Company to the Trustee for the benefit of the Debenture Holder/Beneficial Owner in terms of the Transaction Documents.



3. TRUSTEE REMUNERATION

- 3.1 The Company shall pay to the Trustee remuneration as mentioned in the offer letter dated 21st October 2014, as may be amended or supplemented from time to time.
- 3.2 The Company shall in case of default in payment of stipulated remuneration as detailed hereinabove pay to the Trustee on the expiry of 30 (thirty) days from the invoice date for payment, in addition to the stipulated Trustee remuneration as detailed hereinabove, penalty at the rate of 12% (twelve per cent) per annum on the defaulted amounts, during the period of default
- 3.3 The Company shall reimburse the Trustee all legal, travelling, conveyance and other costs, charges and expenses incurred by them, their officers, employees or their agents in connection with execution of these presents and subject to approval for sums higher than Rs. 10000/-, and subject to proof (hereof) including costs, charges, expenses of and incidental to the approval and execution of these presents and all other documents affecting the Security herein and the Company hereby agrees to indemnify the Trustee against all actions, proceedings, costs, charges, expenses, claims and demands whatsoever which may be brought or made against or incurred by them in respect of any matter or thing done or omitted to be done without their wilful default in respect of or in relation to the Secured Assets and the Transaction Documents.

4. RETIREMENT AND REMOVAL OF TRUSTEE

- 4.1 Subject to the provisions of Clause 4.2 below, the Trustee hereof may, at any time, without assigning any reason and without being responsible for any loss or costs occasioned thereof resign/retire as the trustee, provided that the Trustee shall have given at 30 (thirty) days previous notice in writing to the Company.
- 4.2 The Company shall, upon receipt of notice of resignation issued by the Debenture Trustee, take prompt steps to appoint another entity competent to act as trustee for the Debenture Holders in place of the Debenture Trustee with the written consent of the Majority Debenture Holders/Beneficial Owners, The Trustee shall continue to act as Debenture Trustee until a successor trustee is appointed. In the event the successor trustee is not appointed within 30 (thirty) days after receipt of any notice of retirement/resignation by the Trustee, the Trustee shall continue to act as the debenture trustee until such time as the successor trustee is appointed on the same terms and conditions.
- 4.3 Any body corporate or entity which is registered as a Trustee with the Securities and Exchange Board of India may be appointed as Trustee, it being clarified that in the event a new trustee is appointed pursuant to the provisions of clause 4.2 above, there would be no requirement to procure a no objection certificate (or any document of similar nature) by the Company from the Trustee.
- 4.4 The Trustee hereof may be removed by the Majority Debenture-holder(s)/Beneficial Owner(s) by a Special Resolution duly passed at the meeting of the Debenture Holders/ Beneficial Owner(s) convened in accordance with the provisions set out in the Fourth Schedule hereunder written. The Company shall appoint such person or persons as may be nominated by such resolution as the new trustee.
- 4.5 Upon appointment of the successor trustee pursuant to the preceding Clauses 4.2 **Error Reference source not found.** or 4.4 above, all references in this Deed to the Debenture Trustee shall, unless repugnant to the context, mean and refer to the successor trustee and the successor trustee shall without any further act or deed succeed to all the powers and authorities and be subject to all duties, liabilities and responsibilities of the Debenture Trustee as if it had been originally appointed as the trustee hereunder.



5. AMOUNT OF DEBENTURES AND COVENANT TO PAY PRINCIPAL AND INTEREST

5.1 Amount of Debentures:

The Debentures are being issued and allotted, on Private placement basis, in dematerialised form for cash at par in terms of this Deed and (9.36%) rated listed secured redeemable, non-convertible debentures of the face value of Rs.10,00,000/- (Rupees Ten Lakhs only) each, wherein the issue size would be Rs.1,200 crores (Rupees One Thousand Two Hundred Crores only) along with a green shoe option of Rs. 300 crores (Rupees Three Hundred Crores only) (total issue size aggregating to Rs. 1,500 Crores (Rupees One Thousand Five Hundred Crores only) including the green shoe option across all series) in two series viz., Series I and Series II, to the Debenture Holder(s)/Beneficial Owner(s), as the case may be.

5.2 Covenant to Pay Principal and Interest

The Company covenants with the Trustee that it shall pay to the Debenture Holder(s)/Beneficial Owner(s), as the case may be, the principal amount of the Debentures on the due date(s) as mentioned in the Financial Covenants and Conditions and shall also pay interest (inclusive of penal interest where applicable) on the Debentures in accordance with the Financial Covenants and Conditions, more particularly described in the Second Schedule hereunder written.

Provided that if so called upon by the Trustee, the Company shall make payments as aforesaid to or to the order of or for the account of the Trustee and such payment shall be deemed to be in satisfaction of the aforesaid covenant of the Company to make such payments to the Debenture Holder(s)/Beneficial Owner(s). Such payments shall be passed on to the Debenture Holder(s)/Beneficial Owner(s), subject to the appropriation in the order of preference mentioned in Financial Covenants and Conditions more particularly described in the **Second Schedule** hereunder written.

6. INTEREST

- 6.1 The Debenture Holder(s)/Beneficial Owners(s) shall be paid interest as per clause (ii) of the Financial Covenants and Conditions more particularly described in the **Second Schedule** hereunder written.
- 6.2 Interest and all other charges shall accrue from day to day and shall be computed on the basis of 365 days' year or 366 days a year in case of leap year, and the actual number of days elapsed. The interest for the last broken period shall be payable at the time of redemption of said Debentures.
- 6.3 Any payments to be made to the Debenture Holder(s)/ Beneficial Owner(s), including payment of interest, payment upon redemption, shall be made by the Company using the services of electronic clearing services (ECS), real time gross settlement (RTGS), direct credit or national electronic fund transfer (NEFT) into such bank account of a Debenture Holder/Beneficial Owner as may be notified to the Company by such Debenture Holder/Beneficial Owner or the Trustee at the time of applying to the debentures or as may be notified to the Trustee, subsequently through a valid communication channel.



7.

7A) FORM OF THE DEBENTURES

- 7.1 The Debentures will be issued in dematerialised form, by crediting the demat accounts of the Beneficial Owner(s), the same shall be issued by the Company by following the procedure stipulated for issuance of the Debentures in demat form, as more particularly described in the **Third Schedule** hereunder written.
- 7.2 The principal amount of the Debentures (inclusive of penal interest where applicable) and all other monies hereby secured shall, as between the holders of the Debentures, *inter se rank pari passu* without any preference or priority whatsoever on account of date of issue or allotment or otherwise.
- 7.3 The Company has entered into depository arrangements with NSDL and CDSL for the issue of the Debentures in dematerialised form. The Debenture Holder(s) who hold the Debentures in dematerialised form will deal with the same as per the provisions of the Depositories Act, 1996, the regulations thereunder and the rules and bye-laws of NSDL and CDSL.
- 7.4 The Financial Covenants and Conditions shall be binding on the Company and the Debenture Holder and all persons claiming by, through or under it and shall enure to the benefit of the Trustee and all persons claiming by, through or under them. The Trustee shall be entitled to enforce the obligations of the Company under or pursuant to the Financial Covenants and Conditions as if the same were set out and contained in these presents.
- 7.5 The Company shall at all times follow the guidelines issued by NSDL/CDSL for issuance of Debentures.

7B) LISTING AND CREDIT RATING

- (a) The Company has listed the Debentures on the Wholesale Debt Market segment of Bombay Stock Exchange (“Exchange”).

The Company shall take all steps for completion of the formalities for listing and commencement of trading at all the concerned stock exchange(s) where the Debentures are to be listed by no later than 15 (fifteen) Business Days from the Deemed Date of Allotment of the Debentures. In case of delay in listing of the Debentures beyond 20 (twenty) days from the Deemed Date of Allotment, the Company will pay penal interest of at least 1.00% p.a. over the coupon rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of such Debentures to the Debenture holders

The Company undertakes to comply with the requirements of the listing agreement to the extent applicable to it, on a continuous basis. All expenses, costs, charges, incurred for the purpose of listing of the Debentures, as also for making the offer for sale of the Debentures shall be come and paid by the Company.

- (b) The Debentures are rated as:

“**CRISIL AA+/*** by **Crisil Limited**”. The rating indicates high degree of safety with regard to timely payment of financial obligations.

**8. Security for the Debentures**

- (a) The Debenture Trustee (acting for the benefit of the Debenture Holders) shall hold the security created by the Company under or in terms of the Transaction Documents, in its favour, upon trust, subject to the powers and provisions contained herein, for securing the Secured Obligations.
- (b) The Debentures and all the Secured Obligations shall be secured by:
 - (i) First ranking mortgage on the Mortgaged Property;
 - (ii) First ranking charge as more particularly described in the Deed of Hypothecation
- (c) The Company shall ensure that the requisite security cover of 1.25 times of the principal together with interest to the Secured Obligations shall be maintained throughout the tenor of the Debentures and this Agreement.
- (d) The Company hereby creates the security set out in sub-clause (b) (i) hereinabove. The Company shall create and perfect the complete security set out in sub-clause (b)(ii) above within 180 days of the Deemed Date of Allotment and in case of sub-clause (b)(i) above, within 60 days from the Deemed Date of Allotment.
- (e) In the event that the Company fails to create and perfect a valid security on the terms set out in this Deed and other Transaction Documents within relevant time period set out, the issuer shall be required to either (i) refund the entire subscription amount or (ii) pay an interest of at least 2% per annum over and above the coupon rate on the amounts outstanding on the Debenture, until the security is created and perfected in the manner and on the terms set out in this Deed and other Transaction Documents.

9. GRANT, CONVEY AND TRANSFER

For the consideration aforesaid and as continuing security for the Secured Obligations hereby secured or intended to be hereby secured, the Company doth hereby grant, convey, assign, assure, and transfer unto the Trustee by way of first charge, the immovable property being all and singular, the land more particularly described in the **First Schedule** hereunder written together with all buildings, erections, godowns and construction of every description which now are erected and standing or attached to the aforesaid land and premises or any part thereof and all trees, fences, hedges, ditches, way sewerage's, drains, water-courses/liberties, privileges, easements and appurtenances whatsoever to the aforesaid land or any part thereof belonging to or in anyway appurtenant or usually held, occupied, enjoyed therewith or reputed to belong, or be appurtenant thereto and all the estate, right, title, interest, property, claim and demand whatsoever of the company in TO HAVE AND TO HOLD all singular objects also to the use of the Trustee absolutely UPON TRUST and subject to the powers and provisions herein contained and subject also to the provisions for redemption hereinafter mentioned;

PROVIDED THAT the Company has not given the possession of the Mortgaged Premises to the Trustee and has also not agreed to give the possession of the Mortgaged Premises to the Trustee until the happening of an Event of Default.

10. TERMS OF SECURITY**10.1 Continuing Security**

The Security created by or pursuant to this Deed is a continuing security and shall remain in full force and effect until the Secured Obligations are or may become outstanding.

**10.2 Other Security**

The Security created by or pursuant to this Deed is in addition and without prejudice to any other security, indemnity or other right or remedy which any Debenture Holder/Beneficial Owner or the Trustee may now or hereafter hold or have in connection with the Debentures or part thereof, and shall neither be merged in, or in any way exclude or prejudice, or be affected by any other security right of recourse or other right whatsoever (or the invalidity thereof) which the Debenture Holder(s) or the Trustee may now or at any time hereafter hold or have (or would apart from this security hold or have) as regards the Company or any other person in respect of the Debentures. The Security may be enforced against the Company without first having recourse to any other rights of the Debenture Holder(s) or the Trustee, subject to the Company's obligation to create additional security in case of reduction in the security cover.

10.3 Cumulative Powers

The powers which this Deed confers on the Trustee and any receiver appointed hereunder are cumulative and without prejudice to their respective general powers under Applicable Law and may be exercised as often as the Trustee or the receiver may deem fit and appropriate and the Trustee may, in connection with the exercise of its powers, join or concur with any Person in any transaction, scheme or arrangement whatsoever and the Company acknowledges that the powers of the Trustee or the receiver appointed hereunder shall in no circumstances whatsoever be suspended, waived or otherwise prejudiced by anything other than an express waiver or variation in writing.

10.4 Avoidance of payments

If any amount paid by the Debenture Holder(s) in respect of the Debentures is held to be void or set aside on the liquidation or winding up of the Company or otherwise, then for the purpose of this Deed such amount shall not be considered to have been paid.

11. ADDITIONAL SECURITY

For the consideration aforesaid, the Company shall within such period as may be permitted by the Trustee, furnish to the Trustee additional security, if the Trustee is of the reasonable opinion that during the subsistence of the Debentures, the security cover for the Debentures has become inadequate as provided in the Financial Covenants and Conditions and the Trustee has, accordingly, called upon the Company to furnish such additional security. In such case, the Company shall, at its own costs and expenses, furnish to the Trustee such additional security. In form and manner satisfactory to the Trustee as security for the Debentures, and upon creation of such additional security, the same shall vest in the Trustee subject to all the trusts, provisions and covenants contained in these presents.

12. POWER OF TRUSTEE TO PERMIT THE COMPANY TO DEAL WITH THE MORTGAGED PREMISES

At any time before the Security constituted hereunder becomes enforceable the Trustee may at the cost and request of the Company, and with consent of the Debenture Holder(s)/ Beneficial Owner(s) do or concur with the Company in doing all or any of the things which the Company might have done in respect of the Mortgaged Premises as if no security had been created and particularly but not by way of limitation may sell, call in, collect, convert, lease, purchase, substitute, exchange, surrender, develop, deal with or exercise any right in respect of all or any of the Mortgaged Premises on such terms and for such consideration as the Trustee may deem fit, provided that all properties of any description and all net capital monies arising from or receivable upon any such dealing as aforesaid and remaining after payment therefrom of the costs and expenses of and incidental to such dealing shall become part of the Mortgaged Premises and shall be paid or vested in or specifically charged in favour of the Trustee in such manner as Trustee may require.

**13. EVENTS OF DEFAULT AND REMEDIES**

13.1 If one or more of the events specified in Clause 13.2 (each, an “**Event of Default**”) shall have occurred or continuing, then the Majority Debenture holders shall by a notice in writing to the Company declare all the Debentures outstanding together with all accrued interest thereon to be due and upon such declaration the same shall thereupon become due and payable forthwith and the security created in terms of Clause 8 hereof shall become enforceable and the Trustee shall have right to enforce security and shall have the following rights (notwithstanding anything in these presents to the contrary):-

- (a) to enter upon and take possession of the Mortgaged Premises;
- (b) to enforce any Security created pursuant to the Security Documents in accordance with the terms thereof, as may be set out therein, towards repayment of the Secured Obligations;
- (c) to transfer the Mortgaged Premises by way of lease/sub-lease or fence or sale;
- (d) to appoint a nominee director as per the SEBI (Debenture Trustee) Regulations, 1993 on the board of directors of the Company; and
- (e) exercise such other rights as the Trustee may deem fit under Applicable Law.

13.2 EVENTS OF DEFAULT

The occurrence of any one of the following events shall constitute an “Event of Default” by the Company:

(a) **Default in redemption of debentures**

Default shall have occurred in the redemption of the Debentures as and when the same shall have become due and payable and such default is not cured within a period of 30 days.

(b) **Default in payment of interest/principal amount**

Default by the Company in the payment of any installment of interest or the principal amount of the Debentures, as and when the same shall have become due and payable and such default is not cured within a period of 30 days.

(c) **Default in performance of covenants and conditions**

Default shall have occurred in the performance of any other covenants, conditions or agreements on the part of the Company under this Deed or the other Transaction Documents or deeds entered into between the Company and the Debenture Holder(s)/Beneficial Owner(s)/ Debenture Trustee and such default shall have continued for a period of sixty days after notice in writing thereof been given to the Company by the Debenture Holder(s)/Beneficial Owner(s)/ Debenture Trustee for remedying such default.

(d) **Supply of misleading information**

Any information given by the Company in the Disclosure Documents/Information Memorandum, the Transaction Documents and/or other information furnished and/or the representations and warranties given/ by the Company to the Debenture Holder(s) / Beneficial Owner(s) for financial assistance by way of subscription to the Debentures is or proved to be misleading or incorrect in any material respect or is found to be incorrect.



(e) **Inability to pay debts**

If the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court.

(f) **Inadequate insurance**

if the properties and assets offered as security to the Trustee/Debenture Holder(s)/Beneficial Owner(s) for the Debentures are not insured or kept under-insured by the Company or depreciate in value to such an extent that further security (to continue to provide the requisite security cover in terms hereof) should be given and such security is not given.

(g) **Proceedings against Company**

The Company shall have voluntarily become the subject of proceedings under bankruptcy or insolvency law or if involuntarily then an order of liquidation is passed by the Court of competent jurisdiction.

(h) **Liquidation or dissolution of company**

The Company has taken or suffered any action to be taken for its reorganization other than a re-organization within the Vedanta Group, liquidation or dissolution.

(i) **Appointment of receiver or liquidator**

A receiver or liquidator is appointed or allowed to be appointed of all or any part of the undertaking of the Company.

(j) **Attachment or distraint on Mortgaged Premises**

If an attachment or distraint is levied on the Mortgaged Premises or any part thereof and / or certificate proceedings are taken or commenced for recovery of any dues from the Company.

(k) **Company ceases to carry on business**

If the Company ceases or threatens to cease to carry on its business or gives notice of its intention to do so.

(l) **Security is in Jeopardy**

When the company creates or attempts to create any charge on the Secured Assets or any part thereof without the prior approval of the Trustees/debenture holders, save and except in the ordinary course of business of the Company and / or where the security cover does not fall below 1.25 times post such charge and / or as permitted in security documents.

(m) **Sick undertaking**

If the Company is declared a sick undertaking under the provisions of the Section 3(1)(o) of the Sick Industrial Undertakings (Special Provisions) Act, 1985 or if a reference has been made to BIFR by a creditor under the said Act and the Company has not resolved the complaint or is nationalized or is under the management of the Central Government.

(n) Any Security Document once executed and delivered, ceases to be in full force and effect or fails to provide the Debenture Trustee and the Debenture Holder(s)/Beneficial Owners(s) with the Security Interests intended to be created thereby.

(o) a petition for the reorganization (other than re-organization within the Vedanta Group), arrangement, adjustment, winding up (other than any vexatious or frivolous winding-up petitions) or composition of debts of the Company is filed and have been admitted or the Company makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed).



- (p) It is or becomes unlawful for the Company to perform any of its obligations under any Transaction Document which could have a Material Adverse Effect.
- (q) Any other event described as an Event of Default in the Disclosure Documents and the Transaction Documents.

(r) **Sale, disposal and removal of assets**

Save and except in the ordinary course of business or in case if the Security Cover is not maintained, without the prior approval of the Debenture Trustee and Debenture Holders(s)/Beneficial Owner(s) any land, buildings, structures, plant and machinery of the Company are sold, disposed of charged, encumbered or alienated or the said buildings, structures, machinery, plant or other equipment are removed pulled down or demolished.

13.3 In any Event of Default or any event which, after notice or lapse of time, or both, would constitute an Event of Default has happened, the Company shall, forthwith give notice thereof to the Beneficial Owners(s)/Trustee, in writing, specifying the nature of such Event of Default or of such event.

13.4 All expenses incurred by the Debenture Holders/Debenture Trustee after an Event of Default has occurred in connection with:-

- (a) preservation of the Secured Assets (whether then or thereafter existing); and
- (b) collection of amounts due under this Agreement.

shall be payable by the Company.

14. ENFORCEMENT OF SECURITY

At any time after the Debentures or any of them have become repayable and have not been repaid, the Trustee may at its discretion institute such proceedings against the Company as it may think fit to enforce repayment thereof together with accrued interest and all other monies payable in respect thereof but it shall not be bound to take any such proceedings unless -

- (a) The Trustee is so requested in writing by the applicable Majority Debenture Holder(s)/Beneficial Owners;
- (b) Sufficient monies are advanced by the Debenture Holders/Beneficial Owners to the Trustee for enforcement of their rights and security; and
- (c) The Trustee is indemnified to its satisfaction by the applicable Majority Debenture Holder(s).

**15. TRUST OF THE MORTGAGED PREMISES**

The Mortgaged Premises shall be and remain security to the Trustee for the due repayment of the principal amount of the Debentures, together with all other monies payable under the Debentures and these presents intended to be hereby secured and the Trustee shall permit the Company, until the happening of one or more of the events upon the happening of which the security hereby constituted shall become enforceable as herein provided, to hold and enjoy the Specifically Mortgaged Premises and to carry on therein and therewith the business authorised by the Memorandum of Association of the Company and upon the happening of any such event the Trustee may (but subject to the provisions as applicable) in their discretion, and shall, upon request in writing of the holders of Debentures, enter upon or take possession of and/or receive the rents, profits and income of the Specifically Mortgaged Premises or any of them or any part thereof and subject to and with the rights conferred on them by Clause 12 hereof may at their discretion and shall upon request of the Debenture Holder(s)/Beneficial Owner(s) as mentioned above (subject to the provisions of section 69 of the Transfer of Property Act, 1882) sell, call in, collect and convert into monies the same or any part thereof with full power to sell any of the Specifically Mortgaged Premises either by public auction or private contract and either for a lump sum or a sum payable by instalments or for a sum on account and a mortgage or charge for the balance and with full power upon every such sale to make any special or other stipulations as to title or evidence or commencement of title or as to the removal of any property which may be sold separately or otherwise as the Trustee shall think proper and with full power to buy in or rescind or vary any contract for sale of the Specifically Mortgaged Premises or any part thereof and to re-sell the same without being responsible for any loss which may be occasioned thereby and with full power to compromise and effect compositions and for the purposes aforesaid or any of them to execute and do all such acts, assurances and things as they shall think fit PROVIDED ALWAYS that before making any such entry or taking possession as aforesaid or making any sale, calling in, collection or conversion under the aforesaid power in that behalf (hereinafter referred to as the "Power of Sale"), the Trustee shall give written notice of their intention to the Company. But the Trustee shall not be bound to give any such notice in any case where they shall certify, either before or after entry, that in their opinion further delay would imperil the interests of the Debenture Holder(s)/Beneficial Owner(s), or in any case where an order or resolution for the winding up of the Company shall have been made or passed. The Trustee shall not exercise the Power of Sale if in the case of such power arising by reason or any default in payment of any monies due in respect of the principal together with redemption premium, if any, or interest, the Company shall prove to the Trustee the payment of monies so in arrears within three months next after the notice has been given or if in the case of such power arising by reason of any provision as herein stated the Company shall, within 7 (seven) days of the receipt of a notice, remove, discharge or pay out any distress, execution or process or fully perform the covenants, conditions or provisions breached, if capable of being performed, or make good the breach thereof, or pay adequate compensation for such breach to the satisfaction of the Trustee and any compensation so paid to the Trustee shall be deemed to be part of the Specifically Mortgaged Premises.

All the powers and provisions contained in or implied by these presents shall, notwithstanding anything contained herein or arising by virtue thereof or except in consultation with the Trustee, be subject and pari passu to those of the existing mortgages referred to hereinabove (hereinafter referred to as "the existing mortgages") and the same shall not be exercised or enforced by the Trustee hereunder so as to in anyway prejudice the rights and interests of the existing mortgages under their existing securities and except with the prior approval and consent of the existing mortgagees.

16. TRUST OF PROCEEDS OF SALE/ REALISATION OUT OF THE MORTGAGED PREMISES

The Trustee shall hold UPON TRUST the monies, received by them or the Receiver in respect of the Mortgaged Premises or any part thereof arising out of:-

- (a) any sale, calling in, collection or conversion under the Power of Sale;
- (b) income, rent or profits arising in respect of the Mortgaged Premises;
- (c) policy or policies of insurance in respect of the Mortgaged Premises;
- (d) compensation money in respect of any acquisition and requisition or nationalisation or take-over of the management of the Company; and
- (e) any other realisation whatsoever;



and they shall, in the first place, by and out of the said monies reimburse themselves and pay, retain or discharge all the costs, charges and expenses incurred in or about the entry, appointment of Receiver, calling in, collection, conversion or the exercise of the powers and trusts under these presents, including their, and the Receiver's remuneration as herein provided, and shall apply the residue of the said monies subject to the rights of the mortgagee as may be provided in a separate arrangement to be entered into between them and the Trustee:

FIRSTLY in or towards payment to the Debenture Holder(s)/ Beneficial Owner(s), *pari passu*, of all arrears of interest including compound interest (which shall be deemed to accrue due from day to day) remaining unpaid on the Debentures held by them;

SECONDLY in or towards payment to the Debenture Holder(s)/ Beneficial Owner(s), *pari passu*, of all principal amounts owing on the Debentures held by them and whether the said principal amounts shall or shall not then be due and payable;

THIRDLY in or towards payment of the surplus (if any) of such monies to the person or persons entitled thereto:

Provided that, if the Trustee acting on the instructions of the Majority Debenture Holder(s), are of the opinion that it is expedient to do so, payments may be made on account of principal before the whole or part of the interest due on the Debentures has been paid off, but such alteration in the order of payment of principal together with interest herein prescribed shall not prejudice the right of the Debenture Holder(s)/Beneficial Owner(s) to receive the full amount to which they would have been entitled if the ordinary order of payment had been observed or any less amount which sum ultimately realised from the security may be sufficient to pay.

The Trustee shall not be affected by any notice, express or implied, of the right, title or claim of any Person to the said monies other than the Debenture Holder(s).

17. POWER TO ACCUMULATE PROCEEDS OF SALE

If, the amount of the monies at any time apportionable under Clause 16 hereof shall be less than 10% (ten percent) of the nominal amount of the Debentures then outstanding, the Trustee may, at their discretion, invest such monies in any one of the investments herein authorised with power, from time to time, at its discretion to vary such investments and such investments with the resulting income thereof may be accumulated until the accumulations together with any other fund for the time being under the control of the Trustee and available for the purpose shall amount to a sum sufficient to pay 10% (ten percent) of the Debentures then outstanding and the accumulations and funds shall be applied in the manner aforesaid. Provided that the Trustee shall not be liable for any loss which may be occasioned by any investment or variation thereof made by them pursuant to this Clause.

18. NOTICE BEFORE PAYMENT

The Trustee shall give not less than 15 days notice to the Debenture Holder(s)/ Beneficial Owners(s) of the Debentures under Clauses 16 and 17 hereof and after the day so fixed the Debenture Holder(s)/Beneficial Owners(s) of each outstanding Debenture shall be entitled (subject to the provision in Clause 16 hereof) to interest on the balance only (if any) of the principal moneys due on such Debentures held by them after deducting the amount (if any) payable in respect of the principal thereof on the day so fixed.

**19. MEMORANDUM OF PART SATISFACTION**

Upon any payment under Clause 16 and 17 above, not amounting to complete payment of all principal amounts and interest due thereon, the Debentures in respect of which payment is made shall be produced to the Trustee who shall cause a memorandum of the amount and date of payment to be endorsed thereon. The Trustee may in their discretion, dispense with the production and endorsement of Debentures as aforesaid, in any special case upon such indemnity as the Trustee may think fit.

20. RECEIPT OF DEBENTURE HOLDER(S)

The receipt of each holder/owner of the Debentures or if there be more than one holder(s)/owner(s) of any such Debentures, then the receipt of any one of such holder(s)/owner(s) or of the survivors or survivor for the principal monies and interest payable in respect of each of such Debenture shall be a good discharge to the Trustee.

21. SURRENDER OF DEBENTURE CERTIFICATE ON PAYMENTDebentures owned in Electronic (Dematerialised) Form

For payment to the Debenture Holders/Beneficial Owner(s) in full discharge of all principal moneys and interests due upon their Debentures, the Company shall make the payment of principal amount to the Debenture Holders /Beneficial Owner(s) of Debentures or to any subsequent transferee who are entitled to receive the payment on the due date of redemption on receipt of the necessary corporate debit action from the Debenture Holder. The Trustee and /or the Debenture Holders further agree to sign and execute any such document as may be required by the Company, after mutual agreement on the content of the same, evidencing the due payment of all the amounts due under the Debentures by the Company to the Trustee/ Debenture Holders, as the case may be.

22. REPURCHASE AND REISSUE OF DEBENTURES

The Company will have the power, as provided for under the Act exercisable at its absolute discretion from time to time to repurchase some or all the Debenture(s) at any time prior to the Final Redemption Date.

The Debentures which are in dematerialised form, can be repurchased by the Company through its beneficiary demat account as per the norms prescribed by NSDL and CDSL. This right does not construe a call option. In the event of the Debenture(s) being bought back, or redeemed before maturity in any circumstance whatsoever, the Company shall be deemed to always have the right, subject to the provisions of the Act, to re-issue such debentures either by re-issuing the same debenture(s) or by issuing other debentures in their place.

The Company may also, at its discretion, at any time purchase Debenture(s) at discount, at par or at premium in the open market. Such Debenture(s) may, at the option of Company, be cancelled, held or resold at such price and on such terms and conditions as the Company may deem fit and as permitted by law.

23. DEBENTURES FREE FROM EQUITIES

The Debenture Holder(s)/Beneficial Owner(s) will be entitled to their Debentures free from equities or cross claims by the Company against the original or any intermediate holders thereof.

24. POWER OF THE TRUSTEE TO INVEST UNCLAIMED AMOUNT

After provision for payment and satisfaction of the Debentures is made by the deposit in a scheduled bank as aforesaid, the Trustee may invest the same in any of the investments herein authorised.



25. TRUSTEE RIGHT TO CARRY ON BUSINESS

On the happening of any Event of Default and upon the Security hereby constituted becoming enforceable and after the Trustee shall have made entry or taken possession of the Mortgaged Premises and until the Mortgaged Premises shall be sold, called in, collected or converted under the Power of Sale as mentioned in Clause 15 hereinabove, the Trustee may, if they shall think fit so to do but not otherwise, either themselves carry on and manage the business of the Company in and with the Mortgaged Premises or appeal a Receiver to carry on and manage the same and the Trustee or the Receiver may manage and conduct the same as they shall in their discretion think fit.

The Trustee or the Receiver so appointed may for the purpose of carrying on the said business and manage the Mortgaged Premises in terms of Clause 25 shall be entitled to do all or any of the following acts and things viz.-

- (a) Employ or remove such experts, officers, agents, managers, clerks, accountants, servants, workmen and others and upon such terms with such salaries, wages or remuneration as the Trustee or the Receiver shall think proper;
- (b) repair and keep in repair the buildings and other property comprised in the mortgaged premises;
- (c) insure all or any of the Mortgaged Premises of an insurable nature against lose or damage by tire and against such other risks in such sum or sums as the Trustee or the Receiver shall think fit;
- (d) Settle, arrange, compromise and submit to arbitration any account, claims, questions or dispute whatsoever which may arise in connection with the said business or the Mortgaged Premises or in any way relating to the security and execute release other discharges in relation thereto;
- (e) Bring, take, defend, compromise, submit to arbitration and discontinue any actions, suits or proceedings whatsoever, civil or criminal, in relation to any portion of the Mortgaged Premises;
- (f) Subject to such consent as may be necessary demise or let our sub let or under let the Mortgaged Premises or any part or parts thereof for such terms at such rents and generally in such manner and upon such conditions and stipulations as the Trustee or the Receiver shall think fit;
- (g) Assent to the modification of any contracts or arrangements which may be subsisting in respect of any of the Mortgaged Premises and, in particular the terms of any concession or licences for the time being held; and
- (h) Execute and do all such acts, deeds and things as to the Trustee or the Receiver may appear necessary or proper for or in relation to any of the purposes aforesaid.

The Trustee or the Receiver so appointed may for any of the purposes aforesaid do or cause to be done all such acts and things respecting the business and the Mortgaged Premises and had carried on the said business as the Trustee/Receiver could do or cause to be done if the Trustee/Receiver had the absolute possession of the Mortgaged Premises without being answerable for any loss or damage which may happen thereby.

**26. POWER OF TRUSTEE TO BORROW**

The Trustee may, with the consent in writing of the Majority Debenture holder(s)/ Owner(s) or by a special resolution duly passed at a meeting of Debenture Holder(s)/Beneficial Owner(s) convened in accordance with the provisions set out in the Fourth Schedule hereunder written, raise or borrow moneys on the security of the Mortgaged Premises or any part thereof ranking pari passu with or subservient to these presents as the Trustee

- (a) for the purpose of making any payment under or by virtue of these presents; or
- (b) in relation to the exercise or any powers, duties or obligations of the Trustee or the Receiver; or
- (c) otherwise In relation to the Mortgaged Premises or these presents; or
- (d) for the purpose of paying off or discharging any mortgages or charges for the time being on the Mortgaged Premises or any part thereof; or
- (e) any costs, charges and expenses which shall be incurred by the Trustee under or by virtue of these presents.

The Trustee may raise and borrow such moneys as aforesaid at such rate or rates of interest and generally on such terms and conditions as the Trustee shall think fit.

27. POWER OF TRUSTEE TO APPOINT RECEIVER

Subject to the provisions of section 69A of the Transfer of Property Act, 1882, and to such of the provisions of law as may, for the time being, be applicable the Trustee, at any time after the security hereby constituted becomes enforceable and whether or not the Trustee shall then have entered into or taken possession of the Mortgaged Premises and in addition to the power hereinbefore conferred upon the Trustee after such entry into or taking possession may in writing appoint any officer(s) of the Trustee or any other person(s) as Receiver(s) of the Mortgaged Premises or any part thereof and remove any Receiver(s) so appointed and appoint any such other person(s) in his or their stead and unless the Trustee shall otherwise prescribe in writing such Receiver(s) shall have all the powers hereinbefore conferred upon the Trustee. All the provisions and powers hereinbefore declared in respect of a Receiver appointed by the Trustee after entering into or taking possession by the Trustee shall apply to a Receiver appointed before entering into or taking possession by the Trustee and in particular such Receiver shall be deemed to be the agent of the Company which shall be solely responsible for his acts and defaults and for his remuneration. In addition to the foregoing, the following provisions shall also apply to such Receiver:-

- (a) **Appointment before or after possession:**
Such appointment may be made either before or after, the Trustee shall have entered into or taken possession, of the Mortgaged Premises or any part thereof.
- (b) **Receiver to be invested with powers by Trustee:**
Such Receiver may be invested by the Trustee with such powers and discretions including powers of management as the Trustee may think expedient.
- (c) **Receiver to exercise powers vested in Trustee:**
Unless otherwise directed by the Trustee the Receiver shall have and may exercise all the powers and authorities vested in the Trustee.
- (d) **Receiver to conform to regulations made by Trustee:**
The Receiver shall, in the exercise of his powers, authorities and discretion's, conform to the regulations and directions made and given by the Trustee from time to time.
- (e) **Receiver's remuneration:**
The Trustee may, from time to time, fix remuneration of the Receiver and direct payment thereof out of the Mortgaged Premises, but the Company alone shall be liable for the payment of such remuneration.



(f) **Receiver to give security:**

The Trustee may, from time to time and at any time, require the Receiver to give security for the due performance of his duties as such Receiver and may fix the nature and the amount of the security to be given, but the Trustee shall not be bound in any case to require any such security.

(g) **Receiver to pay the monies:**

Unless otherwise directed by the Trustee all monies from time to time received by such Receiver shall be paid over to the Trustee to be held by them UPON TRUST herein declared of and concerning the monies arising from any sale, calling in, collection or conversion.

(h) **Trustee may pay monies to Receiver:**

The Trustee may hand over to the Receiver any monies constituting part of the Mortgaged Premises to the extent that the same may be applied for the purposes hereof by such Receiver and the Trustee may, from time to time, determine what funds the Receiver shall be at liberty to Keep in hand with a view to the performance of his duties as such Receiver.

(i) **Receiver's power to borrow on Mortgaged Premises:**

Subject as provided herein the Receiver may for the purpose of carrying on the business of the Company as mentioned in (b) above, for defraying any costs, charges, losses or expenses (*including his remuneration*) which shall be incurred by him in exercise of the powers, authorities and discretion vested in him and for all or any of the purposes raise and borrow monies on the security of the Mortgaged Premises or any part thereof at such rate or rates of interest and generally on such terms and conditions as he may think fit.

(j) **Receiver Agent of the Company:**

Every Receiver shall be the agent of the Company for all purposes and the Company alone shall be responsible for his acts and defaults, losses or misconduct and liable on any contract or engagement made or entered into by him and for his remuneration and the Trustee and the Debenture Holder(s)/ Beneficial Owner(s) shall not incur any liability or responsibility therefor by reason of their making or consenting to his appointment as such Receiver.

(k) **Applicability of Transfer of Property Act, 1882:**

Subject as aforesaid the provisions of the Transfer of Property Act, 1882 and the powers thereby conferred on a mortgagee or Receiver shall, so far as applicable, apply to such Receiver.

28. INVESTMENT OF CAPITAL MONIES

Subject as aforesaid, the Trustee shall Invest the net capital monies referred to In Clause 12 hereof upon some or one of the investments hereinafter authorised or place the same upon deposit or in current account in the name of the Trustee with any scheduled bank or banks with power from time to time at their discretion to vary such investments and with power from time to time at their discretion to resort to any such investments for any of the purposes for which such proceeds are under these presents authorised to be expended. And subject as aforesaid the Trustee shall sland possessed of the said investments UPON TRUST until the Power of Sale shall arise to pay the income thereof and any net monies in the nature of income arising to the Company and after the Power of Sale shall have arisen shall hold the said Investments and monies and the income thereof respectively and the net monies in the nature of Income UPON AND FOR TRUSTS and purposes hereinbefore expressed concerning the monies to arise from any sale, calling in, collection and conversion made as aforesaid, provided always that in default of such Power of Sale arising and after payment and satisfaction of all monies intended to be secured by these presents the said investment monies and income thereof and net monies as aforesaid shall be held in trust for the Company or its assigns.

**29. APPOINTMENT OF NOMINEE DIRECTOR**

The Debenture Holder(s) and the Trustee shall have the right to appoint a nominee director as per the SEBI (Debenture Trustee) Regulations, 1993 on the Board of the Company (“**Nominee Director**”) in the event of:

- (a) two consecutive defaults in payment of interest to the Debenture Holder(s); or
- (b) default in creation of Security for Debentures within the stipulated time frame in terms of Transaction Documents; or
- (c) default in Redemption of Debentures on the Redemption Date in terms of the Transaction Documents.

The Nominee Director shall not be liable to retire by rotation nor required to hold any qualification shares. The Company shall appoint the Nominee Director forthwith on receiving a nomination notice from the Trustee. The Nominee Director shall be appointed on all key committees of the Board of Directors of the Company. The Company shall take all steps necessary to amend its Articles of Association, if necessary to give effect to the above provision. It shall always be the duty of the Trustee to ensure that such a Nominee Director is a person eligible to be appointed on the Board of the Company within the parameters of the prevailing rules and regulation including without limitations the provisions of the Act.

30. AUTHORISED INVESTMENTS

Any monies which are under the trust or powers herein contained ought to be Invested by the Trustee may be invested in the name of the Trustee in any of the Investments by law authorised for Investment or Trust monies for the time being in force in India (“**Authorised Investments**”) with power to vary and transpose such Investments and in so far as the same shall not be invested shall be placed on deposit in the name of the Trustee in scheduled bank or banks.

31. POWER OF TRUSTEE UPON EXECUTION BEING LEVIED

In addition to the powers hereinbefore given, the Trustee may enter into or take possession of and hold or appoint a Receiver to take possession of and hold any part or parts of the Mortgaged Premises which may at any time appear to them to be in danger of being taken under any process of law by any creditor of the Company or be otherwise in Jeopardy and where a Receiver is appointed under this Clause the provisions of Clauses 28 and 29 hereof shall apply *mutatis mutandis* and the Trustee may at any time give up possession or discharge the Receiver.

32. TRUSTEE AND RECEIVER NOT LIABLE TO ACCOUNT AS MORTGAGEES IN POSSESSION

The Trustee shall not, nor shall any Receiver as aforesaid, be liable by reason of the Trustee or such Receiver entering into or taking possession of the Mortgaged Premises or any part or parts thereof to account as mortgagees in possession or for anything, except actual receipts or be liable for any loss upon realisation or for any default or omission for which a mortgagee in possession might be liable.

**33. TRUSTEE MAY GIVE UP POSSESSION**

and when the Trustee shall have made an entry unto or taken possession of the Mortgaged Premises under the powers conferred upon the Trustee by these presents, the Trustee, with the authority of a Special Resolution of the Debenture holder (s) /Beneficial Owner(s) passed at a meeting convened in accordance with the provisions set out in the Fourth Schedule hereunder written or with the consent in writing of the holder(s)/owner(s) of Debentures representing not less than three-fourths in value of the nominal amount of the Debentures for the time being outstanding may at any time afterwards give up possession of the Mortgaged Premises or any of them or any part or parts thereof to the Company either unconditionally or upon such terms and conditions as may be specified in such resolution or consent.

34. APPLICATION OF MONIES FROM BUSINESS

The Trustee shall, out of the monies received by the Trustee in carrying on the business as mentioned in Clause 27 above and out of the rents, profits and income of the Mortgaged Premises, pay and discharge the costs, charges and expenses incurred in carrying on the business including the remuneration of the Receiver, If any, and in the management of the Mortgaged Premises or in the performance or exercise or the attempted performance or exercise of the powers and duties under these presents and all other outgoings which the Trustee or Receiver shall think fit to pay and shall pay and apply the residue of the said receipts, rents, profits and monies in the manner hereinbefore provided with respect to the monies arising from any sale or conversion under the Power of Sale or conversion under these presents.

35. WHEN TRUSTEE MAY INTERFERE

Until the happening of any of the Event(s) of Default set out in Clause 13 above the Trustee shall not be in any manner required, bound or concerned to interfere with the management or the affairs of the Company or its business or the custody, care, preservation or repair of the Mortgaged Premises or any part thereof.

36. COMPANY TO KEEP RECORDS OF DEBENTURE HOLDER(S)/BENEFICIAL OWNERS(S)**36.1 Register of Debenture Holder(s)**

The Company shall as required by the Act, keep at its registered office/ corporate office a Register of the Debenture Holder(s) holding Debentures in physical form showing (a) the name and address and the occupation, if any, of each holder, (b) the amount of the Debentures held by each holder distinguishing each Debenture by its number and the amount paid or agreed to be considered as paid on those Debentures, (c) the date on which each person was entered in the Register as a Debenture Holder, (d) the date on which any person ceased to be a Debenture Holder, and (e) the subsequent transfers and changes of ownership thereof.

The Debenture Trustee and/or the Debenture Holder(s) or any of them or any other person shall, as provided in Section 94 of the Act, be entitled to inspect the said Register and to take copies of or extracts from the same or any part thereof during usual business hours. The Register may be closed by the Company at such time and for such periods as it may think fit in accordance with the provisions of the Act after giving not less than 7 days previous notice by advertisement in some newspaper circulating in the district in which the Company's registered office is situate. No transfer will be registered during such period when the register of Debenture Holder(s) remains closed.

**36.2 List of Beneficial Owner(s)**

The Company shall request the Depository viz., NSDL and/or CDSL, as the case may be, to provide a List of Beneficial Owner (s) showing (a) the name and address and the occupation, if any, of each holder, (b) the amount of the Debentures held by each holder distinguishing each Debenture by its number and the amount paid or agreed to be considered as paid on those Debentures, (c) the date on which each person was entered in the list as a Debenture holder, (d) the date on which any person ceased to be a Debenture holder, end (e) the subsequent transfers and changes of ownership thereof, as at the end of day 1 day prior to the start of the book closure period. This shall be the list which shall be considered for payment of interest, repayment of principal and amortisation.

37. COMPANY TO ISSUE DEBENTURE CERTIFICATES**In Dematerialised Form**

The Company shall immediately on allotment of Debentures take reasonable steps to credit the beneficiary account of the Beneficial Owner(s) with NSDL or CDSL Depository Participant as mentioned in the application form, with the number of Debentures allotted.

38. COMPANY'S REPRESENTATION AND COVENANTS**38.1 Representations**

On the date hereof and on every redemption payment and coupon payment date, the Company makes the representations and warranties to the Trustee as set out in Fifth Schedule (*Representations and Warranties*) hereto.

38.2 Covenants and Undertakings

The Company agrees and undertakes to abide by the covenants and undertakings set out in Sixth Schedule (*Covenants and Undertakings*) at all times until the Secured Obligations have been duly discharged.

39. DEBENTURE REDEMPTION RESERVE

The Company shall maintain a reserve to be called the "Debenture Redemption Reserve" as per the provisions of Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014 and the SEBI Regulations. The Company shall submit to the Trustee a certificate duly certified by the statutory auditors certifying that the Company has transferred suitable sum to the Debenture Redemption Reserve at the end of each of financial year as per the Applicable Law.

The Company hereby agrees and undertakes that, if during the currency of this presents, any further guidelines are formulated (or modified or revised) by the central government of any other statutory or regulatory authority in respect of creation of Debenture Redemption Reserve and investment of the monies tying therein, the Company shall abide by such guidelines and execute all such supplemental letters, agreements and deeds of modifications as may be required by the Debenture Holder(s)/ Beneficial Owner(s) or the Trustee.

40. CLAIM FOR COMPENSATION MONIES

In the event of a Governmental Authority taking over the management of the Company and/or the Mortgaged Premises and/or in the event of nationalisation of the Company or its business or a moratorium being passed or in case the running of the business of the Company or its management or control is taken away either as part of any unemployment relief scheme or for any other reason whatsoever, or under the provisions of the industries (Development and Regulation) Act, 1951 or under any other Applicable Law, the Trustee shall be entitled to receive the whole of the compensation to which the Company shall be entitled and to apply the same or a sufficient portion thereof in accordance with provisions set out in Clause 16 above and all monies secured hereunder shall become immediately payable and the security created hereunder shall become enforceable.

**41. PURCHASERS AND PERSONS DEALING WITH TRUSTEE NOT PUT ON ENQUIRY**

No purchaser, mortgagor, mortgagee or other person dealing with the Trustee or any Receiver appointed by them or their attorneys or agents shall be concerned to inquire whether, the power exercised or purported to be exercised has become exercisable or whether any money remains due on the Security of these presents or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall have been made or otherwise as to the propriety or regularity of any sale, calling in, collection or conversion or to see to the application of any money paid to the Trustee or Receiver and in the absence of *mala fides* on the part of such purchaser, mortgagor, mortgagee or other person such dealing shall be deemed, so far as regards the safety and protection of such person to be within the powers hereby conferred and be valid and effectual accordingly and the remedy of the Company or its assigns in respect of any impropriety or irregularity whatsoever in the exercise of such power shall be in damages only.

42. RECEIPT OF TRUSTEE TO BE EFFECTUAL DISCHARGE

Upon any such sale, calling in collection or conversion as aforesaid and upon any other dealing or transaction under the provisions herein contained the receipt of the Trustee for the purchase money of any of the Mortgaged Premises sold and for any other monies paid otherwise howsoever to them shall effectually discharge the purchaser or purchasers or person paying the same share from and from being concerned to see to the application or being answerable for the loss or misapplication or non application thereof.

43. APPLICATION TO COURT

The Trustee may at any time after the security hereby constituted becomes enforceable apply to the Court for an order that the powers and trusts hereof be exercised and carried into execution under directions of the Court and for the appointment of a Receiver(s) and manager of the Mortgaged Premises or the Secured Assets or any of them and for any other order in relation to the execution and administration of the powers and trusts hereof as the Trustee shall deem expedient and they may assent to or approve of any application to the Court made at the instance of any of the Debenture Holder(s)/Beneficial Owner(s) and shall be indemnified by the Company against all costs, charges and expenses incurred for or in relation to any such application or proceeding.

44. LIMITATION OF LIABILITIES OF TRUSTEE

In addition to the other powers conferred on the Trustee and provisions for their protection, and not by way of limitation or derogation of anything in these presents contained nor of any statute limiting the liability of the Trustee, IT IS EXPRESSLY DECLARED as follows:-

- (a) The Trustee may, in relation to these presents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or other expert whether obtained by the Company or by the Trustee or otherwise and shall not be responsible for any loss occasioned by so acting. Any such advice, opinion or information and any communication passing between the Trustee and their representative or attorney or a receiver appointed by them may be obtained or sent by letter, cablegram, telex or telephonic message and the Trustee, their representative or attorney or the receiver shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, cablegram, telex or telephonic message although the same shall contain some error or shall not be authentic;



- (b) The Trustee shall be at liberty to accept a certificate signed by any one of the directors of the Company as to any act or matter *prime facie* within the knowledge of the Company as sufficient evidence thereof and a like certificate that any property or assets are in the opinion of the director so certifying worth a particular sum or suitable for the Company's purpose or business as sufficient evidence that it is worth that sum or so suitable and a like certificate to the effect that any particular dealing or transaction or step or thing is in the opinion of the director so certifying expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by their falling to do so. However if the Trustee has cause to believe that any certificate received has errors and wrongful facts, then the Trustee shall cause an independent verification of the same;
- (c) The Trustee may accept, without inspection, inquiry or requisition, such title as the Company may have to the Mortgaged Premises and shall not be bound or concerned to examine or inquire into or be liable for any defect in or any insufficiency of those presents or in or of the title to the Mortgaged Premises or any part thereof or the description thereof in the First Schedule hereunder written or anything relating thereto and they shall not be in anyway be liable for accepting such title as the Company has to the Mortgaged Premises notwithstanding any defects which may exist therein and objection which can be made thereto and the Trustee shall not be in anywise concerned to see that any title deeds that may be handed over to the Trustee consillute the entirety of the title deeds relating to the Mortgaged Premises nor shall they be responsible for any loss or damage occasioned by the fact that all the title deeds were not handed over to the Trustee or are not in the possession of and held by the Trustee. This however shall not be applicable in the event any loss or damage (save and except if the loss or damage is caused due to Force Majure, Act of God or any event beyond the control of Trustee) is caused to title deeds deposited with the Trustee due to gross negligence or willfull misconduct of the Trustee and to such a limited extent the Trustee shall indemnify, and keep indemnified the Company from and against any actions, claims cost, damage and demands that may arise as against the Company by reason of such loss or damage;
- (d) Subject to the provisions of section 71(7) of the Act and Rule 18 (3) of the Companies (Share Capital and Debentures) Rules, 2014, the Trustee shall not be responsible for the consequences of any mistake, oversight or error of judgment or forgetfulness or want of prudence on their part or on the part of any attorney, receiver or any person appointed by them and shall not be responsible for any misconduct on account of any person appointed by them or be bound to supervise the proceedings of any such appointee;
- (e) The Trustee shall be responsible for acts and omissions of its employees performed during the normal course of its business;
- (f) The Trustee shall not be bound to give notice to any person of the execution hereof or to see to the performance or observance of any of the obligations hereby Imposed on the Company or in any way to interfere with the conduct of the Company's business unless and until the Security hereby constituted or the rights under the Debentures shall have become enforceable and the Trustee shall have determined to enforce the same;



- (g) Subject to the provisions of Clause 43 (c) above, the Trustee shall be at liberty to keep these presents and all deeds and other documents of title relating to any of the properties charged/ to be charged to the Trustee at their registered office or elsewhere or if the Trustee so decide with any banker or company whose business includes undertaking the safe custody of documents or with an advocates or firm of solicitors and the Trustee shall not be responsible for any loss incurred in connection with any such deposit and the Trustee may pay all sums required to be paid on account of or in respect of any such deposit;
- (h) The Trustee shall not be bound to take any steps to ascertain whether any event of default has happened upon the happening of which the Security for the Debentures or the rights under the Debentures becomes enforceable unless the Debenture Trustee has actual knowledge of such Event of Default. In the event the Trustee has actual knowledge of certain facts which would consequently result in an Event of Default, the Trustee shall immediately inform the Debenture Holders and declare an Event of Default upon their instruments;
- (i) The Trustee shall, as regards, all trusts, powers, authorities and discretion's, have absolute and uncontrolled discretion, in consultation with Debenture holder(s)/Beneficial Owner(s), as to the exercise thereof and to the mode and time of exercise thereof and in the absence of fraud shall not be responsible for any loss, costs, charges, expenses or inconvenience that may result from the exercise or non exercise thereof and in particular they shall not be bound to act at the request or direction of the Debenture Holder(s)/Beneficial Owner(s) under the provisions of these presents unless sufficient monies shall have been provided or provision to the satisfaction of the Trustee made for providing the same and the Trustee are indemnified to their satisfaction against all further costs, charges, expenses and liability which may be incurred in complying with such request or direction;
- (j) With a view to facilitating any dealing under any provisions of these presents the Trustee shall have full power to consent (where such consent is required) to a specified transactions or class of transactions conditionally;
- (k) The Trustee shall not be responsible for the monies paid by applicants for the Debentures or be bound to see to the application thereof;
- (l) The Trustee shall not be responsible for acting upon any resolution purporting to have been passed at any meeting of the Debenture Holder(s)/Beneficial Owner(s) in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Debenture holder(s)/Beneficial Owner(s);
- (m) Without prejudice to the rights to Indemnify by law given to the Trustee, the Trustee and every receiver, attorney, manager appointed by them shall subject to the provisions of the Act be entitled to be indemnified out of properties charged/to be charged to the Trustee in respect of all liabilities and expenses incurred by them or him in the execution or purported execution of the powers and trusts thereof including liabilities and expenses consequent to any mistake, oversight, error of judgement, forgetfulness or want of prudence on the part of the Trustee or any such appointee and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in anywise relating to the properties charged/to be charged to the Trustee and the Trustee may retain and pay out of any monies in their hands the amount of any liabilities and expenses necessary to effect such indemnity and also remuneration of the Trustee as herein provided and the Trustee shall have a lien on the properties charged/to be charged to the Trustee for all money payable to them arising out of or in connection with these presents or the issue of the debentures;



- (n) The Trustee shall have full power, in consultation with Debenture Holder(s)/Beneficial Owner(s), to determine all questions and doubts arising in relation to any of the provision of these presents and every such determination bona fide made (whether or not the same shall relate wholly or partially to the acts or proceedings of the Trustee) shall be conclusive and binding upon all persons interested under these presents;
- (o) The Trustee and its employees shall not be liable for anything whatsoever except a breach of trust knowingly and intentionally committed by the Trustee;
- (p) The Trustee and its employees shall not be liable for any default, omission or delay in performing or exercising any of the powers or trusts expressed in these presents or contained or any of them or in enforcing the covenants contained therein or any of them or in giving notice to any person or persons of the execution thereof or in taking any other steps which may be necessary, expedient or desirable for the purpose of perfecting or enforcing the security for the Debentures or for any loss or injury which may be occasioned by reason thereof unless the Trustee shall have been previously requested by notice in writing to perform, exercise or do any of such steps as aforesaid by the Debenture Holder(s) representing not less than three-fourths of the nominal amount of the Debentures for the time being outstanding or by a Special Resolution duly passed at a meeting of the Debenture Holder(s)/Beneficial Owner(s) and the Trustee shall not be bound to perform, exercise or do any such acts, powers or things or to take any such steps unless and until sufficient moneys shall have been provided or provision to the satisfaction of the Trustee made for providing the same by or on behalf of the Debenture Holder(s)/Beneficial Owner(s) or some of them in order to provide for any costs, charges and expenses which the Trustee may Incur or may have to pay in connection with the same and the Trustee are indemnified to their satisfaction against all further costs, charges, expenses and liabilities which may be incurred in complying with such request.

PROVIDED NEVERTHELESS that nothing contained in this clause shall exempt the Trustee from or indemnify them against any liability for breach of trust nor any liability which by virtue of any rule or law would otherwise attach to them in respect of any gross negligence, or wilful default which they may be guilty in relation to their duties thereunder; and

- (q) The Trustee do not make any representation and warranty as to the adequacy of the security for the Debentures.



45. POWER OF COMPANY TO WITHDRAW PROPERTY ON SUBSTITUTING OTHER PROPERTY

The Company shall be at liberty at any time during the continuance of these presents, with the prior permission in writing of the Trustee and Debenture holder(s)/Beneficial Owner(s), to withdraw any of the Mortgaged Premises from such of the trusts, powers and provisions hereof as exclusively relate to the Mortgaged Premises upon substituting other property whether of the same or greater than the value of the property proposed to be withdrawn. But before the Trustee permit the Company to withdraw any property under this clause, the Company must prove to the satisfaction of the Trustee that the property proposed to be substituted for the same is of a value equal to or greater than the value of the property proposed to be withdrawn and that such property is suitable for the purpose of business of the Company and upon such proof being given, must convey or assign or cause to be conveyed or assigned such property to the Trustee in such manner as they shall direct UPON THE TRUSTS hereof relating to the Mortgaged Premises and thereupon the Trustee shall be at liberty to re-convey to the Company or as the Company may direct the property to be withdrawn TO HOLD the same free from such of the trusts, powers and provisions hereof as exclusively relate to the Mortgaged Premises and a declaration in writing signed by the Trustee that the proof aforesaid has been furnished to their satisfaction shall be conclusive evidence in favour of the Trustee and the following provisions shall have the effect that is to say:-

- (a) The Trustee may accept a certificate signed by any one of the directors of the Company to the effect that any such property proposed to be substituted is in his opinion suitable for the purpose of business of the Company as sufficient evidence, of the fact;
- (b) The Trustee shall be at liberty to accept the fact that the Company has been given a specified price for any such property proposed to be substituted, sufficient evidence that the same is worth such price but they may require a written report of a valuer appointed/ approved by them; and
- (c) The Trustee shall not be responsible for any error in any such certificate or valuation or for any loss that may be occasioned by acting thereon and shall be at liberty to accept such title to such hereditaments as the Company shall acquire provided that the Trustee shall be advised that the title so acquired is one which is a reasonably good title or title not likely to be determined.

46. BREACH OF COVENANT BY THE COMPANY MAY BE WAIVED

The Trustee may, with the consent of all the Debenture Holder(s)/ Beneficial Owner(s), at any time, waive on such terms and conditions as it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Trustee or the Debenture Holder(s)/ Beneficial Owner(s) in respect of any subsequent breach thereof.

47. POWER OF TRUSTEE TO DELEGATE

The Trustee hereof being a Company may, in the execution and exercise or all or any of the trusts, powers, authorities and discretion vested in them by these presents act by an officer or officers for the time being of the Trustee and the Trustee may also whenever they think it expedient, delegate by power of attorney or otherwise to any such officer all or any of the trusts, powers, authorities and discretion vested in them by these presents and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Trustee may think fit.

48. POWER OF TRUSTEE TO EMPLOY AGENTS

The Trustee may, in carrying out the trust business, employ and pay any person to transact or concur in transacting any business and do or concur in doing all acts required to be done by the Trustee including the receipt and payment of moneys and shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by them in connection with the trust hereof and also their reasonable charges in addition to the expenses incurred by them in connection with matters arising out of or in connection with these presents including matters which might or should have been attended to in person by the Trustee.

**49. REDRESSAL OF DEBENTUREHOLDER(S)/ BENEFICIAL OWNER(S) DEBENTURE HOLDER(S) GRIEVENCES**

The Company shall furnish to the Trustee details of all grievances received from the Debenture Holder(s)/ Beneficial Owner(s) Debenture Holder(s) and the steps taken by the Company to redress the same. At the request of any Debenture Holder(s) Beneficial Owner(s), the Trustee shall, by notice to the Company call upon the Company to take appropriate steps to redress such grievance and shall, if necessary, at the request of any Debenture Holder(s)/ Beneficial Owner(s) representing not less than one-tenth in value of the nominal amount of the Debentures for the time being outstanding, call a meeting of the Debenture Holder(s).

50. COVENANT FOR RECONVEYANCE

Upon proof being given to the satisfaction of the Trustee that all the Debentures entitled to the benefit of the trusts hereof together all other monies payable thereunder have been paid off or satisfied in accordance with the tenor thereof and upon payment of all principal, together with all interest, premium, costs, charges and expenses and other amounts under this Deed or the Debentures or the Disclosure Document and also the payment of all costs, charges and expenses incurred by the Trustee or by any Receiver in relation to those presents (including the remuneration of the Trustee and of any Receiver and all interest thereon) and upon observance and performance of the terms and conditions and covenants herein contained the Trustee shall at the request and cost of the Company, release, re-assign or reconvey to the Company or as the Company may direct or to such other person entitled thereto the Mortgaged Premises or such part thereof as may remain subject to the security hereby created freed and discharged from the trusts and security hereby created.

51. MODIFICATIONS TO THESE PRESENTS

The Trustee shall concur with the Company in making any modifications in these presents which in the opinion of the Trustee shall be expedient to make provided that the modification has been approved by a Special Resolution duly passed at a meeting of the Debenture Holder(s)/Beneficial Owner(s), the Trustee shall give effect to the same by executing necessary supplemental deed(s) to these presents.

52. APPOINTMENT OF TRUSTEE AS ATTORNEYS OF THE COMPANY

The Company hereby irrevocably appoints the Trustee to be the attorneys of the Company in the name and on behalf of the Company to execute, sign and do any deeds, documents, assurances, acts and things which shall in the opinion of the Trustee be necessary or expedient that the Company should execute, sign and do for the purpose of carrying out any of the trusts of obligations declared or imposed upon the Company by these presents or of giving to the Debenture Holder(s)/ Beneficial Owner(s) or to the Trustee on their behalf the full benefit of any of the provisions of these presents and to use the name of the Company in the exercise of all or any of the powers hereby conferred upon the Trustee or any Receiver appointed by them.

53. NOTICES

- (a) Any notice required to be served on the Trustee may be served by sending through registered post a prepaid letter addressed to the Trustee, in case of present Trustee at its registered office situate at 2nd Floor - E, Axis House, Bombay Dyaing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 addressed to the Chief Operating Officer and in respect of the successors in office of the Trustee similarly at such address as may be notified by such new Trustee in this behalf;



- (b) Any notice required to be served on the Company may be duly served by sending through post in a prepaid letter at its registered office;
- (c) Any notice may be served by the Company or the Trustee upon the holder(s)/owner(s) of any debentures issued under these presents by sending through post in prepaid letter addressed to such Debenture Holder(s)/ Beneficial Owner(s) at their registered address and any notice so sent by post, shall be deemed to have been duly served on the third day following the day on which it is posted and in proving such service it shall be sufficient to prove that the letter containing the notice was properly addressed and put into post box; and
- (d) Where a document is sent by post, service thereof shall be deemed to be effected by properly addressing and prepaying and posting a letter containing the document provided that if intimation has been given in advance that the documents should be sent under a certificate of posting or by registered post with or without acknowledgement due and a sum sufficient to defray the expenses has been deposited, service of the document shall not be deemed to be effected unless it is sent in the manner so intimated by the Debenture Holder(s)/Beneficial Owner(s).

54. DISCLOSURE DOCUMENT TO PREVAIL

In the event of any repugnancy or inconsistency between these presents. Disclosure Document or any other agreement or security document or undertaking that the Company may enter into with or execute in favour of the Trustee, the said Disclosure Document will prevail for all purposes and to all intents.

55. GOVERNING LAW AND JURISDICTION

This Deed is governed by and shall be construed in accordance with the laws of India.

The Parties agree that the courts and tribunals in Mumbai shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed. Only for the purposes of enforcement, the Trustee shall commence legal action or proceeding arising out of jurisdiction where the immovable property is situated.



20018GsPnWRfMcSgm

THE FIRST SCHEDULE ABOVE REFERRED TO**MORTGAGED PREMISES****(Description of Immovable properties situated at Tuticorin)**

All that piece or parcel of punja land admeasuring 2 Acres 53 Cents forming part of Re-survey No. 329/2B (Hec. 1.02,5) (old survey No. 74 punja land 5 Acres 2 Cents) of South Veerapandiapuram Village, Ottapldaram Sub Registry. Tulicorin Registration District and is bounded as follows, i.e. to say:-

On or towards the East by: punja land survey No. 328 and boundary of Meelavittan Village;

On or towards the West by: punja land survey No. 329/1;

On or towards the North by: punja land survey No. 329/2A;

On or towards the South by: punja land survey No. 367

**THE SECOND SCHEDULE ABOVE REFERRED TO****FINANCIAL COVENANTS AND CONDITIONS****I. Debentures to rank “*pari passu*”**

The Debentures issued under these presents shall rank *pari passu inter se* without any preference or priority of one over the other or others of them.

II. Interest:

The Company shall, until the Debentures are redeemed or paid off, pay to the Debenture Holder(s)/ Beneficial Owner(s), interest on the Debentures or such part thereof as shall remain unpaid for the time being at the rate of 9.36% p.a. payable annually from the Deemed Date of Allotment (“**Interest**”) during the currency of the Debentures.

- (a) The Interest shall be payable by cheque/demand draft drawn on any scheduled commercial bank falling within the high clearing zone at Mumbai/or any place or through RTGS to the bank;
- (b) PROVIDED ALWAYS AND IT IS HEREBY AGREED AND DECLARED that all interest which shall accrue on the outstanding Debentures or any part thereof and for the time being remaining unpaid and all other monies which have become payable under these presents shall in case the same be not paid on the dates on which they accrued due, carry compound interest at monthly rests, at the aforesaid rate will become due and payable over the monies due for the period of default;
- (c) PROVIDED FURTHER THAT the Debentures shall carry additional interest of at least 2% p.a. over and above interest rate payable annually on the Debentures from the Deemed Date of Allotment till creation of security in accordance with the Disclosure Document, to the satisfaction of the Trustee or the Debenture Holder(s)/Beneficial Owners(s). If the security is not created within a period of three months from the date of closure of the issue;
- (d) PROVIDED HOWEVER, in the event of any default in the payment of interest and/or in the redemption of the Debentures and all other monies payable pursuant to this Agreement read with the Disclosure Documents/Prospectus, the Company shall pay to the holder/s of the Debentures, further interest at the rate of 2% per annum over the interest rate for the default in payment of interest, additional interest and/or principal amount till the dues are cleared; and
- (e) Notwithstanding anything to the contrary in any other provision of the Agreement, the penal interest as stated above shall not be considered for the calculation of overall return to the Debenture Holder(s).

III. Redemption:

The Company agrees and undertakes to redeem the Debentures along with outstanding interest due and redemption premium, if any on 30th October 2017 in case of Debentures of Series I and on 30th December 2017 in case of Debentures of Series II, more particularly described as under:

<u>Series</u>	<u>I</u>	<u>II</u>
ISIN No.	INE205A07014	INE205A07022
Issue Size	Rs. 975 crores	Rs. 225 crores
Tenor	3 years from Deemed Date of Allotment	3 years 2 months from Deemed Date of Allotment
Redemption Date	30-Oct-17	30-Dec-17
Coupon Rate	9.36%	9.36%
Coupon Payment	1 st : annual – Oct 30’ 2015	1 st : annual – Oct 30’ 2015
Dates/Frequency	2 nd : annual – Oct 30’ 2016	2 nd : annual – Oct 30’ 2016
	3 rd : annual on maturity Oct 30’ 2017	3 rd : annual – Oct 30’ 2017
		4 th : on maturity Dec 30’ 2017

**iv. Premature Redemption:**

In case the Company fails for any reasons to utilize the proceeds for the Purpose, as specified in the Disclosure Documents/Prospectus or the Subscription Agreement, the Debenture Holder(s)/Beneficial Owner will be entitled to rescind/avoid the contract on that ground and to call back the money, if any paid towards subscription of the Debentures.

Notwithstanding the above, the Debenture holder(s)/Beneficial Owner shall have the right to recall/redeem the Debentures in case the Company defaults/ irregular in the payment of interest/ and / or installment of principal and/or non-creation of security in terms of this Agreement to the satisfaction of the Debenture holder/Beneficial Owner and non-compliance with the terms and conditions of this Agreement.

v. Debenture Certificate

The Debentures to be issued in dematerialised form shall be subject to the provisions of the Depositories Act, 1996 and rules notified by National Securities Depositories Ltd. (NSDL) and/or Central Depository Services Ltd. (CDSL), as the case may be, from time to time.

vi. Appropriation of Payment:

(a) All monies payable by the Company to the Debenture Holder(s)/ Beneficial Owner(s) will be made to the Debenture Holder(s)/ Beneficial Owner(s) at Mumbai or such office as may be specified by it or at any of its branch office/regional office by cheque or warrant drawn by the Company on its bankers.

Payment of the principal, all interest and other monies will be made to the sole holder and in case of joint holders to the one whose name stands first in the Register of Debenture Holder(s)/List of Beneficial Owner(s) as the case may be.

(b) Unless otherwise agreed to by the Debenture Holder(s)/ Beneficial Owner(s), any payments by the Company under these presents read with the relevant Disclosure Documents/Prospectus and the Subscription Agreement with applicable modifications thereto, if any, and/or any other documents executed for the subscription to the Debentures and creation of security therefor shall be appropriated in the following manner, namely:

- (i) Firstly, towards costs, charges and expenses and other monies and also the remuneration payable by the Company to the Debenture Trustee;
- (ii) Secondly, towards further interest in case of default and compound Interest;
- (iii) Thirdly, towards interest; and
- (iv) Fourthly, towards redemption premium, if any; and
- (v) Lastly, towards redemption of principal amount of the Debentures due and payable by the Company to the Debenture Holder(s)/Beneficial Owner(s).

**vii. Security;**

The redemption of the principal amount of the Debentures, payment of all interest, remuneration of the Trustee, liquidated damages and all fees, costs, charges, expenses and other monies payable by the Company in respect thereof shall be secured on first charge by a mortgage of the Mortgaged Premises and Security created or to be created under the Security Documents.

The Company shall furnish to the Debenture-holder(s)/Beneficial Owner(s) copies of Security Documents evidencing the creation of complete security as stipulated and procure and furnish suitable letter from the Debenture Trustee to the effect.

viii. Security cover

The Company shall, at all times during the currency of the Debentures, maintain a security cover of 1.25 times cover in respect of the principal and interest due under the Debentures.

ix. Further borrowings

As long as the Company maintains the stipulated Security Cover (as mention in viii above) in respect of the Debentures, the Company shall, without the approval of the Trustee, be entitled to make further issue(s) of debentures, raise further loans and advances and/or avail further deferred payment guarantees or other financial facilities from time to time from such persons/ banks/ financial institutions or body corporate/ any other agency.

Further, the Company shall not be required to obtain Debenture Holders' / Debenture Trustee's consent for creating pari passu charge on the assets given as security for further borrowings all the time stipulated Security Cover is maintained.

The Company shall produce certificate from Statutory Auditor of a practicing chartered accountant confirming Security Cover to Debenture Trustee at the time of creation of such pari passu charge in respect of future borrowings.

x. Transfer of Debentures

The Debentures shall be transferable and transmittable in the same manner and to the same extent and be subject to the same restrictions and limitations as in the case of the equity shares of the Company.

The provisions relating to transfer and transmission in respect of the shares as provided in the Articles of Association of the Company shall apply, *mutatis mutandis*, to the Debentures. Transfer of Debentures in dematerialised form would be in accordance with the rules/procedures as prescribed by NSDL/CDSL.

xi. Debentures free from equity

The Debenture Holder(s)/Beneficial Owner(s) will be entitled to their Debentures free from equities or cross claims by the Company against the original or any intermediate Debenture Holder(s)/Beneficial Owner(s) thereof.

xii. Debenture Holder(s)/Beneficial Owner(s) not entitled to shareholders rights

The Debenture Holder(s)/Beneficial Owner(s) will not be entitled to any of the rights and privileges available to the shareholders including right to receive notices, receive dividends or annual reports or to attend and vote at general meetings of the members of the Company.



20018GsPnWRFVWgJ

xiii. Variation Of Debenture Holder(s)' /Beneficial Owner(s) Rights

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated with a Special Resolution; provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions governing the Debentures and the same are not acceptable to the Company.

xiv. Debenture Redemption Reserve (DRR)

- (a) The Company shall at time during the subsistence of the Debentures in terms hereof the debenture redemption reserve as per section 71(4) of the Act, 2013 read with Rule 18(7) of Companies (Share Capital and Debentures) Rules, 2014 and other circulars issued by Central Government in this regard;
- (b) So long as any Debenture is outstanding, the Company shall not create any encumbrance on, save and except the charge created/ to be created thereon as Security for the Secured Obligations, or close down or suspend, the DRR without the prior written consent of the Trustee (acting on the instructions of the Majority Debenture Holder(s)); and
- (c) The restriction on the withdrawal or transfer of sums standing to the credit of the DRR shall not affect the obligations of the Company to make any payments due to be made on a Redemption Date.



THE THIRD SCHEDULE ABOVE REFERRED TO
(Procedure to be followed when Debentures are issued in
Electronic (Dematerialised)/Demat Form)

With regard Beneficial Owner(s) who have opted, partly or fully, as case may be, for dematerialized form of the Debentures, in that case no physical Debenture Certificate will be issued. Such subscribers shall only intimate their relevant DP/client ID and beneficiary demat a/c number to the Company. The Debentures in the dematerialised form will be credited in such beneficiary demat a/c of the Beneficial Owner(s) in accordance with a separate agreement entered into by the Company with the National Securities Depository Limited (NSDL) and/or Central Depository Services Limited (CDSL), under advice to them.

DEBENTURES ARE EXEMPT FROM PAYMENT OF STAMP DUTY UNDER PROVISIO TO ARTICLE 27 OF SCHEDULE – I TO THE INDIAN STAMP ACT. 1899.

1. The Company has made Depository Arrangements with National Securities Depository Limited (NSDL) and/or Central Depository Services Limited (CDSL) as the case may be for dematerialization of the Debentures. The investor has to necessarily hold the Debentures in dematerialised form and deal with the same as per the provisions of Depositories Act, 1996 (as amended from time to time). The normal procedures followed for transfer of securities held in dematerialised form shall be followed for transfer of these Debentures held in electronic form.
2. “**Depository**” means the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).
3. Debenture certificates will not be issued to the allottees, since Debentures are in DEMAT form.
4. As per SEBI guidelines these Debentures can be issued only in the dematerialised mode and therefore every eligible applicant should apply only if they have a depository account with any of the depositories. Transfer of Debentures in dematerialised form would be in accordance with the rules/procedures as prescribed by NSDL/CDSL, Transfer of these Debentures is permitted only between categories eligible for subscription as mentioned in the respective Disclosure Documents/Prospectus.
5. The Depository Account of the investors with NSDL/CDSL will be credited within 2 Business Days from the Deemed Date of Allotment. The initial credit in the account will be akin to the letter of allotment. On the completion of all statutory formalities, such credit will be substituted with the number of Debentures allotted.
6. The Debentures held in the dematerialised form shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Beneficial Owner(s) whose name appears in the List Beneficial Owner(s) on the Record Date. Such payment will be a legal discharge of the liability of the Company towards the Beneficial Owner(s). On such payments being made, the Company will inform NSDL/CDSL and accordingly the account of the Debenture Holder(s) with NSDL/CDSL will be adjusted.
7. A List of Beneficial Owner(s) containing all relevant particulars shall be maintained by the NSDL/CDSL and will be kept at its Registered Office of the Company or at the office of the Registrar and Transfer Agent, as the case may be.

**In Dematerialised form:**

The Company shall immediately on the allotment of Debentures take reasonable steps to credit the beneficiary account of the allottee(s) with the Depository as mentioned in the application form with the number of Debentures allotted.

8. Transfer of Debentures in dematerialised form would be in accordance with the rules/procedures as prescribed by NSDL/CDSL Depository participant. Transfer of these Debentures is permitted only between categories eligible for subscription as mentioned in the respective Disclosure Documents/Prospectus. All requests for transfer should be submitted to the Company/Registrar prior to the Record Date for payment of interest/principal.

Nothing provided herein shall prejudice any power of the Company to register as Beneficial Owner(s)/Debenture Holder(s) any person to whom the right to any Debenture of the Company has been transmitted by operation of law.

9. The Company shall rematerialise Debentures in accordance with the rules and procedures prescribed by Depositors Act, 1996. All costs arising from the request of materialisation shall be borne by the requestor.



20018GsPnWRfBkXgF

Company No. [●]

CERTIFICATE OF REGISTRATION OF MORTGAGE ETC.
Under Section 77 of the Companies Act. 2013

Re: **Mortgage/Charge dated - [●] created by [●] in favour of [●] LIMITED (Trustee)**

Pursuant to the provisions contained in Section 77 of the above named Act, I hereby certify that the above Mortgage/Charge of Rs. [●] Crores (Rupees [●] only) has been registered in this office in accordance with the provisions contained in that behalf in Sections 77 to 81 of the said Act.

Given under my hand at this day of [●], Two Thousand [●]

Registrar of Companies

**THE FOURTH SCHEDULE ABOVE REFERRED TO****PROVISIONS FOR THE MEETINGS OF THE DEBENTUREHOLDER(S) /
BENEFICIAL OWNER(S)**

The following provisions shall apply to the meetings of the Debenture Holder(s)/the Beneficial Owner(s):-

1. The Trustee or the Company may, at any time, and the Trustee shall at the request in writing of the holder(s)/Owner(s) of Debentures representing not less than one-tenth in value of the nominal amount of the Debentures for the time being outstanding or the happening of any event, which constitutes a breach, default or which in the opinion of the Debenture Trustee affects the Interest of the Debenture Holders, convene a meeting of the holder(s)/owner(s) of the Debentures. Any such meeting shall be held at such place in the city where the registered office of the Company is situated or at such other place as the Trustee shall determine.
2. (i) A meeting of the Debenture Holder(s)/the Beneficial Owner(s) may be called by giving not less than twenty one days' notice in writing; and
(ii) A meeting may be called after giving shorter notice than that specified in sub-clause (i), if consent is accorded thereto by holder(s)/owner(s) of Debentures representing not less than 75% of the Debentures for the time being outstanding.
3. (i) Every notice of a meeting shall specify the place, day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
(ii) Notice of every meeting shall be given to:-
 - (a) the Debenture Holder(s)/the Beneficial Owner(s) in the manner provided in the Trust Deed;
 - (b) the persons entitled to a Debenture in consequence of death or insolvency of a Debenture Holder(s)/the Beneficial Owner(s), by sending it through post in a prepaid letter addressed to them by name or by the title of the representatives of the deceased, or assignees of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which might have been given if the death or insolvency had not occurred; and
 - (c) the Auditor or Auditors for the time being of the Company in the manner authorised by Section 20 of the Act in the case of any members of the Company:

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company, the statement of material facts referred to in Section 102 of the Act, need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the Debenture Holder(s)/the Beneficial Owner(s).
4. The accidental omission to give notice to, or the non-receipt of notice by any Debenture Holder(s)/the Beneficial Owner(s) or other person to whom it should be given shall not invalidate the proceedings at the meeting.



5. (i) There shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, the Manager, if any, of the Company:
- Provided that where any item of business as aforesaid to be transacted at a meeting of the Debenture Holder(s)/the Beneficial Owner(s) relates to, or affects, any other company the extent of shareholding interest in that company of every Director, and the Manager, if any, of the first mentioned company shall also be set out in the statement if the extent of such shareholding interest is not less than two per cent of the paid-up share capital of that other company.*
- (ii) Where any item of business consists of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
6. Two Debenture Holder(s)/Beneficial Owner(s), personally present shall be the quorum for the meeting of the Debenture Holder(s)/Beneficial Owner(s) and provisions of following sub-clause shall apply with respect thereto. If there is a single Debenture Holder(s)/the Beneficial Owner(s) it shall constitute a valid quorum. If, within half an hour from the time appointed for holding a meeting of the Debentures Holder(s)/the Beneficial Owner(s), a quorum is not present, the meeting, if called upon the requisition of the Debenture Holder(s)/the Beneficial Owner(s) shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and at such other time and place as the Trustee may determine and if at the adjourned meeting also a quorum is not present within half an hour from the time appointed for the holding of the meeting, the Debenture Holder(s)/ Beneficial Owner(s) present shall be a quorum.
7. (i) The nominee of the Trustee shall be the Chairman of the meeting and in his absence the Debenture Holder(s)/ the Beneficial Owner(s) personally present at the meeting shall elect one of themselves to be the Chairman thereof on a show of hands;
- (ii) If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act, the Chairman elected on a show of hands exercising all the powers of the Chairman under the said provisions; and
- (iii) If some other person is elected Chairman as a result of the poll, he shall be Chairman for the rest of the meeting.
8. The Trustee and the Directors of the Company and their respective Solicitors/Advocates may attend any meeting but shall not be entitled as such to vote thereat.
9. At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded in the manner hereinafter mentioned, and unless a poll is so demanded, a declaration by the Chairman that on a show of hands the resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the books containing the minutes or the proceedings of the meeting, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
10. Before or on the declaration of the result on voting on any resolution on a show of hands a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by the holder(s) of Debentures representing not less than one-tenth of the nominal amount of the Debentures for the time being outstanding present in person or by proxy.



11. (i) A poll demanded on a question of adjournment shall be taken forthwith; and
- (ii) A poll demanded on any other question (not being a question relating to the election of a Chairman) shall be taken at such time not being later than forty-eight hours from the time when the demand was made as the Chairman may direct.
12. At every such meeting each Debenture Holder(s)/the Beneficial Owner(s) shall, on a show of hands, be entitled to one vote only, but on a poll he shall be entitled to one vote in respect of every debenture of which he is a holder in respect of which he is entitled to vote.
13. (i) Any Debenture Holder(s)/the Beneficial Owner(s) entitled to attend and vote at the meeting shall be entitled to appoint another person (whether a Debenture Holder(s)/the Beneficial Owner(s) or not) as his proxy to attend and vote instead of himself.
- (ii) In every notice calling the meeting there shall appear with reasonable prominence a statement that a Debenture-holder(s)/the Beneficial Owner(s) entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself, and that a proxy need not be a Debenture Holder(s)/the Beneficial Owner(s).
- (iii) The instrument appointing a proxy and the power of attorney (if any) under which it is signed or a notarially certified copy of the power of attorney shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the Instrument proposes to vote or in case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll and in default, the instrument of proxy shall not be treated as valid.
- (iv) The instrument appointing a proxy shall:-
- (a) be in writing; and
- (b) be signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate, be signed by an officer or an attorney duly authorised by it.
- (v) The Instrument appointing a proxy shall be in any of the form set out in Form No. MGT, 11 of the Companies (Management and Administration) Rules, 2014 and shall not be questioned on the ground that it fails to comply with any special requirements specified for such instruments by the Articles.
- (vi) Every Debenture Holder(s)/Beneficial Owner(s) entitled to vote at a meeting of the Debenture Holder(s)/Beneficial Owner(s) of the Company on any resolution to be moved thereat shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the company.
- (vii) A vote given in accordance with the terms of an instrument or proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Debenture in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Registered Office before the commencement of the meeting or adjourned meeting at which the proxy is used.



20018GsPnWRFi!9gF

14. On a poll taken at any meeting of the Debenture Holder(s)/ Beneficial Owner(s), a Debenture Holder(s)/Beneficial Owner(s) entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, If he votes, use all his votes or cast in the same way all the votes he uses.
15. (i) When a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- (ii) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (iii) Of the two scrutineers appointed under this Clause, one shall always be a Debenture Holder (not being an officer or employee of the company) present at the meeting, provided such a Debenture Holder(s)/Beneficial Owner(s) is available and willing to be appointed.
16. (i) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.
- (ii) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
17. In the case of joint Debenture Holder(s)/Beneficial Owner(s), the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the other joint holder or holder(s)/owner(s).
18. The Chairman of a meeting of the Debenture Holder(s)/Beneficial Owner(s) may, with the consent of the meeting, adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
19. In the case of equality of votes, whether on a show of hands, or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote in addition to the vote to which he may be entitled to as a Debenture Holder(s)/Beneficial Owner(s).
20. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.
21. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole Judge of the validity of every vote tendered at such poll.
22. A meeting of the Debenture Holder(s)/Beneficial Owner(s) shall *inter alia* have the following powers exercisable in the manner hereinafter specified:-
- (i) Power to sanction re-conveyance and release, substitution or exchange of all or any part of the Mortgaged Premises from all or any part of the principal moneys and interest owing upon the Debentures.



- (ii) Power to sanction any compromise or arrangement proposed to be made between the Company and the Debenture-holder(s)/Beneficial Owner(s).
 - (iii) Power to sanction any modification, alteration or, abrogation of any of the rights of the Debenture Holder(s)/Beneficial Owner(s) against the Company or against the Mortgaged Premises or other properties whether such right shall arise under the Trust Deed or Debentures or otherwise.
 - (iv) Power to assent to any scheme for reconstruction or amalgamation of or by the Company whether by sale or transfer of assets under any power in the Company's Memorandum of Association or otherwise under the Act or provisions of any law.
 - (v) Power to assent to any modification of the provisions contained in the Trust Deed and to authorise the Trustee to concur in the execution of any Supplemental Deed embodying any such modification.
 - (vi) Power to remove the existing Trustee and to appoint new Trustee in respect of the trust Securities.
 - (vii) Power to authorise the Trustee or any Receiver appointed by them where they or he shall have entered into or taken possession of the Mortgaged Premises or any part thereof to give up possession of such premises to the company either unconditionally or upon any condition.
 - (viii) Power to give soy direction, sanction, request or approval which under any provision of the Trust Deed is required to be given by a Special Resolution.
23. The powers set out in clause 22 hereof shall be exercisable by a Special Resolution passed at a meeting of the Debenture-holder(s)/Beneficial Owner(s) duly convened and held in accordance with provisions herein contained and carried by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is demanded by a majority representing not less than three-fourths in value of the votes cast on such poll. Such a Resolution is herein called "Special Resolution".
24. A Resolution, passed at a general meeting of the Debenture-holder(s)/Beneficial Owner(s) duly convened and held in accordance with these presents shall be binding upon all the Debenture Holder(s)/ Beneficial Owner(s) whether present or not, at such meeting and each of the Debenture Holder(s)/Beneficial Owner(s) shall be bound to give effect thereto accordingly, and the passing of any such resolutions shall be conclusive evidence that the circumstances justify the passing thereof, the intentions being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the passing of such resolution.
25. Minutes of all Resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered into books from time to time provided for the purpose by the Trustee at the expenses of the Company and any such minutes as aforesaid, If purported to be signed by the Chairman of the meeting at which such Resolutions were passed or proceedings held or by the Chairman of the adjourned meeting shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in-respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed thereat or proceedings taken, to have been duly passed and taken.



26. Notwithstanding anything herein contained, it shall be competent to all the Debenture Holder(s) Beneficial Owner(s) to exercise the rights, power and authorities of the Debenture-holder(s)/Beneficial Owner(s) under the said Trust Deed by a letter or letters signed by or on behalf of the holder or holder(s)/owner(s) of atleast three-fourths in value of the Debentures outstanding without convening a meeting of the Debenture Holder(s)/Beneficial Owner(s) as if such letter or letters constituted a resolution or a special resolution, as the case may be passed at a meeting duly convened and held as aforesaid and shall have effect accordingly.



**THE FIFTH SCHEDULE ABOVE REFERRED TO
REPRESENTATIONS AND WARRANTIES**

1. Status

The Company is a company, duly Incorporated and validly existing under the law of its jurisdiction of incorporation, and has the right to own its assets and carry on its business as it is being conducted, under the law of its jurisdiction of incorporation.

2. Binding obligations

The obligations expressed to be assumed by the Company under each of the Transaction Documents, to which it is a party, are legal, valid, binding and subject to any general principles of law limiting its obligations.

3. Non-conflict with other obligations

The entry into and performance by the Company of, and the transactions contemplated by, the Transaction Documents to which it is a party, do not and will not conflict with:

- (i) any Applicable Law or order, will, injunction or decree of any court or Governmental Authority having jurisdiction over the Company;
- (ii) its constitutional documents; or
- (iii) any agreement or instrument binding upon it or any of its assets,

4. Validity and admissibility In evidence

All authorisations required or desirable to make the Transaction Documents to which the Company is a party, admissible In evidence in its jurisdiction of incorporation, have been obtained or effected and are in full force and effect.

5. No default

No Default is continuing or might reasonably be expected to result from the entering into or performance by the Company of any of the Transaction Documents.

6. No misleading Information

Any factual information provided by or on behalf of the Company in connection with the issue of the Debentures was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is slated.

7. No proceedings pending or threatened

No litigation, arbitration, investigative or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, will have a Material Adverse Effect have (to the best of its Knowledge and belief) been started or threatened against the Company.

**8. Title**

The Company has good and marketable title to, or valid leases and licences of or is otherwise entitled to use, all material assets necessary or desirable for it to carry on its business as it is being or is proposed to be conducted.

9. No Immunity

The Company's assets are not entitled to immunity from suit, execution, attachment or other legal process India. The execution of this Deed constitutes, and the exercise of its rights and performance of and compliance with its obligations under this Deed will constitute, private and commercial acts done and performed for private and commercial purposes.

10. Solvency

- 10.1 The Company is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts.
- 10.2 The Company, by reason of actual or anticipated financial difficulties, has not commenced, and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- 10.3 The value of the assets of the Company is more than its liabilities (taking into account contingent and prospective liabilities) and it has sufficient capital to carry on its business.
- 10.4 No moratorium has been, or may, in the reasonably foreseeable future be, declared in respect of any indebtedness of the Company.

11. Approvals

The Company hereby confirms that all approvals necessary under Applicable Law with respect to the business of the Company, have been taken by it and the same are valid and subsisting as at the date hereof.

12. Defaulter's List

The names of the Company and/or its directors do not figure in any list of defaulters circulated by the Reserve Bank of India or any bank or financial institution nor do the names of its directors appear in caution list issued by Reserve Bank of India/ ECGC / Director General of Foreign Trade etc.



THE SIXTH SCHEDULE ABOVE REFERRED TO
COVENANTS AND UNDERTAKINGS.

INFORMATION UNDERTAKINGS

1.1. Information: miscellaneous

- A. The Company shall supply to the Trustee (sufficient copies for all Debenture Holder(s) If the Trustee so requests):
- 1) details of all orders, directions, notices, of any court/Tribunal affecting or likely to affect the Secured Assets;
 - 2) audited financial statements for a financial year (including statutory auditors, directors' annual report, profit and loss accounts and a balance sheet) by no later than 6 (six) months from the end of the relevant financial year
 - 3) at the end of each year from the Deemed Date of Allotment, a certificate from the statutory auditors of the Company with respect to the use of the proceeds raised through the issue of Debentures
 - 4) by no later than 30 (thirty) days from the date of execution of this Deed, a certificate signed by an authorised officer of the Company confirming issue of Debenture Certificates or credit of dematerialised debentures into the depository accounts of the Debenture Holder(s);
 - 5) upon there being any change in the credit rating assigned to the Debentures, as soon as reasonably practicable thereafter, a letter notifying the Trustee of such change in the credit rating of the Debentures;
 - 6) at the end of every financial year, a certificate from a Statutory Auditor or practising chartered accountant confirming the due maintenance of a debenture redemption reserve as per the provisions of Applicable Law;
 - 7) at the time of requesting the Trustee for ceding pari passu charge over the Secured Assets in favour of the lenders from whom the Company avails the permitted borrowings, a certificate from an authorised officer of the Company, with necessary supporting documents If required, confirming the following:
 - (i) that the security cover stipulated hereunder will continue to be maintained even after sharing of the charge over the Secured Assets;
 - (ii) that no Event of Default has occurred or is continuing in terms of the Transaction Documents.
 - 8) At the end of every calendar quarter, a report confirming the following:
 - (i) Updated list of names and address of all the Debenture Holder(s);
 - (ii) Details of interest due but unpaid, if any, and reasons for the same;
 - (iii) Details of payment of interest made on the Debentures in the immediately preceding calendar quarter;
 - (iv) That the number and nature of grievances received from the Debenture Holder(s) and (a) resolved by the Company (b) unresolved by the Company and the reasons for the same.;
 - (v) Statement that the Security is sufficient to discharge the claims of the Debenture Holder(s) as and when they become due.
 - 9) promptly, notice of any change in its authorised signatories (in connection with the Transaction Documents), signed by one of its directors or its company secretary, whose specimen signature has previously been provided to the Trustee, accompanied (where relevant) by a specimen signature of each new signatory;



- B. The Company shall submit to the stock exchange for dissemination, along with the half yearly financial results, a half-yearly communication, counter signed by the Debenture Trustee, containing inter-alia the following information:-
- (a) Credit rating of the Debentures;
 - (b) Security cover available for the Debentures;
 - (c) Status of the Security;
 - (d) Debt-equity ratio;
 - (e) Previous due date for the payment of interest/principal and whether the same has been paid or not; and
 - (f) Next due date for the payment of interest/principal.

1.2. Notification of default

The Company shall notify the Trustee of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence

GENERAL UNDERTAKINGS

2.1 Authorisations

- (a) The Company shall promptly:
 - (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
 - (ii) supply certified copies to the Trustee of,
any authorisation required under any law or regulation to enable it to perform its obligations under the Transaction Documents (including, without limitation, in connection with any payment to be made hereunder) and to ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation of the Transaction Documents.
- (b) The Company shall promptly make the registrations, obtain all authorisations and otherwise comply with other requirements under Applicable Law.
- (c) The Company shall, at all times, obtain and maintain, or cause to be obtained and maintained, In full force and effect (or where appropriate, renew) all clearances/ authorizations required for the purposes of all transactions as contemplated by the Transaction Documents, non procuring or non renewal whereof shall have a Material Adverse Effect.

- 2.2 The Company shall ensure that all Transaction Documents, when executed, shall constitute its legal, valid and binding obligation under the provisions of Applicable Law.
- 2.3 The Company shall, at all times during the currency of the Debentures, maintain a security cover of 1.25 times of the principal together with the interest due under the Debentures are provided for herein.
- 2.4 The Company shall discharge its obligations in connection with the Debentures in a reasonable and prudent manner.
- 2.5 The Company shall, during the subsistence of the Security created by the Company in favour of the Debenture Trustee, not do or suffer to be done or be party or privy to any act, deed, matter or thing which may, in anywise prejudicially affect the securities and the rights created in favour of the Debenture Trustee.



- 2.6 The Company undertakes that at all times, It shall have good, legal and beneficial title, or other Interest in and to the Secured Assets, in each case, free and clear of any encumbrance or security interest (save and except any security existing thereon or on any part thereof, as at the date hereof) and shall ensure on a continuous basis that the property charged to the Debentures is available and adequate at all times to discharge the Secured Obligations. However, as long as the Company maintains the stipulated Security Cover (as mention in vii above) in respect of the Debentures, the Company shall, without the approval of the Trustee, be entitled to make further issue(s) of debentures, raise further loans and advances, create *pari passu* charge over the Mortgaged Property and/or avail further deferred payment guarantees or other financial facilities from time to time from such persons/ banks/ financial Institutions or body corporate/ any other agency.
- 2.7 The Company undertakes that all Security Documents, when executed, delivered and registered (where necessary) and when appropriate forms are filed as required under Applicable Law, shall create the Security expressed to be created thereby over the assets referred therein and such assets are not subject to any prior security Interests.
- 2.8 The Company shall not, without the prior approval of the Debenture Trustee, undertake or enter into any amalgamation, demerger, merger or corporate restructuring or reconstruction scheme proposed other than within the Vedanta group.
- 2.9 The Company shall take all steps for completion of the formalities for listing and commencement of trading at all the concerned stock exchange(s) where the Debentures are to be listed and taken by no later than fifteen (15) Business Days from the date of allotment of the Debentures.
- 2.10 The Company shall pay and discharge all taxes, rates, rents and governmental charges upon the Company or its assets under Applicable Laws.
- 2.11 The Company shall create all necessary security and execute all the Security Documents as may be required by the Trustee as per the terms hereof.
- 2.12 The Company shall attend to the complaints received in respect of the Debentures expeditiously and satisfactorily.
- 2.13 If the Directors of the Company are added to any defaulter's list by any Governmental Authority, the Company shall take immediate steps forthwith to remove such person from its Board.
- The Company shall notify each of issuing banks of the issue of the Power of Attorney whereby the Trustee is authorised to invoke and make demands under the bank guarantees issued by such Issuing banks.
- 2.14 The Company shall Insure and keep Insured up to the replacement value thereof or on such other basis as approved by the Trustee, the secured assets against fire, theft, lightning, explosion, earthquake, strike, lock out, civil commotion, storm, tempest, flood, marine risk, erection risk, war risk and other risk as may be specified by the Trustee and shall duly pay all premium and other sums payable for the purpose. The insurance in respect of the secured assets shall be taken in the joint names of the Company the trustee and any other person having a *pari passu* charge on the secured assets and acceptable to the Trustee. The Company shall submit copies of such insurance policies and renewals thereof with the Trustee. The Company shall deliver to the Trustee an Auditors' Certificate as and when requested by the Trustee certifying the adequacy of insurance coverage for the assets provided as security. In the event of failure on the part of the Company to insure the secured assets or to pay the insurance premium or other sums referred to above, the Trustee may, but shall not be bound to, get the secured assets insured or pay the insurance premium and other sums referred to above, which shall be reimbursed to the Trustee by the Company.



- 2.15 The Company undertakes to maintain and keep in proper order, repair and in good condition the Secured Assets if the Company falls to keep in proper order, repair and in good condition the Secured Assets or any part thereof, then the Trustee may, but shall not be bound to, maintain the same in proper order or repair or condition and any expense incurred by the Trustee and its costs and charges therefor shall be reimbursed by the Company.
- 2.16 The Company shall permit the Trustee and such person as the Trustee shall, from time to time, in writing for that purpose appoint, to enter into or upon and to view the state and condition of all the Secured Assets and pay all travelling, hotel and other expenses of any person whom the Trustee may depute for the purpose of such inspection and if the Trustee shall, for any reason, decide that it is necessary to employ an expert, to pay the fees and all travelling, hotel and other expenses of such expert.
- 2.17 The Company shall punctually pay all rents, royalties, taxes, rates, levies, casses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Company, in relation to the Secured Assets, as and when the same shall become payable, and when required by the Trustee produce the receipts for such payments and also punctually pay and discharge all debts, obligations and liabilities which may have priority over the Security created hereunder or under the other Security Documents and observe, perform and comply with all covenants and obligations which ought to be observed and performed by the Company in respect of or any part of the Secured Assets.
- 2.18 The Company shall forthwith give, notice in writing to the Trustee of commencement of any proceedings directly affecting the Secured Assets.
- 2.19 The Company shall duly cause these presents to be registered in all respects so as to comply with the provisions of the Act and or any act, ordinance or regulation applicable in any part of India, within which any portion of the Mortgaged Premises are or may be situated, by which the registration of deeds is required and generally do all other acts (if any) necessary for the purpose of assuring the legal validity of these presents.
- 2.20 The Company shall pay all such stamp duty (including any additional stamp duty, If any), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the laws for the time being in force in the State, in which its the Mortgaged Properties are situated and in the event of the Company falling to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustee will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustee on demand and in pursuance thereof the said Mortgage is required to be registered in terms of the Indian Registration Act, 1908.
- 2.21 The Company shall apply for and make its best endeavour to obtain renewal of the leases under which any of the leasehold land forming part of the Mortgaged Premises may, during the continuance of the security, be held as and when the same may be due for renewal in accordance with the provisions thereof and duly vest in the Trustee as part of the Mortgaged Premises and in such manner as the Trustee may direct all such renewed leases.
- 2.22 The Company shall reimburse all sums paid or expenses Incurred by the Trustee or any Receiver, attorney, agent or other person appointed by the Trustee for all or any of the purposes mentioned in these presents immediately on receipt of a notice of demand from them in this behalf and all such sums shall carry interest at the rate of interest payable on the Debentures from the date, when the same shall have been paid and until such reimbursement, all such sums shall be a charge upon the Mortgaged Premises in priority to the charge securing the Debentures.



- 2.23 The Company hereby agrees, confirms and undertakes that in the event the Company has failed to make a timely repayment of the Secured Obligations:
- (a) the Trustee shall, as the Trustee may deem appropriate and necessary, be entitled to disclose all or any: ((ii) information or data relating to this Deed (iii) default committed by the Company in discharge of the aforesaid obligations, to Credit Information Bureau (India) Limited (“CIBIL”) and any other agency authorised in this behalf by Reserve Bank of India (“RBI”);
 - (b) CIBIL and / or any other agency so authorised may use, process the aforesaid information and data disclosed by the Trustee in the manner as deemed fit by them;
 - (c) CIBIL and / or any other agency so authorised may furnish for consideration, the processed information and data or products thereof prepared by them, to the Trustee, and other credit grantors or registered users, as may be specified by RBI in this behalf; and
 - (d) the Trustee and/or RBI will have an unqualified right to disclose or publish the details of the default and the name of the Guarantor (including its directors) as the case may be, as defaulters, in such manner and through such medium as the Trustee or RBI in their absolute discretion may think fit.
- 2.24 The Company hereby agrees, confirms and undertakes that in the event the Company has failed to make a timely repayment of the Secured Obligations or to create a charge on the Secured Assets or there is a revision of rating assigned to the Debentures, the Trustee shall, be entitled to disclose the information to the Debenture Holders and the general public by issuing a press release, placing the same on their websites and with the credit rating agencies.
- 2.25 So long as the Debenture Holder(s) continue to hold the Debentures, the Company agrees and undertakes to comply with all material Applicable Laws including all provisions of the Securities and Exchange Board of India (Debenture Trustee), 1993 Regulations as amended from time to time and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time, the debt listing agreement entered into with the stock exchanges (where the Debentures are listed/ proposed to be listed). This Deed is also subject to such guidelines as may be issued by SEBI, Government of India, such other statutory or regulatory authorities from time to time The Trustee agrees and confirms that it shall continue to comply with all the applicable provisions of the said Regulations till it remains appointed as a trustee as per the terms of this Deed.
- 2.26 The Company shall promptly inform the Trustee of any major or significant change in composition of its Board, which may amount to change in control as defined in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 2.27 The Company shall upon reasonable prior written notice, permit officers and representatives of the Trustee to carry out technical, legal, or financial inspections and visit and inspect during normal business hours, the properties of the Company, including the facilities, works, assets and buildings and to examine, inspect and make copies of the books of record and accounts of the Company and take extracts thereof and discuss the affairs, finances and accounts of the Company with, and be advised as to the same, by its officers. The cost of any such visit shall be borne by the Company and the Company shall at all times afford the Trustee access to its books.
- 2.28 Keep proper books of account as required by the Act and make true and proper entries therein of all dealings and transactions of and in relation to the Mortgaged Premises and the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its registered office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating to the Mortgaged Premises and the business of the Company shall at reasonable times be open for Inspection of the Trustee and such person or persons, as the Trustee shall, from time to time, in writing for that purpose appoint.



NEGATIVE COVENANTS

- 3.1 The Company hereby covenants with the Trustee that so long as the Debentures are outstanding, without the prior written approval of the Trustee, the Company shall not; pull down or remove any building or structure (except any temporary structure) on the lands for the time being forming part of the Mortgaged Premises or the embedded plant and machinery attached to the same or any of them save and except in the ordinary course of business and/or any repair, maintenance, improvement, replacement or otherwise in the course of and for the purpose of carrying on the business of the Company and the Company will in such case, forthwith, restore or procure to be restored such building, structure, embedded plant and machinery, as the case may be, or replace the same or procure the same to be replaced by others of a similar nature and of at least equal value;
- 3.2 The Company hereby covenants with the Trustee that so long as the Debentures are outstanding, the Company, without prior written Intimation/information to the Trustee, shall not:
- (a) declare or pay any dividend or make any distribution on its share capital or purchase, redeem, buyback or otherwise make any payment in respect thereof; or
 - (b) make any change in the nature end conduct of its business (from what is being carried out as on the date hereof)

Provided that any intimation done by way of a public notice shall be deemed to be sufficient intimation / information given by the Company to the Trustee for the purpose of this provision.

- 3.3 The Company hereby covenants (hat where the Company has defaulted in payment of interest on securities or redemption thereof or in creation of security as per the terms of the issue of debt securities, any distribution of dividend shall require prior approval of the Debenture Trustee.



IN WITNESS WHEREOF the Parties have caused these presents to be executed by their authorised official(s) on the day, month and year first hereinabove written in the manner hereinafter appearing.

SIGNED AND DELIVERED BY **SESA STERLITE LIMITED**, in its capacity as the Issuer Company abovenamed, by the hand of its authorised officials Shri Ajay Jajoo, GM-Finance and Shri Satyapriya, AGM-Legal

For Sesa Sterlite Limited

Authorized Signatory

For Sesa Sterlite Limited

Authorized Signatory

SIGNED AND DELIVERED BY **AXIS TRUSTEE SERVICES LIMITED**, In its capacity as Debenture Trustee abovenamed, by the hand of its authorised official Shri P P Narayanan, Managing Director & CEO

For AXIS TRUSTEE SERVICES LTD.

P. P. Narayanan
Managing Director & CEO

In the presence of following witnesses:

1.

DEVARAJ HARISH
Associate Manager-Legal
Sesa Sterlite Limited
SIPCOT Industrial Complex
Thoothukudi

2.

S/o. P. Thangasamy
1/112 South Street,
Meelavittan
Thoothukudi



20018GsPjMvYer!Q

3014/2014/BK1

CERTIFICATE UNDER SECTION 42 OF STAMP ACT

S. No. 197 of 2014

I hereby certify that a sum of Rs. 40000 / (Rupees Forty Thousand only) on account of proper / deficit stamp duty has been levied under section 41 of the Stamp Act in respect of this instrument from SHRI AJAY JAJOO residing at Nagpur

Signature of SUBREGISTRAR & Collector
Under Section 41 of the Indian Stamp Act.

Ottapidaram
Date: 23/12/2014

Presented in the Office of SUBREGISTRAR of Ottapidaram and fee of Rs. 11145 paid between hours of 12 and 1 on 23/12/2014 by



1 Left Thumb



For Sesa Sterlite Limited

/s/ Shri Ajay Jajoo
Authorised Signatory

Additions As per the recitals of the document

Execution Admitted by

2 Left Thumb



For Sesa Sterlite Limited

/s/ Shri Ajay Jajoo
Authorised Signatory

Additions As per the recitals of the document



20018GsPjMvYef!Q

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile

SG5214AM023461
11.7.8

HKR haupi0sg
SNG

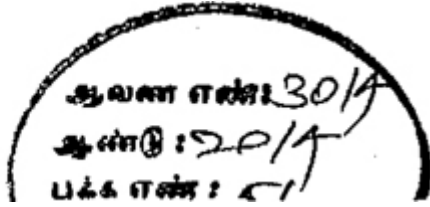
13-Aug-2015 09:45 EST

32971 EX4 40 57 10*

ex4_40img0 ex4_40img0
ex4_40 ex4_40 ex4_40

HTM ESS 0C

Page 2 of 2



Sheet no 1 of 3



20018GsPjMvZqaMwB

Execution Admitted by

3 Left Thumb



For Sesa Sterlite Limited

Authorised Signatory

Additions As per the recitals of the document

Claim Admitted by

4 Left Thumb



For AXIS TRUSTEE SERVICES LTD.

/s/ P.P Narayanan
P.P Narayanan
Managing Director & CEO

Additions As per the recitals of the document

Identified by

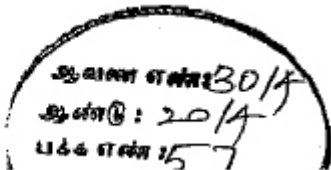
1 /s/ Devaraj Harish I Name: DEVARAJ HARISH I S/o IRULAPPA DEVARAJ 44W/1B2.SILVARPATTI PERIYAKULAM TK THENI DT

2 /s/ Muthuvel T Name: MUTHUVEL T S/o THANGASAMY 1/112, SOUTH STREET MEELAVITTAN THOOTHUKUDI

23rd day of December 2014

SUBREGISTRAR

Ottapidaram





20018GsPnWWWwYJgI

Registered as No 3014 of 2014 of Book I

Date : 23/12/2014 SUBREGISTRAR Ottapidaram



சு.பாண்டி எண் 3014
ஆண்டு : 2014
பக்க எண் 58

Sheet no 3 of 3



EXECUTION VERSION

COMMON TERMS AGREEMENT

_____ 2014

US\$250,000,000
CONVENTIONAL FACILITY
(WITH A GREENSHOE OPTION TO INCREASE THE FACILITY AMOUNT BY US\$125,000,000)

and

US\$250,000,000
ISLAMIC FACILITY
(WITH A GREENSHOE OPTION TO INCREASE THE FACILITY AMOUNT BY US\$125,000,000)

for

VEDANTA RESOURCES PLC

with

TWIN STAR MAURITIUS HOLDINGS LTD.
as TSMHL

arranged by

FIRST GULF BANK PJSC
STANDARD CHARTERED BANK
as Conventional Facility Arrangers

and

FIRST GULF BANK PJSC
STANDARD CHARTERED BANK
as Islamic Facility Arrangers

and

STANDARD CHARTERED BANK (MAURITIUS) LIMITED
acting as Account Bank

and

STANDARD CHARTERED BANK
acting as Global Facility Agent

Allen & Overy LLP



20018GsPnWkgFb0gG

CONTENTS

Clause		Page
1.	Definitions and Interpretation	2
2.	The Facilities	36
3.	Conditions of Utilisation	39
4.	Utilisation	40
5.	Prepayment and Cancellation	41
6.	Changes to the Calculation of Interest and Profit Amount	49
7.	Tax Gross-Up and Indemnities	50
8.	Increased Costs	54
9.	Other Indemnities	56
10.	Mitigation by the Participating Banks	57
11.	Costs and Expenses	57
12.	Guarantee and Indemnity	58
13.	Representations	61
14.	Information Undertakings	69
15.	Financial Covenants	74
16.	General Undertakings	81
17.	Accounts	95
18.	Events of Default	101
19.	Changes to the Participating Banks	106
20.	Changes to the Obligors	115
21.	Accession of and Changes to the Hedging Banks	115
22.	Role of the Global Facility Agent, the Account Bank and the Arranger	116
23.	Conduct of Business by the Secured Parties	123
24.	Sharing among the Secured Parties	123
25.	Payment Mechanics	124
26.	Set-off	129
27.	Notices	129
28.	Calculations and Certificates	131
29.	Partial Invalidity	131
30.	US Banks	131
31.	Remedies and Waivers	132
32.	Amendments and Waivers	132
33.	Confidentiality	135
34.	Counterparts	139
35.	Governing Law	139
36.	Enforcement	139



20018GsPnWkgZMeg

Schedule

	Page
1. Original Parties	141
Part 1 The Original Lenders	141
Part 2 The Original Participants	142
2. Conditions Precedent	143
Part 1 Conditions Precedent to Utilisation	143
Part 2 Conditions relating to the Common Security Documents	148
3. Form of Transfer Certificate	151
4. Form of Assignment Agreement	153
5. Form of Accession Letter	156
6. Form of Compliance Certificate	158
7. VSAP Audit – Scope of Work	159
8. Form of Withdrawal Instruction	160
9. Form of Increase Participating Bank Accession Agreement	162
10. Form of Permitted Cairn Disposal Certificate	164
11. Forms of Notifiable Debt Transfer Transaction Notice	166
Part 1 Form of notice on entering into Notifiable Debt Purchase Transaction	166
Part 2 Form of notice on termination of Notifiable Debt Purchase Transaction	167
Signatories	168



THIS AGREEMENT is dated _____ 2014 and made

BETWEEN:

- (1) **TWIN STAR MAURITIUS HOLDINGS LTD.**, a company registered under the laws of Mauritius with registration number C097881 (**TSMHL**);
- (2) **VEDANTA RESOURCES PLC**, a company registered under the laws of England and Wales with registration number 04740415 (the **Company**);
- (3) **TWIN STAR ENERGY HOLDINGS LTD.**, a company incorporated under the laws of Mauritius with registration number C078309 C2/GBL (**TSEHL**);
- (4) **FIRST GULF BANK PJSC AND STANDARD CHARTERED BANK** as arrangers of the Conventional Facility (whether acting individually or together the **Conventional Facility Arranger**);
- (5) **FIRST GULF BANK PJSC AND STANDARD CHARTERED BANK** as arrangers of the Islamic Facility (whether acting individually or together the **Islamic Facility Arranger**);
- (6) **STANDARD CHARTERED BANK**, as global facility agent for the Finance Parties (the **Global Facility Agent**);
- (7) **STANDARD CHARTERED BANK** as investment agent under the Islamic Finance Documents (the **Investment Agent**);
- (8) **STANDARD CHARTERED BANK** as facility agent under the Conventional Finance Documents (the **Conventional Facility Agent**);
- (9) **THE FINANCIAL INSTITUTIONS** listed in Part 1 of Schedule 1 (The Original Parties) as original lenders under the Conventional Finance Documents (the **Original Lenders**);
- (10) **THE FINANCIAL INSTITUTIONS** listed in Part 2 of Schedule 1 (The Original Parties) as original participants under the Islamic Finance Documents (the **Original Participants**); and
- (11) **STANDARD CHARTERED BANK (MAURITIUS) LIMITED** acting as account bank (the **Account Bank**).

BACKGROUND:

- (A) The Original Lenders have agreed to make available credit facilities to TSMHL on the terms set out in the Conventional Finance Documents.
- (B) The Original Participants have agreed to provide finance to TSMHL on the terms set out in the Islamic Finance Documents.
- (C) This Agreement sets out the common terms which have been agreed by the Parties.

IT IS AGREED as follows:

SECTION 1



INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Acceleration Date means the date on which the Loans or the Deferred Sale Prices are or become immediately due and payable:

- (a) by reason of acceleration pursuant to paragraphs (a)(i)(B)I and (a)(i)(C)I of Clause 18.20 (Acceleration); or
- (b) under Clause 5 (Repayment) of the Conventional Facility or Clause 6.6 (Payment of the Deferred Sale Price) of the Murabaha Agreement in each case on the last Final Maturity Date to occur; or
- (c) under Clause 5 (Prepayment and Cancellation).

Acceptable Bank means a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of A or higher by S&P or Fitch Ratings Ltd or A2 or higher by Moody's or a comparable rating from an internationally recognised credit rating agency.

Accession Letter means a letter substantially in the form set out in Schedule 5 (Form of Accession Letter).

Account Mandate means an account mandate relating to the establishment and maintenance of the Proceeds Account.

Account Pledge (Collection Account) means the Mauritian law governed account pledge over the Collection Account entered into or to be entered into between TSMHL and the Common Security Agent pursuant to Clause 16.26 (Common Security Documents).

Account Pledge (Proceeds Account) means the Mauritian law governed account pledge over the Proceeds Account entered into or to be entered into between TSMHL and the Common Security Agent pursuant to Clause 16.26 (Common Security Documents).

Additional Debt has the meaning given in paragraph (c) of Clause 16.11 (No other business).

Adjustment Event means any event or action taken by Cairn India affecting the quantum of Cairn India Shares in issue (including, without limitation, a private placement) that may have a diluting or concentrative effect on the percentage of Cairn India Shares held by TSMHL.

Administrative Party means the Global Facility Agent, the Account Bank, a Facility Representative or an Arranger.

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Agent means the Global Facility Agent or a Facility Representative.



Agreed Form means, in relation to a document, that it is in a form initialled by or on behalf of the Company and the Global Facility Agent or confirmed by counsel to both the Arranger and the Company to be in the agreed form.

Agreed Timeline means a timeline agreed to between the E&S Consultant or E&S VSAP Consultant (as the case may be) and the Company (each acting reasonably), or (if no such timeline has been agreed to between the E&S Consultant or E&S VSAP Consultant (as the case may be) and the Company after a reasonable period of discussions) such timeline as determined by the Majority Participating Banks.

Amortisation Amount has the meaning given thereto in the Murabaha Agreement.

Amortisation Date has the meaning given thereto in the Murabaha Agreement.

Anti-Money Laundering Laws means the Executive Order, the Bank Secrecy Act (31 U.S.C. §§ 5311 *et seq.*), the Money Laundering Control Act of 1986 (18 U.S.C. §§ 1956 *et seq.*), the USA Patriot Act and any similar law enacted in the US after the date of this Agreement.

Arranger means a Conventional Facility Arranger or an Islamic Facility Arranger.

Assignment Agreement means an agreement substantially in the form set out in Schedule 4 (Form of Assignment Agreement) or any other form agreed between the relevant assignor and assignee.

Authorisation means:

- (a) an authorisation, consent, approval, foreign exchange control approval, resolution, licence, exemption, filing, notarisation or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law or regulation if a Governmental Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action.

Availability Period means:

- (a) in relation to a Utilisation of any Available Commitment (other than an Increase Commitment), the period from and including the date of this Agreement to and including 31 August 2014; and
- (b) in relation to a Utilisation of any Increase Commitment, the period from and including the Commitment Increase Date in respect of that Increase Commitment of this Agreement to and including 31 August 2014.

Available Commitment means a Conventional Available Commitment or an Islamic Available Commitment.

Available Facility means:

- (a) a Conventional Available Facility; or
- (b) an Islamic Available Facility.

Borrowings has the meaning given to it in Clause 15 (Financial Covenants).



Break Costs has the meaning given to that term in the Conventional Facility Agreement.

Broker has the meaning given to that term in the Murabaha Agreement.

Broker Documents has the meaning given to that term in the Murabaha Agreement.

Business Day means a day (other than a Friday, Saturday or Sunday):

- (a) in relation to the first and last day of any Interest Period and any other day for payment of principal or interest in respect of a Loan or an Unpaid Sum denominated in US Dollars, which is a London Business Day and on which banks are open for general business in New York City;
- (b) in relation to the first and last day of any Transaction Period and any other day for payment of a Deferred Sale Price and/or Profit Amount denominated in US Dollars, which is a London Business Day and on which banks are open for general business in New York City
- (c) in relation to any day for payment of any other amount (not being principal or interest in respect of a Loan, the Deferred Sale Price, the Profit Amount or an Unpaid Sum denominated in US Dollars), on which banks are open for general business in the principal financial centre of the jurisdiction(s) whose lawful currency the payment is to be made (provided that if there is more than one such principal financial centre, that principal financial centre shall be as designated by the Global Facility Agent (acting reasonably)); and
- (d) for all other purposes, on which banks are open for general business in London, Mumbai and Mauritius.

Cairn India means Cairn India Limited, a company registered under the laws of India with its registered office at 101 West View, Veer Savarkar Marg, Prabhadevi, Mumbai – 400025, India.

Cairn India Share Value means, at any time, the value (in US\$) of all Cairn India Shares then held by TSMHL (capped at the Minimum Cairn Shareholding) with such value being determined based on:

- (a) the volume weighted average price of Cairn India Shares traded on the stock exchanges operated by BSE Ltd and National Stock Exchange of India Limited during the five Trading Day period immediately preceding the date of calculation; and
- (b) the average of the exchange rates for each such Trading Day for the purchase of US\$ with INR as determined by reference to the daily reference rate published by the RBI for the purchase of US\$ with INR.

Cairn India Shares means ordinary shares in the issued capital of Cairn India.

Cash has the meaning given to it in Clause 15 (Financial Covenants).

Cash Equivalent Investments has the meaning given to it in Clause 15 (Financial Covenants).

Change of Control has the meaning given to it in paragraph (a) of Clause 5.2 (Change of Control).

Charged Assets means the assets from time to time subject, or expressed to be subject, to the Security created under any Common Security Document or any part of those assets.



Code means the US Internal Revenue Code of 1986.

Collection Account means the US Dollar denominated current account with number 01/201/11570/03 in the name of TSMHL held with the Account Bank (or any other account being a renewal, re-designation or replacement of that account as the Account Bank may, from time to time, specify by notice in writing to TSMHL and the Common Security Agent and any associated fixed term deposit).

Commitment means:

- (a) a Conventional Commitment; or
- (b) an Islamic Commitment.

Commitment Increase Date means the date on which a duly completed Increase Participating Bank Accession Agreement is executed by the Global Facility Agent.

Commodities has the meaning given to that term in the Murabaha Agreement.

Common Secured Debt means “Debt” as defined in the Intercreditor Agreement.

Common Security Agent means the person appointed and acting as common security agent under the Intercreditor Agreement.

Common Security Document means:

- (a) the Account Pledge (Collection Account);
- (b) the Account Pledge (Proceeds Account);
- (c) the Hedging Document Security Assignment (as and when entered into);
- (d) the TSMHL Floating Charge (Collection Account);
- (e) the TSMHL Floating Charge (Proceeds Account);
- (f) the TSEHL Fixed and Floating Charge (TSMHL Shares);
- (g) the TSMHL Share Pledge,

or any other document defined or designated as a Common Security Document under the Intercreditor Agreement.

Company Net Borrowings has the meaning given to it in Clause 15 (Financial Covenants).

Compliance Certificate means a certificate substantially in the form set out in Schedule 6 (Form of Compliance Certificate).

Confidential Information means all information relating to any Obligor, the Group, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:



- (a) any member of the Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 33 (Confidentiality); or
- (ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraph (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

Confidentiality Undertaking means a confidentiality undertaking substantially in a recommended form of the LMA or in any other form agreed between the Company and the Global Facility Agent.

Contribution has the meaning given to it in the Investment Agency Agreement.

Conventional Available Commitment means:

- (a) a Conventional Facility A Available Commitment; or
- (b) a Conventional Facility B Available Commitment.

Conventional Available Facility means:

- (a) the Conventional Facility A Available Facility; or
- (b) the Conventional Facility B Available Facility.

Conventional Commitment means:

- (a) a Conventional Facility A Commitment; or
- (b) a Conventional Facility B Commitment.

Conventional Facility means:

- (a) Conventional Facility A; or
- (b) Conventional Facility B,

and **Conventional Facilities** means each of them.



20018GsPnWJq6!16

Conventional Facility A has the meaning given to “Facility A” in the Conventional Facility Agreement.

Conventional Facility A Available Commitment means in relation to Conventional Facility A, a Lender’s Conventional Facility A Commitment, less:

- (a) the amount of its participation in any outstanding Loans under Conventional Facility A; and
- (b) in relation to any proposed Utilisation of Conventional Facility A, the amount of its participation in any Loans under Conventional Facility A that are due to be made on or before the proposed Utilisation Date.

Conventional Facility A Available Facility means the aggregate for the time being of each Lender’s Conventional Facility A Available Commitment.

Conventional Facility A Commitment means:

- (a) in relation to an Original Lender, the USD denominated amount set opposite its name in Part 1 of Schedule 1 (The Original Lenders) under the heading “Conventional Facility A Commitments” and the amount of any other Conventional Facility A Commitment transferred or assigned to it under this Agreement; and
- (b) in relation to any Increase Participating Bank under Conventional Facility A, its Conventional Facility A Increase Commitment and the amount of any Conventional Facility A Commitment transferred or assigned to it under this Agreement; and
- (c) in relation to any other Lender, the amount of any Conventional Facility A Commitment transferred or assigned to it under this Agreement,

to the extent not cancelled, transferred or reduced under the Conventional Finance Documents.

Conventional Facility A Loan has the meaning given to “Facility A Loan” in the Conventional Facility Agreement.

Conventional Facility A Termination Date has the meaning given to “Facility A Termination Date” in the Conventional Facility Agreement.

Conventional Facility A Utilisation means a utilisation of Conventional Facility A.

Conventional Facility Agreement means the USD 250,000,000 credit facility agreement dated on or about the date of this Agreement between, among others, TSMHL, the Original Lenders and the Conventional Facility Agent.

Conventional Facility B has the meaning given to “Facility B” in the Conventional Facility Agreement.

Conventional Facility B Available Commitment means in relation to Conventional Facility B, a Lender’s Conventional Facility B Commitment, less:

- (a) the amount of its participation in any outstanding Loans under Conventional Facility B; and



- (b) in relation to any proposed Utilisation of Conventional Facility B, the amount of its participation in any Loans under Conventional Facility B that are due to be made on or before the proposed Utilisation Date.

Conventional Facility B Available Facility means the aggregate for the time being of each Lender's Conventional Facility B Available Commitment.

Conventional Facility B Commitment means:

- (a) in relation to an Original Lender, the USD denominated amount set opposite its name in Part 1 of Schedule 1 (The Original Lenders) under the heading "Conventional Facility B Commitments" and the amount of any other Conventional Facility B Commitment transferred or assigned to it under this Agreement; and
- (b) in relation to any Increase Participating Bank under Conventional Facility B, its Increase Commitment under Conventional Facility B and the amount of any other Conventional Facility B Commitment transferred or assigned to it under this Agreement; and
- (c) for any other Lender, the amount of any Conventional Facility B Commitment transferred or assigned to it under this Agreement,

to the extent not cancelled, transferred or reduced under the Conventional Finance Documents

Conventional Facility B Loan has the meaning given to "Facility B Loan" in the Conventional Facility Agreement.

Conventional Facility B Termination Date has the meaning given to "Facility B Termination Date" in the Conventional Facility Agreement.

Conventional Facility B Utilisation means a utilisation of Conventional Facility B.

Conventional Fee Letter means any fee letter entered into by reference to the Conventional Facility Agreement between one or more Conventional Finance Parties and TSMHL setting out the amount of certain fees referred to in the Conventional Facility Agreement or this Agreement.

Conventional Finance Document means:

- (a) this Agreement;
- (b) the Conventional Facility Agreement;
- (c) the Common Security Documents;
- (d) a Conventional Fee Letter;
- (e) a Transfer Certificate relating to a Conventional Facility;
- (f) an Assignment Agreement relating to a Conventional Facility;
- (g) an Increase Participating Bank Accession Agreement relating to a Conventional Facility; or
- (h) any other document designated as such by the Conventional Facility Agent.



Conventional Finance Party means the Conventional Facility Agent, a Conventional Facility Arranger or a Lender.

Cost Price has the meaning given to that term in the Murabaha Agreement.

Current Assets has the meaning given to it in Clause 15 (Financial Covenants).

Current Liabilities has the meaning given to it in Clause 15 (Financial Covenants).

Debt Transfer Transaction means, in relation to a person, a transaction where such person:

- (a) acquires by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

all or part of any Commitment or amount outstanding under this Agreement.

Default means an Event of Default or any event or circumstance specified in Clause 18 (Events of Default) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

Defaulting Participating Bank means any Participating Bank:

- (a) which has failed to make its participation in a Loan available or has notified the Conventional Facility Agent that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 4.3 (Participant Banks' participation);
- (b) which has failed to make its Contribution available or has notified the Investment Agent that it will not make its Contribution available by the relevant Transaction Date in accordance with the Investment Agency Agreement;
- (c) which has otherwise rescinded or repudiated a Finance Document; or
- (d) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by administrative or technical error and payment is made within five Business Days of its due date;
- (ii) a Disruption Event has occurred; or
- (iii) the Participating Bank is disputing in good faith whether it is contractually obliged to make the payment in question.

Deferred Payment Date has the meaning given to that term in the Murabaha Agreement.

Deferred Sale Price has the meaning give to that term in the Murabaha Agreement.



Designated Person means a person or entity:

- (a) listed in the annex to, or otherwise targeted by the provisions of, the Executive Order;
- (b) named as a “Specially Designated National and Blocked Person” on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list; or
- (c) to the best of any Obligor’s knowledge, with which any Finance Party is prohibited from dealing or otherwise engaging in any transaction by any Economic Sanctions Laws.

Disruption Event means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
 - (i) from performing its payment obligations under the Finance Documents; or
 - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

Distribution Date means a Utilisation Date or a Transaction Date.

E&S Consultant means The ERM Group Inc., ENVIRON UK Ltd, URS Corporation (or any of their respective Affiliates) or an independent internationally recognised firm of environmental and social consultants acceptable to the Majority Participating Banks.

E&S Review means any environmental and social review to be prepared by the E&S Consultant with a scope satisfactory to the Majority Participating Banks.

E&S VSAP Consultant means Ernst & Young, KPMG, SGS United Kingdom Ltd. (or any of their respective Affiliates) or an independent internationally recognised firm of consultants acceptable to the Majority Participating Banks.

Early Payment means:

- (a) in respect of the Conventional Facility, the prepayment of a Loan; or
- (b) in respect of an Islamic Facility, the prepayment of the Cost Price element of the Deferred Sale Price under a Purchase Contract.

EBITDA has the meaning given to it in Clause 15 (Financial Covenants).



20018GsPnWJqW8wgJ

Economic Sanctions Laws means the Executive Order, the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 *et seq.*), the Trading with the Enemy Act (50 U.S.C. App. §§ 1 *et seq.*), any other law or regulation promulgated thereunder from time to time and administered by OFAC and any similar law enacted in the US after the date of this Agreement.

Environment means living organisms including the ecological systems of which they form part and the following media:

- (a) air (including air within natural or man-made structures, whether above or below ground);
- (b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including land under water).

Environmental Claim means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law or applicable International Standards.

Environmental Law means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

Environmental Licence means any Authorisation required at any time under Environmental Law.

Environmental or Social Incident means any incident or accident which results in a material adverse impact (as determined by the Majority Participating Banks) on the Environment, communities or workers.

Event of Default means any event or circumstance specified as such in Clause 18 (Events of Default).

Excluded Indebtedness means any Financial Indebtedness incurred to finance or refinance the ownership, acquisition (other than by means of the acquisition of or subscription for any share in a Key Subsidiary or an Obligor), development and/or operation of projects, assets or installations (including, without limitation, (1) the discovery, mining, extraction, transportation or development, construction (in each case whether directly or indirectly) of metals or minerals and oil or gas exploration and/or production, or (2) the development or operation of processing facilities in respect of energy (in each case whether directly or indirectly) related to natural resources including, without limitation, metals smelting, processing and refining and (3) the development, construction or operation of infrastructure) (the **Relevant Property**) in respect of which the person or persons (in this definition the **Creditor**) to whom any such Financial Indebtedness is or may be owed by the relevant obligor (whether or not a member of the Group but which must not be the Company, TSEHL or TSMHL) has or have no recourse whatsoever to any member of the Group for the repayment of all or any portion of such indebtedness other than:



- (a) recourse to such obligor for amounts limited to the present and future cash flow or net cash flow from the Relevant Property;
- (b) recourse to such obligor generally or to the Relevant Property or to the proceeds of enforcement of any Security given by such obligor over the Relevant Property or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in such obligor over its shares or the like in the capital of such obligor) to secure such Financial Indebtedness;
- (c) recourse to such obligor generally, or directly or indirectly to a member of the Group, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation (not being a payment obligation or an obligation to procure payment by another person or an indemnity in respect thereof or an obligation to comply or to procure compliance by another person with any financial ratios or other tests of financial condition) by the person against whom such recourse is available; and
- (d) recourse to any other member of the Group (other than TSMHL or TSEHL) by way of guarantee of such Financial Indebtedness (but not benefitting from any Security or Quasi Security) from that other member of the Group.

Executive Order means the US Executive Order No. 13224 on Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism.

Existing Facility Agreement means the US\$1,200,000,000 Facility Agreement dated 15 May 2013, between among others, TSMHL and Standard Chartered Bank as agent.

Existing Facility Finance Documents means the Finance Documents under and as defined in the Existing Facility Agreement.

Facility means a Conventional Facility or an Islamic Facility.

Facility Agreement means:

- (a) the Conventional Facility Agreement; or
- (b) together, the Murabaha Agreement and the Investment Agency Agreement.

Facility Debt means all present and future moneys, debts and liabilities due, owing or incurred by the Obligors to any Finance Party (in each case, in its capacity as a Finance Party) under or in connection with any Finance Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

Facility Discharge Date means the date on which the Global Facility Agent notifies the Security Agent that it is satisfied that all Facility Debt have been fully and irrevocably paid or discharged and all commitments of the Finance Parties in respect of the Facility Debt have expired or been cancelled.

Facility Office means the office or offices notified by a Participating Bank to the Global Facility Agent in writing on or before the date it becomes a Participating Bank (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.



Facility Representative means:

- (a) in respect of a Conventional Facility, the Conventional Facility Agent; and
- (b) in respect of an Islamic Facility, the Investment Agent.

FATCA means:

- (a) sections 1471 to 1474 of the Code, any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; and
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the government of the US or any governmental or taxation authority in any other jurisdiction.

FATCA Application Date means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of a change in FATCA after the date of this Agreement.

FATCA Deduction means a deduction or withholding from a payment under a Finance Document required by FATCA.

FATCA Exempt Party means a Party that is entitled to receive payments free from any FATCA Deduction.

Fee Letter means any letter or letters entered into by reference to this Agreement between one or more Administrative Parties and TSMHL setting out the amount of certain fees referred to in this Agreement, including but not limited to a Conventional Fee Letter and an Islamic Facility Fee Letter.

Final Discharge Date means the latest of the Facility Discharge Date and the Hedging Debt Discharge Date.

Final Maturity Date means:

- (a) a Conventional Facility A Termination Date;



20018GsPnWJqg7i6}

- (b) a Conventional Facility B Termination Date;
- (c) an Islamic Facility A Final Maturity Date; or
- (d) an Islamic Facility B Final Maturity Date.

Finance Document means:

- (a) this Agreement;
- (b) a Fee Letter;
- (c) any Accession Letter;
- (d) the Mandate Letter;
- (e) any Common Security Document;
- (f) any Increase Participating Bank Accession Agreement;
- (g) any Syndication Agreement;
- (h) any Transfer Certificate; (i) any Assignment Agreement;
- (j) the Intercreditor Agreement;
- (k) a Conventional Finance Document;
- (l) an Islamic Finance Document; or
- (m) any other document designated as a “Finance Document” by the Global Facility Agent and TSMHL.

Finance Party means:

- (a) a Conventional Finance Party;
- (b) an Islamic Finance Party; or
- (c) the Global Facility Agent.

Financial Indebtedness means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised under any Shariah financing arrangement;
- (c) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;



20018GsPnWJqzKe62

- (d) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement, including any Islamic financing document) having the commercial effect of a borrowing;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (i) shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject to a put option or other form of guarantee where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any Financial Indebtedness;
- (j) any obligation under any put option in respect of any shares or instruments convertible into shares or any form of guarantee or indemnity in respect of any put option where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any Financial Indebtedness;
- (k) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (l) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (k) above.

GAAP means:

- (a) in relation to the consolidated financial statements of the Group, generally accepted accounting principles, standards and practices in the United Kingdom, including IFRS; and
- (b) in relation to any member of the Group, generally accepted accounting principles, standards and practices in its jurisdiction of incorporation, including IFRS.

Governmental Agency means any government or any governmental agency, semi-governmental or judicial or quasi-judicial or administrative entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under any law or regulation).

Group means the Company and its Subsidiaries from time to time.

Group Structure Chart means the group structure chart in the Agreed Form.

Guarantor means each of the Company and TSEHL.



20018GsPnWJq%hR6

Hazardous Substance means any waste, pollutant, emission, contaminant or other substance (including any liquid, solid, gas, ion, living organism or noise) that may be harmful to human health or other life or the Environment or a nuisance to any person or that may make the use or ownership of any affected land or property more costly.

Hedging Bank means any party which has become a Hedging Bank in accordance with Clause 21 (Accession of and Changes to the Hedging Banks) and a Hedge Counterparty (as defined in the Intercreditor Agreement) in accordance with the Intercreditor Agreement and which has not ceased to be a Hedging Bank and a Hedge Counterparty in accordance with this Agreement and the Intercreditor Agreement respectively.

Hedging Debt means all present and future moneys, debts and liabilities due, owing or incurred from time to time by any Obligor to any Hedging Bank under or in connection with any Hedging Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

Hedging Debt Discharge Date means the date on which each Hedging Bank has notified the Common Security Agent that it is satisfied that all Hedging Debt owed to it has been fully and irrevocably paid or discharged and no further Hedging Debt can arise pursuant to the Hedging Documents to which it is party.

Hedging Documents means the documents entered into or to be entered into between TSMHL (as hedging counterparty) and a Hedging Bank and, as the case may be, the Company and/or TSEHL as guarantor, for the sole purpose of implementing the hedging of the interest, profit and/or currency rate exposure of TSMHL under the Finance Documents and/or, to the extent contemplated in Clause 16.11 (No other business), currency exposure of TSMHL (each, a **Hedging Document**).

Hedging Document Security Assignment means each security assignment by TSMHL of its rights under any Hedging Document entered into by it with a Hedging Bank.

Hedging Transaction means any currency, commodity or interest rate purchase, cap or collar agreement, forward rate agreement, future or option contract, swap or other similar agreement.

High Income OECD Countries means those countries (classified as Category 1 countries by the OECD) whose per capital gross national income has been for at least two consecutive years above the threshold for high income countries, the membership as published annually by the OECD.

Hindustan Zinc means Hindustan Zinc Ltd, a company incorporated under the laws of India whose registered office is at Yashad Bhawan, Udaipur – 313004, Rajasthan, India.

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

Impaired Agent means an Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) it otherwise rescinds or repudiates a Finance Document;



- (c) (if it is also a Participating Bank) it is a Defaulting Participating Bank under paragraph (a) or (b) of the definition of **Defaulting Participating Bank**; or
- (d) an Insolvency Event has occurred and is continuing with respect to it; unless, in the case of paragraph (a) above:
- (i) its failure to pay is caused by:
- (A) administrative or technical error; or
- (B) a Disruption Event; and
- payment is made within ten Business Days of its due date; or
- (ii) it is disputing in good faith whether it is contractually obliged to make the payment in question.

Increase Commitment means in respect of a Facility the amount stated to be the Increase Commitment in respect of that Facility in an Increase Participating Bank Accession Agreement.

Increase Participating Bank means any bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in financings, securities or other financial assets and that has become a Party in accordance with Clause 2.4 (Increase Commitments).

Increase Participating Bank Accession Agreement means an accession agreement, substantially in the form set out in Schedule 9 (Form of Increase Participating Bank Accession Agreement).

India means the Republic of India and its constituent states from time to time and includes where the context so requires, the Government of the Republic of India, the Government of any constituent state thereof and any regulatory agency or authority thereof.

Indirect Tax means any goods and services tax, consumption tax, value added tax or any Tax of a similar nature.

Information Memorandum means the document in the form approved by the Company concerning the Group which, at the Company's request and on its behalf, will be prepared in relation to this transaction and distributed by the Arranger in relation to Syndication.

Insolvency Event in relation to a Finance Party means the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of that Finance Party or all or substantially all of that Finance Party's assets or any analogous procedure or step is taken in any jurisdiction with respect to that Finance Party.

Intercreditor Agreement means the English law governed intercreditor agreement entered into or to be entered into between, among others, the Creditors (as defined therein), the Common Security Agent, TSMHL, the Company and the finance parties under the Existing Facility Agreement relating to, among other things, matters relating to the Common Security Documents.

Interest Expense has the meaning given to it in Clause 15 (Financial Covenants).



Interest Period means each period determined under the Conventional Facility Agreement by reference to which interest on a Loan or an Unpaid Sum is calculated.

International Standards means the international environmental, social and sustainable development standards for the time being (including, without limitation, including the IFC Performance Standards 2012, the IFC General Environmental Health and Safety guidelines and the relevant IFC Industry Sector guidelines.

Interpolated Screen Rate means, in relation to LIBOR for any Loan or Purchase Contract, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period or Transaction Period of that Loan or Purchase Contract (as applicable); and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan or the Transaction Period of that Purchase Contract (as applicable),

each as of the Specified Time on the Quotation Day for Dollars.

Investment Agency Agreement means the investment agency agreement dated on or about the date of this Agreement between TSMHL, the Investment Agent and the Participants.

ISDA Master Agreement means the 2002 Master Agreement, in each case as published by the International Swaps and Derivatives Association, Inc.

Islamic Available Commitment means:

- (a) an Islamic Facility A Available Commitment; or
- (b) an Islamic Facility B Available Commitment.

Islamic Available Facility means:

- (a) the Islamic Facility A Available Facility; or
- (b) the Islamic Facility B Available Facility.

Islamic Commitment means:

- (a) an Islamic Facility A Commitment; or
- (b) an Islamic Facility B Commitment.

Islamic Facility means:

- (a) Islamic Facility A; or
- (b) Islamic Facility B.

Islamic Facility A has the meaning given to the term "Facility A" in the Murabaha Agreement.



Islamic Facility A Available Commitment means a Participant's Islamic Facility A Commitment less:

- (a) the amount of its outstanding Participation under Islamic Facility A; and
- (b) in relation to any proposed Utilisation of Islamic Facility A, the amount of its Contributions under Islamic Facility A that are due to be made on or before the proposed Transaction Date (but not including its share of the Purchase Price element of any Deferred Sale Price under Islamic Facility A due to be paid on or prior to the proposed Transaction Date of the proposed Utilisation).

Islamic Facility A Available Facility means the aggregate for the time being of each Participant's Islamic Facility A Available Commitment.

Islamic Facility A Commitment means:

- (a) in relation to an Original Participant, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading "Islamic Facility A Commitments" and the amount of any other Islamic Facility A Commitment transferred or assigned to it under this Agreement; and
- (b) in relation to any Increase Participating Bank under Islamic Facility A, its Increase Commitment under Islamic Facility A and the amount of any other Islamic Facility A Commitment transferred or assigned to it under this Agreement; and
- (c) in relation to any other Participant, the amount of any Islamic Facility A Commitment transferred or assigned to it under this Agreement,

to the extent not cancelled, transferred or reduced under the Islamic Finance Documents.

Islamic Facility A Participation means a Participation entered into or to be entered into under Islamic Facility A or the principal amount outstanding of that Participation.

Islamic Facility A Purchase Contract has the meaning given to the term "Facility A Purchase Contract" in the Murabaha Agreement.

Islamic Facility B has the meaning given to the term "Facility B" in the Murabaha Agreement.

Islamic Facility B Available Commitment means a Participant's Islamic Facility B Commitment less:

- (a) the amount of its outstanding Participation under Islamic Facility B; and
- (b) in relation to any proposed Utilisation of Islamic Facility B, the amount of its Contributions under Islamic Facility B that are due to be made on or before the proposed Transaction Date (but not including its share of the Purchase Price element of any Deferred Sale Price under Islamic Facility B due to be paid on or prior to the proposed Transaction Date of the proposed Utilisation).

Islamic Facility B Available Facility means the aggregate for the time being of each Participant's Islamic Facility B Available Commitment.

Islamic Facility B Commitment means:



- (a) In relation to an Original Participant, the amount set opposite its name in Part 2 of Schedule 1 (Original Parties) under the heading “Islamic Facility B Commitments” and the amount of any other Islamic Facility B Commitment transferred or assigned to it under this Agreement;
- (b) in relation to any Increase Participating Bank under Islamic Facility B, its Increase Commitment under Islamic Facility B and the amount of any other Islamic Facility B Commitment transferred or assigned to it under this Agreement; and
- (c) for any other Participant, the amount of any Islamic Facility B Commitment transferred or assigned to it under this Agreement,

to the extent not cancelled, transferred or reduced under the Islamic Finance Documents.

Islamic Facility B Final Maturity Date has the meaning given to the term “Facility B Final Maturity Date” in the Murabaha Agreement.

Islamic Facility B Participation means a Participation entered into or to be entered into under Islamic B Facility or the principal amount outstanding of that Participation.

Islamic Facility B Purchase Contract has the meaning given to the term “Facility B Purchase Contract” in the Murabaha Agreement.

Islamic Facility Fee Letter means any fee letter entered into by reference to the Islamic Finance Documents between one or more Islamic Finance Parties and TSMHL setting out the amount of certain fees referred to in the Islamic Finance Documents.

Islamic Finance Document means:

- (a) this Agreement;
- (b) the Investment Agency Agreement;
- (c) the Murabaha Agreement;
- (d) the documents evidencing each Purchase Contract;
- (e) each Common Security Document;
- (f) any Transfer Certificate relating to the Islamic Facility;
- (g) any Assignment Agreement relating to the Islamic Facility;
- (h) any Islamic Facility Fee Letter;
- (i) the Broker Documents;
- (j) an Increase Participating Bank Accession Agreement relating to an Islamic Facility; or
- (k) any other document designated as such by the Investment Agent and TSMHL.

Islamic Finance Party means the Investment Agent, an Islamic Facility Arranger or a Participant.



Islamic Participation means, in respect of a Participant at any time, its Pro Rata Share (as defined under the Investment Agency Agreement and expressed as a percentage) of the Participations Outstanding.

Joint Venture means any joint venture entity, whether a company, unincorporated firm, undertaking, joint venture, association, partnership or any other entity.

Key Holdco means, at any time, a member of the Group which is then a Key Subsidiary by operation of paragraph (d) of the definition of that term below.

Key Subsidiary means:

- (a) subject to paragraphs (b) and (c) below, at any time, each Material Subsidiary;
- (b) in the event that any entity described in paragraph (a) undergoes any Merger (excluding a demerger) permitted by the terms of this Agreement, the resulting merged entity;
- (c) in the event that any entity described in paragraph (a) or (b) above undergoes a demerger, the resulting entity of the demerger which has the greatest total assets as at the date of completion of that demerger and each other resulting entity which, based on the total assets or gross revenues (consolidated in respect of any Subsidiaries of that resulting entity) attributable to the assets and business of that resulting entity acquired as part of that demerger, would have constituted a Material Subsidiary (for the purposes of paragraph (b) of the definition of Material Subsidiary) had that resulting entity been a member of the Group with those total assets or gross revenues as at the date of the then latest audited consolidated financial statements of the Company prior to such demerger or, as applicable, for the financial year ending on that date; and
- (d) each intermediate holding company interposed between any relevant company described in paragraph (a), (b) or (c) above and the Company at that time (and for this purpose **holding company** means any member of the Group which holds shares either directly or indirectly in a Key Subsidiary).

Konkola Copper means Konkola Copper Mines Plc, a company incorporated under the laws of Zambia whose registered address is: Private Bag KCM (c) 2000, Stand M/1408, Fern Avenue, Chingola, Zambia.

KS Financial Indebtedness means Financial Indebtedness owed or incurred by a Key Holdco which is:

- (a) owed to person(s) who are not members of the Group (whether or not also owed to a member of the Group); or
- (b) owed solely to person(s) who are members of the Group to the extent that any such member of the Group (a **relevant Group member**) has itself (either directly or through one or more other Group members) raised or incurred Financial Indebtedness from or in favour of person(s) who are not members of the Group (whether or not also owed to a member of the Group) the proceeds of which (or an amount equivalent to the same) have been used to fund that Key Holdco with the result that the relevant Group member is a creditor of that Key Holdco in respect of Financial Indebtedness.

Late Payment Amount has the meaning given to it in the Murabaha Agreement.



Legal Reservations means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under the Limitation Acts;
- (c) similar principles, rights and defences as those set out in paragraphs (a) and (b) above under the laws of its jurisdiction of incorporation; and
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinions delivered to the Global Facility Agent pursuant to Clause 3.1 (Initial conditions precedent).

Lender means:

- (a) an Original Lender;
- (b) any person which becomes a party to the Conventional Facility Agreement and to this Agreement as a Lender in accordance with Clause 2.4 (Increase Commitments); or
- (c) any person which becomes a party to the Conventional Facility Agreement and to this Agreement as a Lender in accordance with Clause 19 (Changes to the Participating Banks),

which, in each case, has not ceased to be a party to the Conventional Facility Agreement and this Agreement.

Liabilities means all present and future moneys, debts and liabilities due, owing or incurred by the Obligors to any Finance Party (in each case, in its capacity as a Finance Party) under or in connection with any Finance Document (in each case, whether alone or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

LIBOR means, in relation to any Loan or Purchase Contract:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the Interest Period of that Loan or for the Transaction Period of that Purchase Contract (as applicable)) the Interpolated Screen Rate for that Loan or Purchase Contract; or
- (c) if:
 - (i) no Screen Rate is available for Dollars; or
 - (ii) no Screen Rate is available for the Interest Period of that Loan or for the Transaction Period of that Purchase Contract (as applicable) and it is not possible to calculate an Interpolated Screen Rate for that Loan or Purchase Contract,

the Reference Bank Rate,

as of in the case of paragraph (a) and (c) above, the Specified Time on the Quotation Day for Dollars and for a period equal in length to the Interest Period or Transaction Period of the relevant Loan or Purchase Contract (as applicable) and, if any such rate is below zero, LIBOR will be deemed to be zero.



Limitation Acts means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

LMA means the Loan Market Association.

Loan means

- (a) a Conventional Facility A Loan; or
- (b) a Conventional Facility B Loan.

London Business Day means a day (other than a Saturday or Sunday) on which deposits may be dealt in on the London interbank market and banks are open for general business in London.

Majority Creditors means the Majority Participating Banks and for this purpose only:

- (d) any Hedging Bank party to a hedging transaction under any Hedging Document that has, as of the date a determination of the Majority Creditors is made, not been terminated or closed out, shall be deemed to be a Participating Bank and the participation of each such Hedging Bank in the Loans or Purchase Contracts then outstanding shall be deemed to be the amount equal to the amount, if any, which would be payable to that Hedging Bank pursuant to the terms of the Hedging Documents to which it is party, if the date on which the determination is made were deemed to be an Early Termination Date (as defined in the relevant ISDA Master Agreement) for which an Obligor is the Defaulting Party (as defined in the relevant ISDA Master Agreement); and
- (e) in relation to any Hedging Bank party to a hedging transaction under any Hedging Document that has, as of the date the calculation is made, been terminated or closed out, shall be deemed to be a Participating Bank and the participation of each such Hedging Bank in the Loans or Purchase Contracts then outstanding shall be deemed to be an amount equal to the amount, if any, remaining payable to that Hedging Bank (excluding any amount of interest incurred on such amount) pursuant to the terms of the Hedging Documents to which it is party in respect of any termination or close out of that hedging which has occurred on or prior to the date of the relevant determination of the Majority Creditors,

and the amount of all the Loans and Purchase Contracts then outstanding shall be deemed to be increased by an amount equal to the aggregate amount of all the sums payable to each Hedging Bank described in paragraph (a) or (b) above.

Majority Lenders means in respect of the Conventional Facilities:

- (a) if there is no Loan then outstanding under a Conventional Facility, a Lender or Lenders whose Conventional Commitments aggregate more than 66 2/3% of the Total Conventional Commitments (or, if the Total Conventional Commitments have been reduced to zero, aggregated more than 66 2/3% of the Total Conventional Commitments immediately prior to the reduction); or
- (b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 66 2/3% of all the Loans then outstanding under the Conventional Facilities.



Majority Participants means in respect of the Islamic Facilities:

- (a) if there is no Purchase Contract then outstanding, a Participant or Participants whose Islamic Commitments aggregate more than 66 2/3% of the Total Islamic Commitments (or if the Total Islamic Commitments have been reduced to zero, aggregated more than 66 2/3% of the Total Islamic Commitments immediately prior to the reduction); or
- (b) at any other time a Participant or Participants whose participations in the Purchase Contracts then outstanding aggregate more than 66 2/3% of all the Purchase Contracts then outstanding.

Majority Participating Banks means:

- (a) if there is no Loan or Purchase Contract then outstanding, a Participating Bank or Participating Banks whose Commitments aggregate more than 66 2/3% of the Total Commitments (or if the Commitments have been reduced to zero aggregated more than 66 2/3% of the Total Commitments immediately prior to the reduction); or
- (b) at any other time a Participating Bank or Participating Banks whose participation in the Loans and Purchase Contracts then outstanding aggregates 66 2/3% of all the Loans and Purchase Contracts then outstanding.

Mandate Letter means the letter dated 7 May 2014 between the Arranger and the Company in respect of the Facilities as amended from time to time.

Margin means:

- (a) 2.75% per annum in respect of a Conventional Facility A Loan or an Islamic Facility A Purchase Contract; and
- (b) 3.40% per annum in respect of a Conventional Facility B Loan or an Islamic Facility B Purchase Contract.

Material Adverse Effect means a material adverse effect on or a material adverse change in:

- (a) the condition (financial or otherwise), operations, assets or business of the Obligor or the Group, in each case taken as a whole;
- (b) the ability of the Obligor (taken as a whole) to perform their obligations under the Finance Documents;
- (c) the validity or enforceability of any Secured Debt Document including the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any Secured Debt Document against any Obligor; or
- (d) the validity, legality or enforceability of any Security expressed to be created pursuant to any Common Security Document or on the priority and ranking of any of that Security.

Material Subsidiary means each of:

- (a) at all times:
 - (i) Cairn India;



20018GsPnWJr561gy

- (ii) Konkola Copper;
 - (iii) Sesa Sterlite;
 - (iv) Hindustan Zinc;
 - (v) TSEHL;
 - (vi) TSMHL; and
 - (vii) VRHL;
- (b) at any particular time, any Subsidiary of the Company whose:
- (i) total assets; or
 - (ii) gross revenues,
- (in each case (A) attributable to the Company; and (B) on an unconsolidated basis) are equal to or greater than 10% of the consolidated total assets or consolidated gross revenues, as the case may be, of the Company, in each case as calculated by reference to the then latest audited consolidated or, as the case may be, unconsolidated financial statements of the relevant Subsidiary or Subsidiaries and the then latest audited consolidated financial statements of the Company;
- (c) any Subsidiary of the Company to whom is transferred all or substantially all of the business, assets and undertaking of a Subsidiary of the Company which immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary of the Company shall immediately cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary; and
- (d) any Key Holdco which is a debtor in respect of KS Financial Indebtedness incurred or guaranteed by it.

Without prejudice to the last two paragraphs of this definition, a report signed by:

- (i) one director or the chief financial officer of the Company; and
- (ii) one authorised signatory of the Company (authorised by the resolution provided pursuant to Clause 3.1 (Initial conditions precedent)),

and certified by an independent chartered accountant that in their opinion a Subsidiary of the Company is or is not, or was or was not, at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Finance Parties.

For the purposes of this definition, if a Subsidiary is acquired (directly or indirectly) by the Company after the end of the financial period to which the latest audited consolidated financial statements of the Company relate, those financial statements shall be adjusted as if that Subsidiary had been shown in them by reference to its then latest audited financial statements until audited consolidated financial statements of the Company for the financial period in which the acquisition is made have been prepared.



Notwithstanding the above (and whether or not so certified in the last delivered report contemplated above) any member of the Group which at any time is both (i) a Key Holdco and (ii) is a debtor in respect of KS Financial Indebtedness incurred or guaranteed by it shall be a Material Subsidiary at that time.

Merger means, in relation to any entity, an amalgamation, demerger, merger or corporate reconstruction involving such entity.

Minimum Cairn Shareholding means 31.29% of total Cairn India Shares as that percentage may be adjusted from time to time in accordance with Clause 14.9 (Adjustment Events).

Month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) subject to paragraph (c) below, if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period or Transaction Period begins on the last Business Day of a calendar month and, consistent with the terms of this Agreement, that Interest Period or Transaction Period is to be of a duration equal to a whole number of Months, that Interest Period or Transaction Period shall end on the last Business Day in the calendar month in which that Interest Period or Transaction Period is to end.

The above rules will only apply to the last Month of any period.

Moody's means Moody's Investors Service, Inc.

Murabaha Agreement means the master murabaha agreement dated on or about the date of this Agreement between TSMHL and the Investment Agent.

Net Current Assets has the meaning given to it in Clause 15 (Financial Covenants).

Net Fixed Assets has the meaning given to it in Clause 15 (Financial Covenants).

Netting Letter has the meaning given to it in the Murabaha Agreement.

Obligor means each of TSMHL and each Guarantor.

OFAC means the Office of Foreign Assets Control of the US Department of the Treasury (or any successor thereto).

Original Financial Statements means:

- (a) the audited consolidated and non-consolidated financial statements of the Company for the financial year ended 31 March 2014; and
- (b) the audited non-consolidated financial statements of each of TSEHL and TSMHL for the financial year ended 31 March 2014.



Original Lender means an entity listed in Part 1 of Schedule 1 (Original Parties) as having a Commitment.

Original Participant means an entity listed in Part 2 of Schedule 1 (Original Parties) as having a Commitment.

Original Participating Bank means:

- (a) an Original Lender; or
- (b) an Original Participant.

Participant means:

- (a) an Original Participant;
- (b) a person which becomes a party to the Investment Agency Agreement and this Agreement as a Participant in accordance with Clause 2.4 (Increase Commitments); or
- (c) a person which becomes a party to the Investment Agency Agreement and this Agreement as a Participant in accordance with Clause 19 (Changes to the Participating Banks),

which, in each case, has not ceased to be a party to the Investment Agency Agreement and this Agreement.

Participating Bank means a Lender or a Participant.

Participation means the Cost Price element of a Purchase Contract under the Islamic Facility.

Participations Outstanding means the aggregate of the Cost Price outstanding under any Purchase Contract entered into in respect of the Islamic Facility.

Party means a party to this Agreement.

Perfection Requirements means the making of the appropriate registrations, filings or notifications of the Common Security Documents as specifically contemplated by any legal opinion delivered pursuant to Clause 3.1 (Initial conditions precedent).

Permitted Cairn Disposal means either:

- (a) a disposal of Cairn India Shares by TSMHL, where following that disposal, TSMHL holds at least the Minimum Cairn Shareholding; or
- (b) a disposal of Cairn India Shares by TSMHL where, following that disposal, TSMHL holds less than the Minimum Cairn Shareholding (a **Relevant Disposal**) provided that:
 - (i) on the date of the Relevant Disposal (the **Disposal Date**), the Cairn India Share Value (before taking into account the Relevant Disposal) is greater than or equal to 1.2 times of the aggregate of the Common Secured Debt (calculated in US Dollars in the manner as set out in the Intercreditor Agreement) outstanding on the Disposal Date;



20018GsPnWJr8!cgl

- (ii) on the Disposal Date, the Cairn India Share Value (but after taking into account the Relevant Disposal) is greater than 1.2 times of the aggregate of the Common Secured Debt (reduced by the amount of principal of the Common Secured Debt which is required to be repaid from the proceeds of the Relevant Disposal, and in each case the Common Secured Debt being calculated in US Dollars in the manner as set out in the Intercreditor Agreement);
- (iii) the Company has submitted to the Global Facility Agent, a Permitted Cairn Disposal Certificate on the date that is no later than three days after the Disposal Date evidencing that the Permitted Cairn Disposal Test has been satisfied on the Disposal Date; and
- (iv) no Event of Default is continuing or will occur as a result of the Relevant Disposal.

Permitted Cairn Disposal Certificate means a certificate, substantially in the form set out in Schedule 10 (Form of Permitted Cairn Disposal Certificate) signed by two authorised signatories of the Company.

Permitted Cairn Disposal Test means the conditions described in paragraph (b) of the definition of Permitted Cairn Disposal appearing in Clause 1.1 (Definitions) of this Agreement.

Permitted Hedging Transaction means any Hedging Transaction entered into by a member of the Group in the ordinary course of trading to hedge its actual or projected exposures (including, without limitation, exchange rates, interest rates and commodity prices) arising in the ordinary course of operations and not for speculative purposes.

Permitted Merger means any Merger entered into or undertaken solely between members of the Group which are not Obligors.

Proceeds Account means the US Dollar denominated current account with number 01/201/11570/08 in the name of TSMHL held with the Account Bank (or any other account being a renewal, re-designation or replacement of that account as the Account Bank may, from time to time, specify by notice in writing to TSMHL and the Common Security Agent and any associated fixed term deposit).

Profit Amount has the meaning given to it in the Murabaha Agreement.

Promoter means Anil Kumar Agarwal an India national with passport number G3965804 as at the date of this Agreement or any member of his family and any investment holding company or trust directly or indirectly controlled by any of them.

Purchase Contract has the meaning given to it in the Murabaha Agreement.

Quasi Security means a transaction or arrangement under which any member of the Group will:

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any other member of the Group;
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
- (c) enter into any title retention agreement;



- (d) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts;
- (e) enter into any third party escrow or custody arrangements, blocking instructions, powers of attorney for sale or any non-disposal arrangements having a similar effect; or
- (f) enter into any other preferential arrangement having a similar effect or characteristics,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising or assuring the payment or repayment of Financial Indebtedness or of financing the acquisition of an asset.

Quotation Day means, in relation to any period for which an interest rate or Profit Amount is to be determined, two London Business Days before the first day of that period unless market practice differs in the London interbank market, in which case the Quotation Day will be determined by the Global Facility Agent in accordance with market practice in the London interbank market (and if quotations for that currency and period would normally be given by leading banks in the London interbank market on more than one day, the Quotation Day will be the last of those days).

RBI means the Reserve Bank of India established under the Reserve Bank of India Act, 1934 of India.

Reference Bank Rate means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Global Facility Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could raise funds in the London interbank market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

Reference Banks means, in relation to LIBOR, the principal London offices of Standard Chartered Bank or such other banks as may be appointed by the Global Facility Agent in consultation with the Company.

Related Fund in relation to a fund (the **first fund**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

Relevant Date has the meaning given to it in Clause 15 (Financial Covenants).

Relevant Debt means any present or future indebtedness of the Company or any other Material Subsidiary in the form of, or represented by, bonds, notes, debentures loan stock or other securities which are for the time being, or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market having an original maturity of more than one year from its date of issue and denominated, payable or optionally payable in a currency other than Rupees or which are denominated in Rupees and more than 50% of the aggregate principal amount of which is initially distributed outside India by or with the authority of the Company and other than Excluded Indebtedness.

Relevant Period has the meaning given to it in Clause 15 (Financial Covenants).

Relevant Timeline in respect of in relation to or pursuant to the URS Scott Wilson Audit or a VSAP Audit means:



- (a) an Agreed Timeline; or
- (b) (if the Company (acting reasonably) has requested for an extension of the Agreed Timeline referred to in paragraph (a) above on the basis of any good or proper reason) such other extended Agreed Timeline determined by Majority Participating Banks.

Repayment Date has the meaning given to it in the Conventional Facility Agreement.

Repayment Instalment has the meaning given to it in the Conventional Facility Agreement.

Repeating Representations means each of the representations set out in Clauses 13.1 (Status) to 13.4 (Power and authority), Clause 13.6 (Governing law and enforcement), Clause 13.9 (No default), Clause 13.12 (Pari passu ranking), Clause 13.13 (No proceedings pending or threatened), Clause 13.15 (Title), paragraphs (a), (b) and (once the TSMHL Share Pledge has been executed) (d) of Clause 13.20 (Shares), Clause 13.23 (Sanctions) and Clause 13.24 (Anti-Terrorism Laws).

Replacement Purchase Contract has the meaning given to it in the Murabaha Agreement.

Representative means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

Request means:

- (a) a Utilisation Request; or
- (b) a Transaction Request.

Required Proceeds has the meaning given to it in Clause 5.3 (Mandatory prepayment).

Restricted Party means a person that is:

- (a) listed on, or owned or controlled by a person listed on, or acting on behalf of a person listed on, any Sanctions List;
- (b) located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organized under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions; or
- (c) otherwise a target of Sanctions (“target of Sanctions” signifying a person with whom a US person or other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities).

Rupees or **INR** means the lawful currency of India.

S&P means Standard & Poor’s Ratings Group.

Sanctions means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by:

- (a) the US government;
- (b) the United Nations;



- (c) the European Union;
- (d) the United Kingdom; or
- (e) the respective Governmental Agencies of any of the foregoing, including, without limitation, OFAC, the US Department of State and Her Majesty's Treasury (**HMT**),
(together, the **Sanctions Authorities**).

Sanctions List means the "Specially Designated Nationals and Blocked Persons" list maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by HMT, or any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

Scott Wilson Report means the report entitled "Vedanta Resources PLC and Lanjigarh Refinery: Independent Review of Sustainability Policies and Practices" dated November 2010 as subsequently updated from time to time.

Screen Rate means in relation to LIBOR, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on the appropriate page of the Reuters screen (or any replacement Reuters page which displays that rate) or, on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Global Facility Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Participating Banks.

Secured Creditor has the meaning given to it in the Intercreditor Agreement.

Secured Debt Document means a Finance Document or a Hedging Document.

Secured Party means the Account Bank, a Finance Party or a Hedging Bank.

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Selection Notice has the meaning given to it in the Conventional Facility Agreement.

Sesa Sterlite means Sesa Sterlite Ltd., a company registered under the laws of India with its registered address at PO Box 125, Sesa Ghor, 20 EDC Complex, Patto, Panaji, Goa – 403001, India.

Shariah means the rules, principles and parameters of Islamic law.

Shariah Supervisory Committee means such Shariah supervisory board or committee as may be nominated by the Investment Agent.

Specified Time means:

- (a) in respect of the Conventional Facility Agreement, a time determined in accordance with schedule 2 (Time Tables) of the Conventional Facility Agreement; and
- (b) in respect of the Murabaha Agreement, a time determined in accordance with schedule 4 (Timetables) of the Murabaha Agreement.



Subordinated Creditor means each member of the Group which is an original party to, or has acceded to, the Intercreditor Agreement, as a subordinated creditor in accordance with the provisions as set out therein.

Subordinated Debt means all present and future moneys, debts and liabilities due, owing or incurred from time to time by TSMHL or TSEHL to any Subordinated Creditor (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently, and whether as principal, surety or otherwise).

Subordinated Debt Document means any contract evidencing any Subordinated Debt or pursuant to which Subordinated Debt has been raised or incurred.

Subsidiary means in relation to any company, corporation or other legal entity, a company, corporation or other legal entity:

- (a) which is controlled, directly or indirectly, by the first mentioned company, corporation or legal entity (as the case may be);
- (b) more than half the issued share capital or voting rights in respect of more than half the issued share capital of which is or are beneficially owned, directly or indirectly, by the first mentioned company, corporation or other legal entity (as the case may be); or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company, corporation or other legal entity (as the case may be),

and for this purpose, a company, corporation or other legal entity shall be treated as being controlled by another if that other company, corporation or other legal entity is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

Subsidiary Net Borrowings has the meaning given to it in Clause 15 (Financial Covenants).

Successful Syndication has the meaning given to it in the Mandate Letter.

Syndication means sub-underwriting or general syndication of the Facility.

Syndication Agreement means any agreement between, inter alia, the Obligors, certain of the Finance Parties and certain new Participating Banks pursuant to which:

- (a) certain of the Lenders may, inter alia, transfer a portion of their Commitments and/or their participations in the Loans; and/or
- (b) certain of the Participants may, inter alia, transfer a portion of their Participations and/or their Contributions, to new Participating Banks on or prior to the Syndication Date.

Syndication Date means the earlier of:

- (a) the date (as determined by the Arranger and notified to the Company and the Global Facility Agent) on which Successful Syndication has been achieved and the additional syndicate members have become bound by this Agreement; and
- (b) 31 August 2014.



Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Third Parties Act means the Contracts (Rights of Third Parties) Act 1999.

Total Commitments means the aggregate of the Total Conventional Commitments and the Total Islamic Commitments.

Total Conventional Commitments means the aggregate of the Conventional Commitments.

Total Islamic Commitments means the aggregate of the Islamic Commitments.

Total Net Assets has the meaning given to it in Clause 15 (Financial Covenants).

Total Net Borrowings has the meaning given to it in Clause 15 (Financial Covenants).

Trading Day means a day on which the stock exchange operated by BSE Limited and National Stock Exchange of India Limited are both open for business, but does not include a day when, in respect of Cairn India Shares, no last transaction price, closing bid or offer price is/are reported.

Transaction Date has the meaning given to the term "Transaction Date" in the Murabaha Agreement.

Transaction Period has the meaning given to the term "Transaction Period" in the Murabaha Agreement.

Transaction Request has the meaning given to the term "Transaction Request" in the Murabaha Agreement.

Transfer Certificate means a transfer certificate substantially in the form set out in Schedule 3 (Transfer Certificate) hereto or any other form agreed between the Conventional Facility Agent or the Investment Agent (as applicable) and the Company.

Transfer Date means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate (or, as applicable, the relevant Syndication Agreement);
- (b) the date on which the Global Facility Agent executes the relevant Assignment Agreement or Transfer Certificate; and
- (c) the date on which the Common Security Agent executes a Creditor Accession Deed (as defined in the Intercreditor Agreement).

TSEHL Fixed and Floating Charge (TSMHL Shares) means the Mauritian law fixed and floating charge agreement to be entered into by TSEHL in favour of the Common Security Agent in respect of 100% of the issued shares of TSMHL pursuant to Clause 16.26 (Common Security Documents).

TSMHL Floating Charge (Collection Account) means the Mauritian law floating charge agreement in relation to the Collection Account to be entered into by TSMHL in favour of the Common Security Agent pursuant to Clause 16.26 (Common Security Documents).



TSMHL Floating Charge (Proceeds Account) means the Mauritian law floating charge agreement in relation to the Proceeds Account to be entered into by TSMHL in favour of the Common Security Agent pursuant to Clause 16.26 (Common Security Documents).

TSMHL Share Pledge means the pledge agreement entered into or to be entered into by TSEHL in favour of the Common Security Agent in respect of 100% of the issued shares of TSMHL pursuant to Clause 16.26 (Common Security Documents).

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

URS Scott Wilson Audit means a systematic documented and objective evaluation of the Company's and the Group's approach, policies, management systems and processes and management practices in relation to environmental, health and safety and social impacts and risks and sustainable development by an E&S Consultant, including, without limitation, a review as to whether such approach, management systems and processes and management practices are in compliance with applicable International Standards.

US and USA means the United States of America.

US Dollars, Dollars and US\$ means the lawful currency of the USA.

US Tax Obligor means:

- (a) an Obligor which is resident for tax purposes in the US; or
- (b) an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

Utilisation means:

- (a) a utilisation of a Conventional Facility; or
- (b) a sale and purchase of Commodities pursuant to a Purchase Contract.

Utilisation Date means each date on which a Conventional Facility is utilised.

Utilisation Request means a request for a Loan from the Company (as agent for TSMHL) to the Conventional Facility Agent in the form set out in schedule 1 (Requests) to the Conventional Facility Agreement.

Voluntary Early Payment means an Early Payment made voluntarily by TSMHL.

VRHL means Vedanta Resources Holdings Limited, a company registered under the laws of England and Wales with registered number 04761147.

VSAP Audit means a systematic documented and objective evaluation of the Company's Sustainability Assurance Programme conducted by an E&S Consultant.

**1.2 Construction**

- (a) Unless a contrary indication appears, any reference in this Agreement to:
- (i) the **Account Bank**, the **Global Facility Agent**, any **Facility Representative**, the **Arranger**, **TSMHL**, the **Company**, any **Finance Party**, any **Hedging Bank**, any **Lender**, any **Participant**, any **Participating Bank**, any **Obligor**, any **Party**, any **Secured Creditor**, any **Secured Party**, the **Common Security Agent** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) **assets** includes present and future properties, revenues and rights of every description;
 - (iii) a **contract** includes any agreement, deed or other arrangement of any kind whatsoever (whether or not entered into or evidenced in writing);
 - (iv) a **Secured Debt Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended, restated (however fundamentally and whether or not more onerously) or replaced and includes any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under a Finance Document or other agreement or instrument and also includes any waiver or consent granted in respect of any term of any Finance Document or other agreement or instrument;
 - (v) a **guarantee** also includes an indemnity and any other obligation (whatever called) of any person to pay, purchase, provide funds (whether by the advance of money, the purchase of or subscription for shares or other securities, the purchase of assets or services or otherwise) for the payment of, indemnify against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any other person (and **guaranteed** and **guarantor** shall be construed accordingly);
 - (vi) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (vii) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, Joint Venture, consortium or partnership (whether or not having separate legal personality);
 - (viii) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, only if compliance within the same is in accordance with the general practice of persons to whom the regulation is intended to apply) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
 - (ix) **set-off** includes combining accounts and payment netting;
 - (x) **shares** or **share capital** includes equivalent ownership interests and **shareholder** and similar expressions shall be construed accordingly;
 - (xi) a provision of law is a reference to that provision as amended or re-enacted; and
 - (xii) a time of day is a reference to London time.



- (xiii) a **principal amount** means the amount of any relevant Facility Debt which is attributable to, is in the nature of or consists of principal including (without limitation) in the case of the Islamic Facility, the amount of any Cost Price;
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A Default (other than an Event of Default) is **continuing** if it has not been remedied or waived and an Event of Default is “continuing” if it has not been waived.
- (e) A reference to loss, liability, cost or expense to the extent incurred by a Participant or Investment Agent in connection with the Islamic Facility, shall be interpreted as a reference to actual loss, liability, cost or expense, excluding funding costs and opportunity loss.

1.3 Third Party Rights

- (a) Except in the case of (i) the Participants; (ii) the Account Bank; and (ii) the Arrangers; or (iv) as otherwise provided in a Finance Document, the terms of a Finance Document may be enforced and enjoyed only by a Party to it and the operation of the Third Parties Act is excluded.
- (b) Notwithstanding any provision of any Finance Document, the consent of any person who is not a party to a Finance Document is not required to vary, rescind or terminate that Finance Document.

SECTION 2 THE FACILITY

2. THE FACILITIES

2.1 Secured Parties' rights and obligations

- (a) The obligations of each Secured Party under the Secured Debt Documents are several. Failure by a Secured Party to perform its obligations under the Secured Debt Documents does not affect the obligations of any other Party under the Secured Debt Documents. No Secured Party is responsible for the obligations of any other Secured Party under the Secured Debt Documents.
- (b) The rights of each Secured Party under or in connection with the Secured Debt Documents are separate and independent rights and any debt arising under the Secured Debt Documents to a Secured Party from an Obligor shall be a separate and independent debt.
- (c) A Secured Party may, except as otherwise stated in the Secured Debt Documents, separately enforce its rights under the Secured Debt Documents.
- (d) No Secured Party is bound to monitor or verify any utilisation or purchase made pursuant to the terms of the Secured Debt Documents.

2.2 Obligors' agent

- (a) Each Obligor (other than the Company) irrevocably appoints the Company from time to time to act on its behalf as its agent in relation to the Secured Debt Documents and irrevocably authorises:



- (i) the Company on its behalf to supply all information concerning itself contemplated by the Secured Debt Documents to the Secured Parties and to give and receive all notices, consents and instructions (including but not limited to Requests and Selection Notices), to agree, accept and execute on its behalf all documents in connection with the Secured Debt Documents (including amendments and variations of, and consents under, any Secured Debt Document) and to execute any new Secured Debt Document and to take such other action as may be necessary or desirable under, or in connection with, the Secured Debt Documents; and
 - (ii) each Secured Party to give any notice, demand or other communication to that Obligor pursuant to the Secured Debt Documents to the Company.
- (b) Each Obligor (other than the Company) confirms that:
- (i) it will be bound by any action taken by the Company under, or in connection with, any Secured Debt Document; and
 - (ii) each Secured Party may rely on any action purported to be taken by the Company on behalf of any other Obligor.

2.3 Acts of the Company

- (a) The respective liabilities of each of the Obligors under the Secured Debt Documents shall not be in any way affected by:
- (i) any actual or purported irregularity in any act done, or failure to act, by the Company;
 - (ii) the Company acting (or purporting to act) in any respect outside any authority conferred upon it by any other Obligor; or
 - (iii) any actual or purported failure by, or inability of, the Company to inform any other Obligor of receipt by it of any notification under the Secured Debt Documents.
- (b) In the event of any conflict between any notices or other communications of the Company and any other Obligor, those of the Company shall prevail.

2.4 Increase Commitments

- (a) The Company shall promptly notify each Arranger and the Global Facility Agent if any Increase Commitment has been offered by any potential Increase Participating Bank by delivery to each Arranger of a duly completed Increase Participating Bank Accession Agreement executed by such potential Increase Participating Bank.
- (b) If the Company confirms to the Arranger in writing that it wishes to increase the Total Commitments by the amount that one or more Increase Participating Banks have offered to provide as Increase Commitments, then the Global Facility Agent shall:
- (i) subject to it receiving all of the documents and other evidence listed in and appearing to comply with the requirements set out in paragraph (c) below and subject to compliance with all conditions set out in paragraph (c) below, execute the Increase Participating Bank Accession Agreement; and



20018GsPnWJrJBV6u

- (ii) notify the Company, each Participating Bank and the Increase Participating Bank of such execution, whereupon subject to the terms of this Agreement, each Increase Participating Bank shall make available to TSMHL a US\$ term loan facility or a US\$ murabaha facility (as applicable) (under the Facility relevant to the Increase Commitment of that Increase Participating Bank) in an aggregate amount equal to the Increase Commitment specified in its Increase Participating Bank Accession Agreement and the Commitments under the relevant Facility shall be increased by an amount equal to the relevant Increase Commitments.
- (c) The conditions referred to in paragraph (b) above are:
- (i) the Total Commitments (including the Increase Commitment of the Increase Participating Bank) will not exceed US\$750,000,000;
 - (ii) the Increase Participating Bank has confirmed to the Global Facility Agent that each Fee Letter proposed to be executed between TSMHL and that Increase Participating Bank has been executed;
 - (iii) each Arranger of the Facility the subject of the Increase Commitment has confirmed to the Global Facility Agent that any fees payable to that Arranger in connection with the relevant Increase Commitment have been paid to that Arranger in accordance with the Fee Letter(s) between that Arranger and TSMHL;
 - (iv) TSMHL has delivered a certificate (signed by an authorised signatory) certifying that (A) it has obtained all authorisations required in connection with the increase of the Total Commitments as a result of the Increase Commitment; and (B) utilising the Facility up to the Total Commitments (including the Increase Commitment of the Increase Participating Bank) does not cause any financial or similar limits applicable to TSMHL to be exceeded;
 - (v) each Guarantor has delivered a certificate (signed by an authorised signatory) confirming that the guarantee given by it under Clause 12 (Guarantee and Indemnity) of this Agreement will continue in full force and effect and extend to the liabilities and obligations of TSMHL to the Finance Parties under the Finance Documents in connection with the increase of the Total Commitments as a result of the Increase Commitment;
 - (vi) no Default is continuing or would result from any Loan or Purchase Contract being made in relation to the Increase Commitment;
 - (vii) the Repeating Representations to be made by each Obligor are true on the relevant Commitment Increase Date;
 - (viii) the relevant Increase Participating Bank has prior to the expiry of the Availability Period in relation to the Increase Commitments, executed the Increase Participating Bank Accession Agreement and has delivered the Increase Participating Bank Accession Agreement to the Global Facility Agent;
 - (ix) the aggregate of the Increase Commitments being offered by the relevant Increase Participating Bank(s) are pro rata across the Facilities ; and



- (x) if the Increase Participating Bank is not a Participating Bank immediately prior to the relevant increase, the Increase Participating Bank having entered into documentation required for it to accede as a party to the Intercreditor Agreement.
- (d) The Global Facility Agent shall not be obliged to execute an Increase Participating Bank Accession Agreement unless it is satisfied that it has completed all “know your customer” and other similar procedures that it is required (or deems desirable) to conduct in relation to the accession of such Increase Participating Bank.
- (e) On and from the Commitment Increase Date:
 - (i) each Obligor and any Increase Participating Bank shall assume obligations towards one another and/or acquire rights against one another as that Obligor and the Increase Participating Bank would have assumed and/or acquired had the Increase Participating Bank been an Original Participating Bank;
 - (ii) each Increase Participating Bank shall become a Party as a “Participating Bank” and any Increase Participating Bank and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Participating Bank and those Finance Parties would have assumed and/or acquired had the Increase Participating Bank been an Original Participating Bank; and
 - (iii) the Commitments of the other Participating Banks shall not be affected in any manner.
- (f) Each Increase Participating Bank, by executing an Increase Participating Bank Accession Agreement, confirms (for the avoidance of doubt) that the Global Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Participating Bank or Participating Banks in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (g) Clause 19.4 (Limitation of responsibility of Existing Participating Banks) shall apply *mutatis mutandis* in this Clause 2.4 in relation to an Increase Participating Bank as if references in that Clause to:
 - (i) an **Existing Participating Banks** were references to all the Participating Banks immediately prior to the relevant increase;
 - (ii) the **New Participating Bank** were references to that Increase Participating Bank; and
 - (iii) a **re-transfer** was a reference to a transfer.

3. CONDITIONS OF UTILISATION

3.1 Initial conditions precedent

No Lender shall be obliged to participate in any Loan and no Participant shall be obliged to pay its Contribution unless the Global Facility Agent has received all of the documents and other evidence listed in and appearing to comply with the requirements of Part 1 of Schedule 2 (Conditions Precedent). The Global Facility Agent shall notify the Company, the Participating Banks and the Facility Representatives promptly upon receiving such documents and evidence.

**3.2 Maximum number of Loans and Purchase Contracts**

Neither TSMHL (nor the Company on its behalf) may deliver a Request if as a result of the proposed Utilisation more than:

- (a) 5 Conventional Facility A Loans;
- (b) 5 Conventional Facility B Loans;
- (c) 5 Islamic Facility A Purchase Contracts (other than Replacement Purchase Contracts); and
- (d) 5 Islamic Facility B Purchase Contracts (other than Replacement Purchase Contracts), would have been made under the Facilities.

**SECTION 3
UTILISATION****4. UTILISATION****4.1 Delivery of the Request**

- (a) TSMHL (or the Company on its behalf) may utilise a Facility by delivery to the Global Facility Agent (in respect of a Conventional Facility) or the Investment Agent (in respect of an Islamic Facility) of a duly completed Request not later than the Specified Time in accordance with the terms of the relevant Facility Agreement.
- (b) The Company may only submit a Request under a Facility if:
 - (i) it simultaneously submits a request under each other Facility at the same time; and
 - (ii) the proportion (expressed as a percentage) borne by the proposed Loan or Cost Price (as specified in the Request) to the Available Facility applicable to that Loan or Cost Price is identical to the proportion borne by each other Loan or Cost Price, requested on that date, to the applicable Available Facility for that other Loan or Cost Price.

4.2 Notification

- (a) The Investment Agent must promptly notify the Company, the Conventional Facility Agent and the Global Facility Agent if it becomes aware that any Participation under the Murabaha Agreement is not, or is likely not to be, made.
- (b) The Conventional Facility Agent must promptly notify the Investment Agent and the Global Facility Agent if it becomes aware that a requested Loan under the Conventional Facility is not, or is likely not to be, made.
- (c) Each Facility Representative must promptly notify the Global Facility Agent by no later than midday two Business Days prior to the proposed utilisation, each Profit Amount or rate of interest and the start and end of each Interest Period or Transaction Period (as applicable). Promptly thereafter, the Global Facility Agent will then communicate such information to each other Facility Representative.

**4.3 Participant Banks' participation**

- (a) If the conditions set out in this Agreement and the other Finance Documents applicable to the relevant Facility have been met, each Participating Bank shall make its participation in the Loans available by the Utilisation Date, or (if applicable) its participation in the Participations available by the Transaction Date, in each case through its Facility Office in accordance with the terms of the applicable Facility Agreement.
- (b) The amount of each Participating Bank's participation in each Loan or Participation (as applicable) under a Facility will be equal to the proportion borne by its Available Commitment under that Facility to the Available Facility for that Facility immediately prior to making the Loan or Participation (as applicable).
- (c) The Conventional Facility Agent shall notify each Lender of the amount of its participation in each Loan and the Investment Agent shall notify each Participant of its participation in each Participation in each case by the Specified Time.

4.4 Cancellation of Commitment

The Total Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period.

SECTION 4**PREPAYMENT AND CANCELLATION****5. PREPAYMENT AND CANCELLATION****5.1 Illegality**

- (a) A Participating Bank (the **Affected Participating Bank**) must notify its Facility Representative promptly if it becomes aware that it is unlawful in any applicable jurisdiction for that Affected Participating Bank to (or it is or becomes unlawful in any applicable jurisdiction for any Affiliate of an Affected Participating Bank for that Affected Participating Bank to) perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in a Loan or Participation (as applicable).
- (b) After notification under paragraph (a) above, the relevant Facility Representative must notify the Company and the Global Facility Agent that:
 - (i) if the notification relates to the Conventional Facility, the Company must repay or prepay the share of the relevant Affected Participating Bank in each Loan (if any) on the date specified in paragraph (c) below and otherwise in accordance with the terms of the Conventional Finance Documents; or
 - (ii) if the notification relates to the Islamic Facility, the Company must make an Early Payment and pay to the Investment Agent for the account of the relevant Affected Participating Bank an amount equal to the Islamic Participation of the relevant Affected Participating Bank (together with the relevant Profit Amount in relation to the Islamic Facility) on the date specified in paragraph (c) below and otherwise in accordance with the terms of the Islamic Finance Documents; and



- (iii) the Commitment of the relevant Affected Participating Bank will be immediately cancelled.
- (c) The date for the repayment or prepayment of an Affected Participating Bank's share in a Loan or the payment of an amount equal to an Affected Participating Bank's Islamic Participation will be:
 - (i) the last day of the Interest Period for that Loan or the last day of the Transaction Period (as applicable) occurring after the notification under paragraph (b) above; or
 - (ii) if earlier, the date specified by the Affected Participating Bank in the notification under paragraph (a) above, which must not be earlier than the last day of any applicable grace period allowed by law or regulation.

5.2 Change of Control

- (a) If:
 - (i) the Promoter does not or ceases to own (directly or indirectly) at least 35% of the issued share capital having voting rights of the Company or otherwise does not or ceases to control the Company and/or any other person or group of persons acting in concert gains control of the Company;
 - (ii) the Company does not or ceases to hold (directly or indirectly) 100% of the issued capital of VRHL or otherwise does not or ceases to control VRHL;
 - (iii) Sesa Sterlite does not or ceases to hold (directly or indirectly) 100% of the issued capital of TSEHL or otherwise does not or ceases to control TSEHL; or
 - (iv) TSEHL does not or ceases to own directly 100% of the issued share capital of TSMHL or otherwise does not or ceases to control TSMHL,

(each such circumstance being a **Change of Control**) then:

- (A) an Obligor shall promptly notify the Global Facility Agent upon becoming aware of that event;
- (B) a Participating Bank shall not be obliged to fund a Utilisation; and
- (C) if the Majority Participating Banks so require within 90 days (or such other period agreed between the Global Facility Agent and the Company) of the notification pursuant to paragraph (A) above, the Global Facility Agent shall, by notice to the Company and each Facility Representative, require:
 - I. the Facility Representatives to cancel each of the relevant Total Commitments;
 - II. the Conventional Facility Agent to declare all outstanding Loans to be immediately due and payable in accordance with the terms of the Conventional Finance Documents; and
 - III. the Investment Agent to declare all amounts under the Purchase Contracts to be immediately due and payable in accordance with the terms of the Islamic Finance Documents.



- (D) On receiving the notice from the Global Facility Agent under paragraph (C) above, each Facility Representative must promptly cancel each of the relevant Total Commitments, and, by not less than ten Business Days' notice to the Company declare all outstanding Loans together with accrued interest and all other amounts accrued under the Conventional Finance Documents to be immediately due and payable in accordance with the terms of the Conventional Finance Documents and declare all amounts under the Purchase Contracts to be immediately due and payable in accordance with the terms of the Islamic Finance Documents (as applicable) whereupon all such outstanding amounts will become due and payable on the expiry of such notice.
- (E) Any notice given under paragraph (C) or (D) above will take effect in accordance with its terms.
- (b) For the purpose of paragraph (a) above:
- (i) **control** of a person means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
- (A) appoint or remove all, or the majority, of the directors or other equivalent officers of that person; or
- (B) give directions with respect to the operating and financial policies of that person, which the directors or other equivalent officers of that person are obliged to comply with; and
- (ii) **acting in concert** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate through the acquisition by any of them, either directly or indirectly, of shares in the relevant company, to obtain or consolidate control of the relevant company.

5.3 Mandatory prepayment

- (a) At any time following the first Distribution Date, TSMHL shall ensure that promptly upon receipt, all Required Proceeds (or an equivalent amount) are credited to the Collection Account for application in accordance with the Intercreditor Agreement and that the Required Proceeds (or an equivalent amount) in such proportion and in the manner determined in accordance with the Intercreditor Agreement are transferred from the Collection Account to the Proceeds Account on the Proceeds Transfer Date.
- (b) In this Agreement:
- (i) **Application Date** means the date on which, consistent with paragraph (c) below, funds standing to the credit of the Proceeds Account are to be applied in accordance with that paragraph;
- (ii) **Redemption** means, in respect of a share, the redemption, buy-back, repurchase, repayment and cancellation of that share;
- (iii) **Required Proceeds** means any and all amounts received by TSMHL in cash on account of:



- (A) any other sale, transfer or other disposal of any Cairn India Share (other than a Permitted Cairn Disposal where, following that disposal, TSMHL holds at least the Minimum Cairn Shareholding);
- (B) dividends distributed by Cairn India or any other payment or distribution of any kind in respect of Cairn India Shares held by TSMHL (including by way of Redemption of those shares); or
- (C) any financing or other Financial Indebtedness made or made available by Cairn India or any of its Subsidiaries to TSMHL.
- (iv) **Reserve Amount** means, in respect of a given Application Date, an amount (as determined by the Global Facility Agent acting reasonably) equal to the sum of:
- (A) in respect of the Conventional Facilities, the next six Months' interest on the Loans (calculated on the basis of the interest rate then applicable to the Loans (or, where the relevant Application Date is the last day of an Interest Period for the Loans, on the basis of the interest rate which will apply to the Loans for the Interest Period commencing on the Application Date)) (or, if a lesser period, interest (calculated on the same basis) until the Conventional Facility B Termination Date);
- (B) all principal amounts of the Loans due and payable on a Repayment Date falling in the six Months following that Application Date,
- (C) the Profit Amount, for the next six Months, in respect of all outstanding Purchase Contracts (calculated on the basis of the last Profit Amount calculated in accordance with Clause 6.2(h)(ii) (Offer) of the Murabaha Agreement (or, where the relevant Application Date is the last day of a Transaction Period for the Purchase Contracts, on the basis of the Profit Amount to be calculated in accordance with Clause 6.2(h)(ii) (Offer) of the Murabaha Agreement in respect of the Replacement Purchase Contract(s) to be entered into at the end of such Transaction Period)) (or, if a lesser period, the Profit Amount (calculated on the same basis) until the Islamic Facility B Final Maturity Date); and
- (D) the amount of any Amortisation Amounts relating to Amortisation Dates falling in the period of six Months following the Application Date.
- and assuming, for this purpose:
- I. that all payments due under the Finance Documents will be made when due; and
- II. that no other prepayment of the Loans or the Deferred Sale Prices under the outstanding Purchase Contracts will be made (save as may be required to be made under paragraph (c) on that Application Date where the specified prepayment is to be applied in prepayment of the Loans or the Deferred Sale Prices under the outstanding Purchase Contracts (as applicable) during the six Month period for which the interest or Profit Amount (as applicable) calculation is being effected); and
- (v) **Proceeds Transfer Date** means the date on which the amounts in the Collection Account are transferred to the Proceeds Account, in the manner and subject to the conditions in the Intercreditor Agreement.



20018GsPnWJr0jXg%

- (c) Without prejudice to paragraph (b) of Clause 25.6 (Partial payments), after receipt of any amount into the Proceeds Account, TSMHL shall ensure that the balance of the Proceeds Account is applied on or prior to the last day of the Interest Period and the Transaction Period to end after receipt of such amount (such date of application as selected by TSMHL at its discretion) in the following order of priority:
- (i) **first**, in or towards payment pro rata of any unpaid fees, reasonable costs and expenses of the Global Facility Agent, each Facility Representative, the Account Bank or the Arranger under the Finance Documents;
 - (ii) **second**, in or towards payment pro rata of any accrued interest, fee, profit or commission due and payable to a Finance Party but unpaid under the Finance Documents;
 - (iii) **third**, in creation of a reserve within the Proceeds Account (or, as applicable, further funding that reserve so as to create a reserve within the Proceeds Account) in a maximum amount equal to the relevant Reserve Amount; and
 - (iv) **fourth**, after taking into account the reserve referred to in sub-paragraph (iii) above, in or towards prepayment and permanent reduction of the Loans and the Cost Price element of the Deferred Sale Prices outstanding under any Purchase Contract in the order of application contemplated by paragraph (d) below.
- TSMHL (or the Company on its behalf) shall give the Global Facility Agent at least three Business Days prior notice of any prepayment to be effected in accordance with this paragraph (c) together with supporting calculations (in reasonable detail) evidencing the application of funds as required by this paragraph.
- (d) A prepayment under paragraph (c) shall be applied:
- (i) in prepayment of the Conventional Facility A Loans and the Cost Price of the Deferred Sale Prices of the then outstanding Purchase Contracts under Islamic Facility A (*pro rata*) and, when all the Facility A Loans and the Cost Price element of the Deferred Sale Prices of the outstanding Purchase Contracts under Islamic Facility A have been prepaid in full, prepayment of the Facility B Loans and the Cost Price of the Deferred Sale Prices of the then outstanding Purchase Contracts under Islamic Facility B (*pro rata*);
 - (ii) in respect of the Conventional Facility, in chronological order of maturity against the remaining Repayment Instalments under that Facility; and
 - (iii) in respect of the Islamic Facility, against the remaining Amortisation Amounts in accordance with clause 6.9 (Revised Amortisation Schedules) of the Murabaha Agreement.
- (e) Subject to Clause 5.5(c) (Voluntary prepayment) below, monies standing to the credit of the Proceeds Account (whether or not nominally credited to a reserve pursuant to paragraph (c)(iii) above) may, at any time, be applied in or towards payment or repayment of any part of the Facility Debt in the nature of the amounts referred to in paragraph (c)(i) or (ii) above or otherwise due and payable under a Facility Agreement, Clause 5.2 (Change of Control), this Clause 5.3, Clause 5.5 (Voluntary prepayment) or Clause 18.20 (Acceleration) (including, as applicable, any Break Costs attributable thereto).



5.4 Voluntary cancellation

The Company may, if it gives the Global Facility Agent not less than five Business Days' (or such shorter period as the Majority Participating Banks may agree) prior notice, cancel the whole or any part (being a minimum amount of US\$10,000,000 and, if higher, in higher integral multiples of US\$10,000,000) of an Available Facility.

5.5 Voluntary prepayment

- (a) TSMHL may, if it gives the Global Facility Agent not less than five Business Days' (or such shorter period as the Majority Participating Banks may agree) prior notice, make a Voluntary Early Payment. Unless prepaying or repaying (as the case may be) the relevant Facilities in full, the aggregate of each Voluntary Early Payment in respect of a Conventional Facility and an Islamic Facility must be in a minimum amount of US\$10,000,000 and if higher, in higher integral multiples of US\$10,000,000.
- (b) The amount of any Early Payment under this Clause 5.5, which does not reduce all of the Loans and the Participations Outstanding in full shall, subject to paragraphs (c) and (d) below be applied in such order as TSMHL may specify in its notice under paragraph (a) above and provided that such application is at all times made in a manner consistent with the provisions of the Intercreditor Agreement.
- (c) The Company may only make a Voluntary Early Payment under Conventional Facility A or Islamic Facility A (each an **A Facility**) if at the same time it makes a Voluntary Early Payment under the other A Facility in such amount as is necessary to ensure that the Loans and the aggregate Participations Outstanding (as applicable) under each A Facility are reduced by the same proportion.
- (d) The Company may only make a Voluntary Early Payment under Conventional Facility B or Islamic Facility B (each a **B Facility**) if at the same time it makes a Voluntary Early Payment under the other B Facility in such amount as is necessary to ensure that the Loans and the aggregate Participations Outstanding (as applicable) under each B Facility are reduced by the same proportion.

5.6 Right of replacement or repayment and cancellation in relation to a single Participating Bank

- (a) In this Clause 5.6:
 - (i) **Non-Consenting Participating Bank** means any Participating Bank which has refused or declined in writing to agree to a consent, waiver or amendment if:
 - (A) the Company, through the Global Facility Agent, has requested a consent, waiver or amendment in relation to any Finance Document; and
 - (B) the Majority Participating Banks have agreed to that consent, waiver or amendment.
- (b) If:
 - (i) any sum payable to any Participating Bank by TSMHL is required to be increased under paragraph (a) of Clause 7.2 (Tax gross-up);
 - (ii) any Participating Bank claims indemnification from TSMHL under Clause 7.3 (Tax indemnity) or Clause 8.1 (Increased costs); or



- (iii) any Participating Bank becomes a Non-Consenting Participating Bank, the Company may, if the circumstance relates to a Participating Bank and subject to paragraph (d), (f) and (g) below, whilst (in the case of paragraphs (b)(i) and (b)(ii)) the circumstance giving rise to the requirement or indemnification continues:
- (A) in the case of paragraphs (b)(i) and (b)(ii), give the Global Facility Agent notice of cancellation of the Commitment of that Participating Bank and its intention to procure the Early Payment of that Participating Bank's participation in the Loans, Participations or Contributions (as applicable); or
- (B) in the case of paragraphs (b)(i), (b)(ii) and (b)(iii), give the Global Facility Agent notice of its intention to replace that Participating Bank in accordance with paragraph (d) below.
- (c) On receipt of a notice referred to in paragraph (b)(i) or (b)(ii) above, the Commitment of that Participating Bank shall immediately be reduced to zero.
- (d) In respect of the Conventional Facility, on the last day of each Interest Period which ends after the Company has given notice under paragraph (b)(A) above of an intention to repay a Lender (or, if earlier, the date specified by the Company in that notice), TSMHL shall repay that Lender's participation in the Loans.
- (e) In respect of the Islamic Facility, on the last day of each Transaction Period which ends after the Company has given notice under paragraph (b)(A) above of an intention to make an Early Payment to a Participant (or if earlier, the date specified by the Company in that notice), TSMHL shall pay the Deferred Sale Price early of that Participant's participation in the outstanding Purchase Contracts.
- (f) The Company may, in the circumstances set out in paragraph (b)(B) above, on ten Business Days' prior notice to the Global Facility Agent and that Participating Bank, replace that Participating Bank by requiring that Participating Bank to (and, to the extent permitted by law, that Participating Bank shall) transfer pursuant to Clause 19 (Changes to the Participating Banks) all (and not part only) of its rights and obligations under the Conventional Finance Documents or the Islamic Finance Documents (as applicable) to a Participating Bank or other bank or financial institution selected by the Company which confirms its willingness to assume and does assume all the obligations of the transferring Participating Bank in accordance with Clause 19 (Changes to the Participating Banks) for a purchase price in cash or other cash payment payable at the time of the transfer equal to in respect of a Lender the outstanding principal amount of such Lender's participation in the outstanding Loans or in respect of a Participant for a purchase price in cash payable at the time of transfer equal to that Participant's share of all Cost Price elements of all Deferred Sale Prices under outstanding Purchase Contracts and in each case all accrued interest, Profit Amount, fees and other amounts payable in relation thereto under the Finance Documents.
- (g) The replacement of a Participating Bank pursuant to paragraph (f) above shall be subject to the following conditions:
- (i) the Company shall have no right to replace the Global Facility Agent;
- (ii) neither the Global Facility Agent nor any Participating Bank shall have any obligation to find a replacement Participating Bank;
- (iii) any replacement of a Non-Consenting Participating Bank must take place no later than 90 days after the earlier of (A) the date the Non-Consenting Participating Bank notified the Global Facility Agent of its refusal to agree to the relevant consent, waiver or amendment and (B) the deadline for responses to the relevant consent, waiver or amendment (being not less than 20 Business Days after the Global Facility Agent sent the related request to the Participating Bank); and



(iv) in no event shall the Participating Bank replaced under paragraph (f) above be required to pay or surrender any of the fees received by such Participating Bank pursuant to the Finance Documents.

5.7 Right of cancellation in relation to a Defaulting Participating Bank

- (a) If any Participating Bank becomes a Defaulting Participating Bank, the Company may, at any time whilst the Participating Bank continues to be a Defaulting Participating Bank, give the Global Facility Agent 20 Business Days' notice of cancellation of each Available Commitment of that Participating Bank.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Participating Bank shall immediately be reduced to zero.
- (c) The Global Facility Agent shall, as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Participating Banks.

5.8 Miscellaneous

- (a) Any notice of cancellation or Early Payment given by any Party under this Clause 5 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or Early Payment is to be made and the amount of that cancellation or Early Payment.
- (b) In respect of the Conventional Facility Agreement any Early Payment shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.
- (c) In respect of an Islamic Facility, any Early Payment must be made together with any other amounts payable, including the relevant Profit Amount under the Purchase Contract. No later than 5 Business Days prior to an Early Payment being made, the Company may request a rebate payment to the Company in respect of an Islamic Facility. Following receipt of such a request or otherwise, the Investment Agent may make a rebate payment to the Company in respect of an Islamic Facility in such amount as it may, on the instructions of each Participant (in respect of the Profit Amount relevant to that Participant), determine.
- (d) TSMHL may not reborrow any part of a Loan which is prepaid.
- (e) No amount of the Cost Price element of a Deferred Sale Price under an Islamic Facility which is subject to an Early Payment may subsequently be reutilised under an Islamic Facility.
- (f) TSMHL shall not make an Early Payment or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.
- (g) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.
- (h) If the Global Facility Agent receives any notice in relation to any Early Payment or cancellation under this Clause 5 it shall promptly forward a copy of that notice to the relevant Facility Representative and either the Company or the affected Participating Bank, as appropriate.



20018GsPnWJrY8=6j

6. CHANGES TO THE CALCULATION OF INTEREST AND PROFIT AMOUNT

6.1 Absence of quotations

Subject to Clause 6.2 (Market disruption), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

6.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
- (i) the Margin; and
 - (ii) the rate notified to the Conventional Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (b) If a Market Disruption Event occurs in relation to a Purchase Contract for any Transaction Period, then LIBOR for each Participant's Share in that Purchase Contract for the purposes of Clause 6.2(h) (Offer) of the Murabaha Agreement shall be the rate notified to the Investment Agent by the Participants in the affected Purchase Contract as soon as practicable and in any event before the Transaction Date in respect of that Transaction Period, to be that which expresses as a percentage rate per annum the cost to that Participant of funding its participation in that Purchase Contract from whatever source it may reasonably select.
- (c) In this Agreement **Market Disruption Event** means:
- (i) at or about noon (London time) on the Quotation Day for the relevant Interest Period or Transaction Period (as applicable) LIBOR is to be determined by reference to the Reference Banks and none or only one of the Reference Banks supplies a rate to the relevant Facility Representative to determine LIBOR for the relevant currency and Interest Period or Transaction Period (as applicable);
 - (ii) in respect of a Conventional Facility, before close of business in London on the Quotation Day for the relevant Interest Period, the Conventional Facility Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 35% of that Loan) that the cost to it of obtaining matching deposits in the London interbank market would be in excess of LIBOR;
 - (iii) in respect of an Islamic Facility, before close of business in London on the Quotation Day for the relevant Transaction Period, the Investment Agent receives notifications from a Participant or Participants (whose participations in a Purchase Contract exceed 35% of that Purchase Contract) that the cost to it of obtaining matching deposits in the London interbank market would be in excess of LIBOR; or



- (iv) the Request for a Loan or Purchase Contract being provided after 9.00 a.m. (London time) on the date that would otherwise have been the Quotation Day for the first Interest Period for that Loan or for the first Transaction Period for that Purchase Contract (as applicable).

6.3 Alternative basis of interest, profit or funding

- (a) Subject to paragraph (d) below, if a Market Disruption Event occurs and the relevant Facility Representative or the Company so requires, the relevant Facility Representative and the Company shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining:
- (i) in respect of a Loan, the rate of interest; and
 - (ii) in respect of a Purchase Contract, the Profit Amount and/or funding the affected Purchase Contract
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall:
- (i) in respect of a Loan, with the prior consent of all the Lenders and the Company; and
 - (ii) in respect of a Purchase Contract, with the prior consent of all the Participants and the Company,
- be binding on all Parties.
- (c) For the avoidance of doubt, in the event that no substitute basis is agreed at the end of the 30 day period, the rate of interest or Profit Amount (as applicable) shall continue to be determined in accordance with the terms of (in respect of a Loan) the Conventional Facility Agreement or (in respect of a Purchase Contract) the Murabaha Agreement (as applicable).
- (d) Any alternative basis agreed for calculating:
- (i) interest in respect of a Loan pursuant to paragraph (a) above must also apply to the determination of the Profit Amount in respect of a Purchase Contract with a Transaction Date falling on the same date as the Utilisation Date for such Loan; or
 - (ii) the Profit Amount in respect of a Purchase Contract pursuant to paragraph (a) above must also apply to the determination of the interest in respect of a Loan with a Utilisation Date falling on the same date as the Transaction Date for such Purchase Contract.

SECTION 5

ADDITIONAL PAYMENT OBLIGATIONS

7. TAX GROSS-UP AND INDEMNITIES

7.1 Definitions

- (a) In this Agreement:

Protected Party means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed, for the purposes of Tax to be received or receivable) under a Finance Document.



Tax Credit means a credit against, relief or remission for, or repayment of any Tax.

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

Tax Payment means either the increase in a payment made by any Obligor to a Finance Party under Clause 7.2 (Tax gross-up) or a payment under Clause 7.3 (Tax indemnity).

- (b) Unless a contrary indication appears, in this Clause 7 a reference to **determines** or **determined** means a determination made in the absolute discretion of the person making the determination.

7.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it under or in connection with a Finance Document free and clear of and without any Tax Deduction, unless that Obligor is required by law or regulation to make a Tax Deduction, in which case the sum payable by that Obligor shall be increased to the extent necessary to ensure that the Finance Party concerned receives a sum, net of any Tax Deduction, equal to the sum which it would have received if no Tax Deduction had been required.
- (b) Each Obligor shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Global Facility Agent accordingly. The Global Facility Agent must then promptly notify the relevant Facility Representative, who must notify the affected Participating Banks. Similarly, a Participating Bank shall notify the Global Facility Agent on becoming so aware in respect of a payment payable to that Participating Bank. If the Global Facility Agent receives such notification from a Participating Bank it shall notify the relevant Facility Representative who shall notify the affected parties accordingly.
- (c) If an Obligor is required to make a Tax Deduction, it shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed (including extensions) and in the minimum amount required by law or regulation.
- (d) Within 30 days of an Obligor making either a Tax Deduction or any payment required in connection with that Tax Deduction, that Obligor shall deliver to the Global Facility Agent for the Finance Party entitled to the payment an original receipt (or certified copy thereof) evidencing to the reasonable satisfaction of that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment has been paid to the relevant taxing authority.

7.3 Tax indemnity

- (a) Without prejudice to Clause 7.2 (Tax gross-up), TSMHL shall (within three Business Days of demand by the Global Facility Agent, which demand shall not be made earlier than five Business Days prior to the date such loss, liability or cost will be suffered by such Protected Party) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been suffered for or on account of Tax by that Protected Party in relation to a sum received or receivable under a Finance Document (whether or not actually received or receivable).



- (b) Paragraph (a) above shall not apply:
- (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income actually received or receivable (but, for the avoidance of doubt, not including any sum deemed for purposes of Tax to be received or receivable by that Finance Party but not actually received or receivable) by that Finance Party;
 - (ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause 7.2 (Tax gross-up).
 - (iii) to the extent the loss, liability or cost relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Global Facility Agent who will notify the relevant Facility Representative of the event which will give, or has given, rise to the claim, whereupon the Global Facility Agent shall notify the Company.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 7.3, notify the Global Facility Agent who will notify the relevant Facility Representative.

7.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms part, or to that Tax Payment; and
- (b) that Finance Party has obtained, utilised and fully retained that Tax Credit (including, to the extent relevant to that Finance Party, on an affiliated group basis),

the Finance Party shall pay an amount to that Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by that Obligor.

7.5 Stamp taxes

TSMHL shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document (but, for the avoidance of doubt, not including any cost, loss or liability in relation to any such Taxes payable in connection with any assignment, novation or other transfer by any Finance Party of its rights and/or obligations under any Finance Document unless an Event of Default is continuing at the time of such assignment, novation or other transfer).



7.6 Indirect Tax

- (a) All amounts set out or expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for Indirect Tax purposes shall be deemed to be exclusive of any Indirect Tax which is chargeable on such supply, and accordingly, subject to paragraph (b) below, if Indirect Tax is chargeable on any supply made by any Finance Party to any Party under a Finance Document and the Finance Party is required to account for the Indirect Tax, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax (and such Finance Party shall promptly provide an appropriate Indirect Tax invoice to such Party).
- (b) If Indirect Tax is chargeable on any supply made by any Finance Party (the **Supplier**) to any other Finance Party (the **Recipient**) under a Finance Document, and any Party other than the Recipient (the **Relevant Party**) is required by the terms of any Finance Document to pay an amount equal to the consideration for such supply to the Supplier (rather than being required to reimburse the Recipient in respect of that consideration), such Party shall also pay to the Supplier (in addition to and at the same time as paying such amount) an amount equal to the amount of such Indirect Tax. The Recipient will promptly pay to the Relevant Party an amount equal to any credit or repayment from the relevant tax authority which the Recipient reasonably determines relates to the Indirect Tax chargeable on that supply.
- (c) Where a Finance Document requires any Party to reimburse a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all Indirect Tax incurred by the Finance Party in respect of the costs or expenses but only to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of the Indirect Tax.
- (d) Any reference in this Clause 7.6 to any Party will, at any time when that Party is treated as a member of a group for Indirect Tax purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated as making the supply, or (as appropriate) receiving the supply, under any applicable grouping rules.
- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party shall promptly provide such Finance Party with details of that Party's Indirect Tax registration and such other information as is reasonably requested in connection with such Finance Party's Indirect Tax reporting requirements in relation to such supply.

7.7 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), and in any case at least three Business Days prior to making a FATCA Deduction, notify the Party to whom it is making the payment and, on or prior to the day on which it notifies that Party, shall also notify the Company, the Global Facility Agent and the other Finance Parties.

**8. INCREASED COSTS****8.1 Increased costs**

(a) Subject to Clause 8.3 (Exceptions) TSMHL shall pay:

- (i) in the case of a Conventional Facility, within three Business Days of a demand by the Global Facility Agent, the affected Conventional Finance Party; or
- (ii) in the case of an Islamic Facility the Investment Agent in accordance with the terms of the Islamic Finance Documents, for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; (ii) compliance with any law or regulation made after the date of this Agreement; or (iii) the implementation or application of or compliance with Basel III or CRD IV.

(b) In this Agreement

Basel III means:

- (i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
- (ii) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text” published by the Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”.

CRD IV means:

- (i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; and
- (ii) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

Increased Costs means:

- (i) a reduction in the rate of return from the Facility or on a Finance Party’s (or its Affiliate’s) overall capital (including as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by that Finance Party or one of its Affiliates);



- (ii) an additional or increased cost; or
- (iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

8.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 8.1 (Increased costs) shall notify the relevant Facility Representative of the event giving rise to the claim, following which the relevant Facility Representative shall promptly notify the Company.
- (b) Each Finance Party shall, as soon as practicable after a demand by the relevant Facility Representative, provide a certificate confirming the amount of its Increased Costs.

8.3 Exceptions

- (a) Clause 8.1 (Increased costs) does not apply to the extent any Increased Cost is:
 - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
 - (ii) attributable to a FATCA Deduction required to be made by a Party;
 - (iii) compensated for by Clause 7.3 (Tax indemnity) (or would have been compensated for under Clause 7.3 (Tax indemnity) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 7.3 (Tax indemnity) applied) or compensated for by Clause 7.5 (Stamp taxes) or Clause 7.6 (Indirect Tax); or
 - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
 - (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III) (**Basel II**) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this Clause 8.3, a reference to a **Tax Deduction** has the same meaning given to the term in Clause 7.1 (Definitions).



9. OTHER INDEMNITIES

9.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

- (i) making or filing a claim or proof against that Obligor;
- (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

TSMHL shall as an independent obligation, within three Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

9.2 Other indemnities

TSMHL shall, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

- (a) the occurrence of any Event of Default;
- (b) any information produced or approved by or on behalf of an Obligor in connection with the Facility being or being alleged to be misleading and/or deceptive in any respect;
- (c) any enquiry, investigation, subpoena (or similar order) or litigation with respect to an Obligor or with respect to the transactions contemplated or financed under the Finance Documents;
- (d) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 24 (Sharing among the Secured Parties);
- (e) the incurrence of any cost, loss or liability incurred by it on the transfer of its participation in any Loan or Purchase Contract pursuant to the terms of paragraph (f) of Clause 5.6 (Right of replacement or repayment and cancellation in relation to a single Participating Bank), provided that:
 - (i) in respect of a Conventional Facility, the amount recovered under each claim pursuant to this paragraph (e) shall not exceed the amount of Break Costs that would have been incurred by that Finance Party had the relevant Loans been prepaid rather than transferred; and
 - (ii) in respect of an Islamic Facility, the amount recovered under each claim pursuant to this paragraph (e) shall not exceed the Profit Amount element of the Deferred Sale Prices (less any agreed rebate) that would have been paid if the Deferred Sale Prices of the relevant Purchase Contracts had been paid early rather than transferred,



- (f) funding, or making arrangements to fund, its participation in a Loan or Purchase Contract requested in a Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);
- (g) a Loan (or part of a Loan) not being prepaid or a Purchase Contract not being the subject of an Early Payment (as applicable) in accordance with a notice of Early Payment given by TSMHL or the Company; or
- (h) any costs of the Global Facility Agent incurred in commissioning an E&S review in accordance with the terms of Clause 16.15 (Environmental and social).

9.3 Indemnity to the Global Facility Agent and each Facility Representative

TSMHL shall promptly indemnify the Global Facility Agent and each Facility Representative against any cost, loss or liability incurred by the Global Facility Agent and each Facility Representative (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default;
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
- (c) exercising any of the rights, powers, discretions or remedies vested in it under any Finance Document or by law.

10. MITIGATION BY THE PARTICIPATING BANKS

10.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 5.1 (Illegality), Clause 7 (Tax Gross-Up and Indemnities) or Clause 8 (Increased Costs) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

10.2 Limitation of liability

- (a) TSMHL shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 10.1 (Mitigation).
- (b) A Finance Party is not obliged to take any steps under Clause 10.1 (Mitigation) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

11. COSTS AND EXPENSES

11.1 Transaction expenses

TSMHL shall promptly on demand pay the Global Facility Agent, each Facility Representative, the Account Bank and each Arranger:

- (a) the amount of all costs and expenses (excluding legal fees) up to a maximum amount as separately agreed; and



(b) the amount of legal fees up to a maximum amount as separately agreed, reasonably incurred (and documented) by any of them in connection with the negotiation, preparation, printing, execution and syndication of:

- (i) this Agreement and any other documents referred to in this Agreement; and
- (ii) any other Finance Documents executed after the date of this Agreement.

11.2 Amendment costs

If an Obligor requests an amendment, waiver or consent, TSMHL shall, within three Business Days of demand, reimburse the Global Facility Agent, each Facility Representative or the Account Bank for the amount of all costs and expenses (including legal fees) reasonably incurred by the Global Facility Agent, each Facility Representative or the Account Bank in responding to, evaluating, negotiating or complying with that request or requirement.

11.3 Enforcement costs

TSMHL shall, within three Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Secured Debt Document.

**SECTION 6
GUARANTEE**

12. GUARANTEE AND INDEMNITY

12.1 Guarantee and indemnity

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Secured Party punctual performance by each other Obligor of all that Obligor's obligations under the Secured Debt Documents;
- (b) undertakes with each Secured Party that whenever another Obligor does not pay any amount when due under or in connection with any Secured Debt Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Secured Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Secured Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Secured Debt Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 12 if the amount claimed had been recoverable on the basis of a guarantee.



20018GsPnWJreS0gL

12.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Secured Debt Documents, regardless of any intermediate payment or discharge in whole or in part.

12.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation or otherwise, without limitation, then the liability of each Guarantor under this Clause 12 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

12.4 Waiver of defences

The obligations of each Guarantor under this Clause 12 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 12 (without limitation and whether or not known to it or any Secured Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group or any other person;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Secured Debt Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Secured Debt Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Secured Debt Document or any other document or security;
- (g) any insolvency or similar proceedings; or
- (h) this Agreement or any other Secured Debt Document not being executed by or binding upon any other person.



12.5 Guarantor intent

Without prejudice to the generality of Clause 12.4 (Waiver of defences), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Secured Debt Documents and/or any facility or amount made available under any of the Secured Debt Documents for the purposes of or in connection with any of the following: acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new obligors; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

12.6 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 12. This waiver applies irrespective of any law or any provision of a Secured Debt Document to the contrary.

12.7 Appropriations

Until all amounts which may be or become payable by the Obligor under or in connection with the Secured Debt Documents have been irrevocably paid in full, each Secured Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Secured Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in a suspense account any moneys received from any Guarantor or on account of its liability under this Clause 12.

12.8 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligor under or in connection with the Secured Debt Documents have been irrevocably paid in full and unless the Global Facility Agent otherwise directs, no Guarantor shall exercise any rights which it may have by reason of performance by it of its obligations under the Secured Debt Documents or by reason of any amount being payable, or liability arising, under this Clause 12:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Secured Debt Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Secured Debt Documents or of any other guarantee or security taken pursuant to, or in connection with, the Secured Debt Documents by any Secured Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 12.1 (Guarantee and indemnity);



- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Secured Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Obligors under or in connection with the Secured Debt Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Global Facility Agent or as the Global Facility Agent may direct for application in accordance with Clause 25 (Payment Mechanics).

12.9 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Secured Party.

SECTION 7

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

13. REPRESENTATIONS

Each Obligor makes the representations and warranties set out in this Clause 13 to each Finance Party on the date of this Agreement.

13.1 Status

- (a) It and each of the Key Subsidiaries is duly incorporated (if a corporate person) or duly established (in any other case) and validly existing under the law of its jurisdiction of incorporation or formation and each Obligor is a limited liability company.
- (b) It and each of the Key Subsidiaries has the power to own its assets and carry on its business in all material respects as it is being conducted.

13.2 Binding obligations

The obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable, subject to:

- (a) the Legal Reservations;
- (b) any general principles of law limiting its obligations which are specifically referred to in any legal opinion delivered pursuant to Clause 3 (Conditions of Utilisation); and
- (c) in the case of any Common Security Document, the requirements specified at the end of Clause 13.5 (Validity and admissibility in evidence).

13.3 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party do not and will not conflict with:

- (a) any law or regulation applicable to it in any material respect;



- (b) its constitutional documents; or
- (c) any agreement or instrument binding upon:
 - (i) it or any of its Subsidiaries; or
 - (ii) any of its or any of its Subsidiaries' assets,

to an extent which has or could reasonably be expected to have a Material Adverse Effect,

nor (except as provided in any Common Security Document) result in the existence of, or oblige it or any of its Subsidiaries to create, any Security over any of its or any of its Subsidiaries' assets.

13.4 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

13.5 Validity and admissibility in evidence

All Authorisations required:

- (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party and the transactions contemplated by the Finance Documents;
- (b) to make the Finance Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- (c) to enable it to create the Security to be created by it pursuant to any Common Security Document and to ensure that such Security has the priority and ranking it is expressed to have,

have been obtained or effected and are in full force and effect save for the making of the appropriate registrations of the Common Security Documents with the Companies Registration Office or equivalent authority in the jurisdiction of incorporation of the relevant Obligor and other applicable registration requirements and other applicable Perfection Requirements.

13.6 Governing law and enforcement

- (a) Subject to the matters described in the Legal Reservations, the choice of law specified in each Finance Document as the governing law of that Finance Document will be recognised and enforced in its jurisdiction of incorporation.
- (b) Subject to the matters described in the Legal Reservations, any judgment obtained in England in relation to a Finance Document will be recognised and enforced in its jurisdiction of incorporation and in relation to a Finance Document governed by a law other than English law, in the jurisdiction of the governing law of that Finance Document.



13.7 No filing or stamp taxes

Under the law of its jurisdiction of incorporation it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in those jurisdictions or that any stamp, registration or similar tax be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents save in each case for the making of the appropriate registrations of the Common Security Documents with the Companies Registration Office or equivalent authority in the jurisdiction of incorporation of the relevant Obligor.

13.8 Deduction of Tax

It is not required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to any Participating Bank (save that guarantee payments made by the Company may be subject to deduction for or on account of UK Tax).

13.9 No default

- (a) No Event of Default is continuing or has or could reasonably be expected to result from the making of any Utilisation or the entry into, performance of, or any transaction contemplated by, any Finance Document.
- (b) No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice, the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or could reasonably be expected to have a Material Adverse Effect.

13.10 No misleading information

- (a) Any written material factual information provided by or on behalf of any Obligor for the purposes of the Information Memorandum or otherwise provided in connection with the Facility was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in the Information Memorandum or otherwise provided in connection with the Facility have been prepared on the basis of recent historical information and on the basis of reasonable assumptions at the time of such preparation.
- (c) Any written expressions of opinion or intention provided by or on behalf of any Obligor in connection with any Finance Document, including any expressions of opinion or intention in the Information Memorandum, were made after due and careful consideration and (at the time given) based on reasonable grounds.
- (d) Save for matters disclosed in writing to the Global Facility Agent, nothing has occurred or been omitted from the Information Memorandum and no information has been given or withheld that results in:
 - (i) the factual information relating to the Group contained in the Information Memorandum being untrue or misleading in any material respect;



- (ii) any financial projection or expression of opinion or intention in the Information Memorandum being untrue or misleading in any material respect; or
- (iii) any assumption or ground on which any financial projection or expression of opinion or intention in the Information Memorandum is based being unreasonable.

13.11 Financial statements

- (a) Its Original Financial Statements (if any) were prepared in accordance with GAAP consistently applied.
- (b) Its Original Financial Statements (if any) give a true and fair view of its consolidated financial condition and operations as at the end of and for the relevant financial year and of the profit of the Group for that year.
- (c) There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group) since 31 March 2014.

13.12 Pari passu ranking

- (a) Subject to the requirements specified at the end of Clause 13.5 (Validity and admissibility in evidence) each Common Security Document creates (or, once entered into, will create) in favour of the Common Security Agent for the benefit of the Secured Creditors the Security which it is expressed to create with the ranking and priority it is expressed to have.
- (b) Without limiting paragraph (a) above, its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

13.13 No proceedings pending or threatened

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which has had or could reasonably be expected to have a Material Adverse Effect (having regard to the likelihood of adverse determination) have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

13.14 Compliance with applicable laws

Each member of the Group is in compliance in all respects with all laws, statutes, rules, regulations and orders binding on or applicable to it where failure to do so has had or could reasonably be expected to have a Material Adverse Effect.

13.15 Title

- (a) It and each of its Subsidiaries has good and marketable title to all material assets necessary for the conduct of its business as it is being conducted and is proposed to be conducted save where failure to do so could not reasonably be expected to have a Material Adverse Effect.
- (b) It has good and marketable title to the assets over which it purports to create Security pursuant to any Common Security Document, free from all Security except the Security created pursuant to, or permitted by, the Finance Documents and the Existing Facility Finance Documents.

**13.16 Environmental laws and licences**

- (a) Each member of the Group is in compliance with Clause 16.13 (Environmental undertakings) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or could reasonably be expected to have a Material Adverse Effect.
- (b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has or could reasonably be expected, if determined against that member of the Group, to have a Material Adverse Effect.

13.17 Environmental releases

No:

- (a) property currently occupied or owned by it or any of its Subsidiaries (including any offsite waste management or disposal location operated or owned by it or any of its Subsidiaries) is contaminated with any Hazardous Substance; and
- (b) discharge, release, leaching, migration or escape of any Hazardous Substance into the Environment in violation of any Environmental Law or Environmental Licence is occurring on, onto, under or from that property,

in each case in circumstances where this has had or could reasonably be expected to have a Material Adverse Effect.

13.18 Group Structure

The Group Structure Chart shows each member of the Group and the percentage of the issued share capital held, whether legally or beneficially, by each member of the Group in each other member of the Group, in each case as at the date of this Agreement.

13.19 TSMHL

- (a) Other than as expressly permitted in this Agreement and the Existing Facility Agreement, TSMHL:

- (i) has not traded or carried on any business; and
- (ii) does not have any material liability (actual or contingent, present or future),

other than:

- (A) as contemplated by or in connection with the Finance Documents, the Existing Facility Finance Documents and liabilities under any agreement for disposal of any Cairn India Shares permitted by the terms of this Agreement;
- (B) liabilities for Subordinated Debt;
- (C) holding cash in bank accounts and liabilities under the associated account terms; and
- (D) professional fees, administrative costs and Tax liabilities in the ordinary course of business as a holding company.



- (b) Other than as expressly permitted in this Agreement and the Existing Facility Agreement, TSMHL owns no assets other than:
- (i) rights under the Finance Documents, the Existing Facility Finance Documents, each Subordinated Debt Document or any rights under any agreement for disposal of any Cairn India Shares permitted by the terms of this Agreement;
 - (ii) rights in relation to bank accounts (including rights in cash held in any bank account and the associated account terms) permitted to be held by TSMHL under this Agreement and the Intercreditor Agreement; and
 - (iii) Cairn India Shares.
- (c) TSMHL is the legal and beneficial owner of 38.69% of all Cairn India Shares as at the date of this Agreement and at all times on or prior to the first Distribution Date shall be the legal and beneficial owner of not less than the Minimum Cairn Shareholding.

13.20 Shares

- (a) Both:
- (i) the shares in TSMHL owned by TSEHL; and
 - (ii) any shares in the issued capital of Cairn India owned by TSMHL,
- are issued, fully paid and freely transferable and constitute shares in the capital of limited companies, and there are no moneys or liabilities outstanding or payable in respect of any such share.
- (b) No person has or is entitled to any conditional or unconditional option, warrant or other right to call for the issue or allotment of, subscribe for, purchase or otherwise acquire:
- (i) any share capital of TSMHL (other than TSEHL); or
 - (ii) any shares in the issued capital of Cairn India owned by TSMHL other than pursuant to the terms of any Permitted Cairn Disposal.
- (c) There are no agreements in force or corporate resolutions passed which require or might require the present or future issue or allotment of any share capital of TSMHL (other than to TSEHL), TSEHL (other than to VRHL), VRHL (other than to the Company) (other than in a manner which would not cause a Change of Control).
- (d) The shares of TSMHL subject to the TSMHL Share Pledge constitute all the share capital of TSMHL.
- (e) The constitutional documents of TSMHL do not contain any provision which could restrict or inhibit any transfer of any shares of TSMHL on creation or enforcement of the TSMHL Share Pledge, or such provisions have been irrevocably and validly consented to or waived in respect of any transfer made as part of the enforcement of the rights of the Secured Creditors pursuant to the Common Security Documents.



13.21 Taxation

- (a) It and each of its Subsidiaries has duly and punctually paid and discharged all Taxes imposed upon it or its assets within the time period allowed without incurring penalties except to the extent that:
 - (i) payment is being contested in good faith;
 - (ii) it has maintained adequate reserves in accordance with GAAP for those Taxes;
 - (iii) payment can be lawfully withheld; and
 - (iv) non-payment has not and could not reasonably be expected to have a Material Adverse Effect.
- (b) It is not materially overdue in the filing of any Tax returns.
- (c) No claims or investigations are being, or are reasonably likely to be, asserted against it with respect to Taxes, which might reasonably be expected to have a Material Adverse Effect

13.22 Labour disputes

No labour disputes which could reasonably be expected to have a Material Adverse Effect have been started or threatened against it, or any member of the Group.

13.23 Sanctions

Neither it, nor any of its Subsidiaries or Joint Ventures, nor any of their respective directors, officers nor to the knowledge of the Obligors, any employees or persons acting on any of their behalf (with any of their express authority):

- (a) is a Restricted Party; or
- (b) has received notice of or is aware of any claim, action, suit, proceeding or investigation against it with respect to Sanctions by any Sanctions Authority.

13.24 Anti-Terrorism Laws

- (a) It has taken reasonable measures to ensure compliance with applicable Economic Sanctions Laws and Anti-Money Laundering Laws.
- (b) It is not a Designated Person.
- (c) It will not use any part of the proceeds from any Loan or Purchase Contract on behalf of any Designated Person or otherwise use such proceeds in connection with any investment in, or any transactions or dealings with, any Designated Person.

13.25 US Governmental Regulation

It will not use any part of the proceeds from any Loan or Purchase Contract, directly or indirectly, for payments to any government official or employee, political party, official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the US Foreign Corrupt Practices Act of 1977 (15 USC. §§ 78dd-1 *et seq.*), assuming in all cases that such Act applies to it.



20018GsPnWJrjPp6V

13.26 TSEHL

- (a) Other than as expressly permitted in this Agreement and the Existing Facility Agreement, TSEHL:
- (i) has not traded or carried on any business; and
 - (ii) does not have any material liability (actual or contingent, present or future), other than:
 - (A) as contemplated by or in connection with the Finance Documents and the Existing Facility Finance Documents;
 - (B) liabilities for Subordinated Debt;
 - (C) the making of financing to other members of the Group;
 - (D) holding cash, bank accounts and liquid investments; and
 - (E) professional fees, administrative costs and tax liabilities in the ordinary course of business as a holding company.
- (b) Other than as expressly permitted in this Agreement and the Existing Facility Agreement, TSEHL owns no assets other than:
- (i) rights under the Finance Documents, the Existing Facility Finance Documents, each Subordinated Debt Document to which it is a party and any financing described in paragraph (a)(C) above;
 - (ii) rights in bank accounts (including rights in any cash held in those accounts and in any other liquid investments made with balances standing to the credit of such accounts) and under the related account mandates; and
 - (iii) shares in TSMHL.

13.27 Shariah compliance

It has not relied on any representation or any written declaration, fatwa, opinion or other documents made by the Investment Agent, any Affiliate of the Investment Agent, the Participants or the Shariah Supervisory Committee of the Participants as to the Shariah compliance of the Islamic Finance Documents or the transactions contemplated by the Islamic Finance Documents.

13.28 Times when representations made

- (a) The representations and warranties set out in this Clause 13 are made by the Obligors on the date of this Agreement.



- (b) The representations and warranties set out in Clauses 13.1 (Status) to 13.6 (Governing law and enforcement) (insofar as they relate to the person purporting to grant Security under a Common Security Document) and Clause 13.15 (Title) (insofar as it relates to the assets the subject of that Security) are deemed made by each person granting Security pursuant to a Common Security Document on the date of that Common Security Document, in each case by reference to the facts and circumstances then existing.
- (c) The representations and warranties set out in paragraphs (d) and (e) of Clause 13.20 (Shares) are deemed made by TSEHL and TSMHL on the date of the TSMHL Share Pledge.
- (d) The representations and warranties set out in Clause 13.10 (No misleading information) are deemed to be made by each Obligor with respect to the Information Memorandum on the date that the Information Memorandum is approved by the Company, on each Transfer Date occurring on or prior to the Syndication Date and the date of each Syndication Agreement, in each case, by reference to the facts and circumstances then existing.
- (e) The Repeating Representations are deemed to be made by each Obligor on the date of each Request, the first day of each Interest Period and the first day of each Transaction Period by reference to the facts and circumstances then existing and, on each date falling on or prior to the first Distribution Date, the representations and warranties in Clauses 13.19 (TSMHL) and 13.26 (TSEHL) shall also be deemed to be so made by the Obligors.

14. INFORMATION UNDERTAKINGS

The undertakings in this Clause 14 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

14.1 Financial statements

The Company shall supply to the Global Facility Agent (in electronic form or, if not in electronic form, then in sufficient copies for all the Participating Banks):

- (a) as soon as the same become available, but in any event within 120 days after the end of each of its financial years, its audited consolidated financial statements, its unaudited unconsolidated financial statements and the audited non-consolidated and (if prepared) consolidated financial statements of TSMHL, TSEHL and each Material Subsidiary which is a trading company for that financial year; and
- (b) as soon as the same become available, but in any event within 75 days after the end of the first half of each of its financial years:
 - (i) its semi-annual unaudited consolidated financial statements and its semi-annual unconsolidated financial statements;
 - (ii) the semi-annual unconsolidated and (if prepared) consolidated financial statements of each of TSMHL and TSEHL; and
 - (iii) the semi-annual unaudited non-consolidated and (if prepared) consolidated financial statements of each Material Subsidiary which is a trading company,for that financial half year.

14.2 Compliance Certificates

- (a) The Company shall supply to the Global Facility Agent, with each set of financial statements delivered pursuant to Clause 14.1 (Financial statements):
 - (i) a copy of the annual audited or, as applicable, semi-annual interim report provided by the Company to the London Stock Exchange; and



- (ii) a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 15 (Financial Covenants) as at the date as at which those financial statements were drawn up and setting out the Material Subsidiaries and (in reasonable detail) computations for the determination of which members of the Group are Material Subsidiaries.
- (b) The list of Material Subsidiaries in the Compliance Certificate supplied with the financial statements delivered pursuant to paragraph (a) of Clause 14.1 (Financial statements) shall be certified by an independent chartered accountant and such certification shall, in the absence of manifest error, be conclusive and binding on the Finance Parties.
- (c) Each Compliance Certificate shall be signed by (i) a director or the chief financial officer of the Company and (ii) an authorised signatory of the Company.

14.3 Requirements as to financial statements

- (a) Each set of financial statements delivered by the Company pursuant to Clause 14.1 (Financial statements) shall be certified by a director of the relevant company as fairly representing its (or, as the case may be, its consolidated) financial condition and operations as at the end of and for the period in relation to which those financial statements were drawn up.
- (b) The Company shall procure that each set of financial statements delivered pursuant to Clause 14.1 (Financial statements) is prepared using relevant GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, it notifies the Global Facility Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Global Facility Agent:
 - (i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and
 - (ii) sufficient information, in form and substance as may be reasonably required by the Global Facility Agent, to enable the Participating Banks to determine whether Clause 15 (Financial Covenants) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

- (c) If the Company notifies the Global Facility Agent of a change in accordance with paragraph (b) above, the Company and the Global Facility Agent shall enter into negotiations in good faith with a view to agreeing any amendments to this Agreement which are necessary as a result of the change. To the extent practicable these amendments will be such as to ensure that the change does not result in any material alteration in the commercial effect of the obligations in this Agreement. If any amendments are agreed they shall take effect and be binding on each of the Parties in accordance with their terms.



14.4 Information: miscellaneous

The Company shall (subject to any confidentiality obligations existing as at the date of this Agreement or arising under applicable law or regulation) supply to the Global Facility Agent (in sufficient copies for all the Participating Banks, if the Global Facility Agent so requests):

- (a) all documents dispatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group which:
 - (i) has or (having regard to the likelihood of adverse determination), could reasonably be expected to have a Material Adverse Effect; or
 - (ii) relates to compliance with Sanctions;
- (c) promptly, such further information regarding the financial condition, business and operations of any member of the Group as any Finance Party (through the Global Facility Agent) may reasonably request;
- (d) promptly following execution, a copy of any Subordinated Debt Document; and
- (e) as soon as reasonably practicable following the date of this Agreement, and in any event within 30 Business Days, details of each encumbrance or restriction existing on the ability of any Obligor or Material Subsidiary to make payment of dividends or any other distribution with respect to share capital to, or on the repayment of financing to, the Company or any other Material Subsidiary.

14.5 Notification of default

- (a) The Company shall notify the Global Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Global Facility Agent, the Company shall supply to the Global Facility Agent a certificate signed by its chief financial officer or director and an authorised signatory on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

14.6 Inspection of books and records

Each Obligor shall (and the Company shall ensure that each member of the Group will):

- (a) keep books and records which accurately reflect in all material respects all of its business, affairs and transactions; and
- (b) permit any Finance Party or any of its representatives, at reasonable times and intervals in each calendar year and in circumstances when any Finance Party acting reasonably believes that a Default has occurred or might reasonably be expected to occur, and upon reasonable notice, to visit any of its offices, to inspect any of its books and records and to discuss its financial matters with its officers and auditors. The reasonable costs and expenses of each such visit shall be borne by the Company.



14.7 “Know your customer” checks

- (a) If:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
 - (ii) any change in the status of an Obligor after the date of this Agreement; or
 - (iii) a proposed assignment or transfer by a Participating Bank of any of its rights and obligations under this Agreement to a party that is not a Participating Bank prior to such assignment or transfer,

obliges the Global Facility Agent or any Participating Bank (or, in the case of paragraph (a)(iii) above, any prospective New Participating Bank) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Global Facility Agent or any Participating Bank supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Global Facility Agent (for itself or on behalf of any Participating Bank) or any Participating Bank (for itself or, in the case of the event described in paragraph (a)(iii) above, on behalf of any prospective New Participating Bank) in order for the Global Facility Agent, such Participating Bank or, in the case of the event described in paragraph (a)(iii) above, any prospective New Participating Bank to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Participating Bank shall promptly upon the request of the Global Facility Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by either of them (for itself) in order for it to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

14.8 FATCA Information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
- (i) confirm to that other Party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party;
 - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA; and
 - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party’s compliance with any other law, regulation, or exchange of information regime.



- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) of this Clause 14.8 that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
 - (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (a)(ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments made under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.
- (e) If TSMHL is a US Tax Obligor or the Global Facility Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Participating Bank shall, within ten Business Days of:
 - (i) where TSMHL is a US Tax Obligor and the relevant Participating Bank is an Original Participating Bank, the date of this Agreement;
 - (ii) where TSMHL is a US Tax Obligor on a Transfer Date and the relevant Participating Bank is an Increase Participating Bank, the relevant Transfer Date; or
 - (iii) where TSMHL is not a US Tax Obligor, the date of a request from the Global Facility Agent, supply to the Global Facility Agent:
 - (A) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or
 - (B) any withholding statement or other document, authorisation or waiver as the Global Facility Agent may require to certify or establish the status of such Participating Bank under FATCA or that other law or regulation.
- (f) The Global Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Participating Bank pursuant to paragraph (e) above to TSMHL.
- (g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Global Facility Agent by a Participating Bank pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Participating Bank shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Global Facility Agent unless it is unlawful for the Participating Bank to do so (in which case the Participating Bank shall promptly notify the Global Facility Agent). The Global Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to TSMHL.



- (h) The Global Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Participating Bank pursuant to paragraph (e) or (g) above without further verification. The Global Facility Agent shall not be liable for any action taken by it under or in connection with paragraph (e), (f) or (g) above.

14.9 Adjustment Events

- (a) Promptly following the occurrence of an Adjustment Event, the Company shall so notify the Global Facility Agent, providing reasonable detail both of the relevant Adjustment Event and its proposed adjustment (if any) to the percentage of Cairn India Shares which is the then Minimum Cairn Shareholding.
- (b) If within 15 Business Days of receipt of the Company's notice under paragraph (a), the Majority Participating Banks have not objected to the same, then the adjustment (if any) proposed by the Company shall take effect at the end of that 15 Business Day period.
- (c) If the Majority Participating Banks object to the Company's proposal within 15 Business Days of receipt of the Company's notice under paragraph (a) above then the Company shall appoint an independent investment bank of international repute selected by the Company (at the expense of the Company) to determine the appropriate adjustment to the percentage of Cairn India Shares which is the then Minimum Cairn Shareholding to take into account the relevant Adjustment Event and the decision of the investment bank so appointed (made in the context of the purpose for which that percentage is used in this Agreement and after taking into account the written submissions (if any) of both the Company and the Participating Banks) shall be binding on the Parties.

15. FINANCIAL COVENANTS

15.1 Financial condition

The Company shall ensure that on and from the Relevant Period ending 30 September 2014:

- (a) the ratio of Total Net Borrowings as at a Relevant Date to EBITDA for the Relevant Period ending on that date does not exceed 2.75 to 1.00 provided that upon the purchase by the Company or any of its Subsidiaries of equity interests constituting not less than 20% of the issued share capital in Hindustan Zinc from the Government of India and solely for the purposes of each Relevant Period ending during the 18 month period commencing from the date of such purchase, the ratio of Total Net Borrowings as at a Relevant Date to EBITDA for the Relevant Period ending on that date does not exceed 3.25 to 1.00;
- (b) the ratio of Subsidiary Net Borrowings as at a Relevant Date to EBITDA for the Relevant Period ending on that date does not exceed 2.25 to 1.00;
- (c) the ratio of EBITDA to Net Interest Expense for any Relevant Period will not be less than 4.00 to 1.00; and
- (d) the ratio of Total Net Assets as at a Relevant Date to Borrowings as at that Relevant Date will not be less than 1.75 to 1.00.



15.2 Financial covenant calculations

- (a) Borrowings, Company Net Borrowings, Current Assets, Current Liabilities, EBITDA, Net Current Assets, Net Fixed Assets, Net Interest Expense, Subsidiary Net Borrowings, Total Net Assets and Total Net Borrowings shall be calculated:
- (i) and interpreted on a consolidated basis or a non-consolidated basis, as the case may be, in accordance with the GAAP applicable to the Original Financial Statements and shall be expressed in US Dollars. For the avoidance of doubt, Subsidiary Net Borrowings shall be calculated and interpreted on a consolidated basis as if the Company were not a member of the Group;
 - (ii) for each Relevant Date or Relevant Period which falls or ends (as the case may be) on a date which is, or is included in a period which is, less than 12 Months after any acquisition of shares of a company which becomes a member of the Group by reason of that acquisition, to include the consolidated financial results that company on that Relevant Date or for that Relevant Period as if that company had been a member of the Group for the whole of the Relevant Period ending on that Relevant Date; and
 - (iii) for each Relevant Date or Relevant Period which falls or ends (as the case may be) on a date which is, or is included in a period which is, less than 12 twelve Months after any company has ceased (whether by disposal or otherwise) to be a member of the Group, to exclude the consolidated financial results that company on that Relevant Date or for that Relevant Period as if that company had not been a member of the Group for any part of the Relevant Period ending on that Relevant Date.
- (b) Indebtedness (actual or contingent) owed by one member of the Group to another member of the Group shall not be taken into account in calculating compliance with the covenants set out in Clause 15.1 (Financial condition).

15.3 Definitions

In this Clause 15.3:

Borrowings means, with respect to the Group at any date, without double counting:

- (a) all obligations for borrowed money, including, without limitation, any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (b) all obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business;
- (c) all obligations as lessee which are capitalised in accordance with GAAP;
- (d) all non-contingent obligations to reimburse any bank or other person in respect of amounts paid under a letter of credit or similar instrument, except in respect of trade accounts payable arising in the ordinary course of business;
- (e) all obligations in respect of any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;



20018GsPnWJrqFD6e

- (f) any receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement or any Islamic financing document) having the commercial effect of a borrowing;
- (h) all obligations of a member of the Group in respect of shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject of a put option or other form of guarantee where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any Financial Indebtedness;
- (i) any obligation under any put option in respect of any shares or instruments convertible into shares or any form of guarantee or indemnity in respect of any put option where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any Financial Indebtedness;
- (j) obligations in respect of finance raised pursuant to a Shariah financing arrangement; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above whether or not the principal debtor or obligor which benefits from such guarantee or indemnity is a member of the Group.

For this purpose, any amount outstanding or repayable in a currency other than US Dollars shall on that day be taken into account in its US Dollars equivalent at the rate of exchange that would have been used had an audited consolidated balance sheet of the Group been prepared as at that day in accordance with the GAAP applicable to the Original Financial Statements.

Cash means any credit balance on any deposit, savings, current or other account held with a bank, and any cash in hand, which is:

- (a) freely withdrawable on demand; and
- (b) not subject to any Security or Quasi Security (other than pursuant to any Common Security Document or any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances).

Cash Equivalent Investments means:

- (a) marketable securities with a maturity of less than 12 months from the date of acquisition issued or fully guaranteed or fully insured by the Government of the US or any member state of the European Union which is rated at least (in each case) A-1 by Standard & Poor's Ratings Group, P-1 by Moody's Investors Service, Inc., P-1 by Credit Rating Information Services Limited (CRISIL) or A-1 by Investment Information and Credit Rating Agency of India Limited (ICRA);
- (b) open market commercial paper or other debt securities issued by an issuer rated at least (in each case) A-1 by Standard & Poor's Ratings Group or P-1 by Moody's Investors Service, Inc., P-1 by CRISIL or A-1 by ICRA and with a maturity of less than 12 months;



- (c) certificates of deposit or time deposits of any commercial bank (which has outstanding debt securities rated as referred to in paragraph (b) above) and with a maturity of less than three months; and
- (d) funds invested in any debt mutual fund which is established as a trust and has obtained a certificate of registration as a mutual fund under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996,

in each case not subject to any Security or Quasi Security (other than pursuant to any Common Security Document) or customary rights of set-off, netting and liens), denominated and payable in freely transferable and freely convertible currency and the proceeds of which are capable of being remitted to an account of the holder of such investment in its jurisdiction of incorporation.

Company Net Borrowings means, with respect to the Company, as at any particular time, without double counting:

- (a) all obligations for borrowed money, including, without limitation, any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (b) all obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business;
- (c) all obligations as lessee which are capitalised in accordance with GAAP;
- (d) all non contingent obligations to reimburse any bank or other person in respect of amounts paid under a letter of credit or similar instrument, except in respect of trade accounts payable arising in the ordinary course of business;
- (e) all obligations in respect of any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (f) any receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement, including an Islamic financing document) having the commercial effect of a borrowing;
- (h) all obligations of the Company in respect of shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject of a put option or other form of guarantee;
- (i) any obligation under any put option in respect of any shares or instruments convertible into shares or any form of guarantee or indemnity in respect of any put option where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any Financial Indebtedness;
- (j) obligations in respect of finance raised pursuant to a Shariah financing arrangement; and



- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above whether or not the principal debtor or obligor which benefits from such guarantee or indemnity is a member of the Group,

LESS all Cash and Cash Equivalent Investments of the Company and excluding all indebtedness described in paragraphs (a) to (j) above where the person to whom such indebtedness is owed by the Company is a member of the Group.

For this purpose, any amount outstanding or repayable in a currency other than US Dollars shall on that day be taken into account in its US Dollars equivalent at the rate of exchange that would have been used had an audited non-consolidated balance sheet of the Company been prepared as at that day in accordance with the GAAP applicable to the Original Financial Statements.

Current Assets means, with respect to the Group as at any Relevant Date, without double counting:

- (a) the aggregate of Cash and Cash Equivalent Investments of the Group;
- (b) inventory, trade and other receivables of the Group including sundry debtors maturing within 12 months from the Relevant Date but excluding:
 - (i) receivables in relation to Tax;
 - (ii) extraordinary and exceptional items and other non-operating items; and
 - (iii) any accrued interest owing to any member of the Group,

as determined (except as needed to reflect the terms of this Clause 15.3) from the consolidated financial statements of the Company and Compliance Certificates delivered under Clause 14.1 (Financial statements) and Clause 14.2 (Compliance Certificates).

Current Liabilities means, with respect to the Group as at any Relevant Date, without double counting, all liabilities (including trade creditors, accruals, provisions and prepayments) of the Group falling due within 12 months from the Relevant Date but excluding:

- (a) liabilities for Borrowings and Net Interest Expense of the Group;
- (b) liabilities for Tax;
- (c) extraordinary and exceptional items and other non-operating items; and
- (d) liabilities in relation to dividend declared but not paid by the Company,

as determined (except as needed to reflect the terms of this Clause 15.3) from the consolidated financial statements of the Company and Compliance Certificates delivered under Clause 14.1 (Financial statements) and Clause 14.2 (Compliance Certificates).

EBITDA means, in relation to any Relevant Period, the total consolidated operating profit of the Group for that Relevant Period:

- (a) before taking into account:
 - (i) Interest Expense;



- (ii) Tax;
- (iii) any share of the profit of any associated company or undertaking, except for dividends received in cash by any member of the Group;
- (iv) depreciation;
- (v) amortisation expenses;
- (vi) realised and unrealised foreign exchange losses;
- (vii) extraordinary and exceptional items; and
- (viii) any profit or loss arising on the sale of fixed assets; and

(b) to the extent not already taken into account, excluding the aggregate amount of interest receivable,

as determined (except as needed to reflect the terms of this Clause 15.3) from the consolidated financial statements of the Company and Compliance Certificates delivered under Clause 14.1 (Financial statements) and Clause 14.2 (Compliance Certificates).

Interest Expense means, in relation to any Relevant Period, the aggregate amount of interest or profit and any other finance charges (whether or not paid, payable or capitalised) accrued by the Group in that Relevant Period in respect of Borrowings including:

- (a) the interest or profit element of leasing and hire purchase payments;
- (b) commitment fees, commissions, arrangement fees and guarantee fees; and
- (c) amounts in the nature of interest payable in respect of any shares other than equity share capital,

adjusted (but without double counting) by adding back the net amount payable (or deducting the net amount receivable) by members of the Group in respect of that Relevant Period under any interest or (so far as they relate to interest or profit) currency hedging arrangements; and

as determined (except as needed to reflect the terms of this Clause 15.3) from the consolidated financial statements of the Company and Compliance Certificates delivered under Clause 14.1 (Financial statements) and Clause 14.2 (Compliance Certificates).

Interest Income means, for any Relevant Period, the amount of interest income (or amounts in the nature of interest) receivable in that Relevant Period to any member of the Group as determined from the Company's consolidated financial statements excluding any net amount added back in respect of interest or profit or currency hedging arrangements in the definition of **Interest Expense**.

Net Current Assets means, as at any Relevant Date, Current Assets as at that Relevant Date less Current Liabilities as at that Relevant Date.

Net Fixed Assets means, with respect to the Group as at any Relevant Date, the aggregate non-current assets of the Group adjusted by deducting any amount attributable to an upward revaluation of assets and excluding the intangible assets of the Group as determined (except as needed to reflect the terms of this Clause 15.3) from the consolidated financial statements of the Company and Compliance Certificates delivered under Clause 14.1 (Financial statements) and Clause 14.2 (Compliance Certificates).



20018GsPnWJrtJa6t

Net Interest Expense in respect of a Relevant Period means Interest Expense in respect of that Relevant Period less any Interest Income in respect of that Relevant Period.

Relevant Date means the last day of each Relevant Period.

Relevant Period means:

- (a) each financial year of the Company; and
- (b) each period beginning on the first day of the second half of a financial year of the Company and ending on the last day of the first half of its next financial year.

Subsidiary Net Borrowings means, with respect to the companies in the Group (other than the Company) at any date, without double counting:

- (a) all obligations for borrowed money, including, without limitation, any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (b) all obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business;
- (c) all obligations as lessee which are capitalised in accordance with GAAP;
- (d) all non-contingent obligations to reimburse any bank or other person in respect of amounts paid under a letter of credit or similar instrument, except in respect of trade accounts payable arising in the ordinary course of business;
- (e) all obligations in respect of any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (f) any receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (g) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (h) all obligations of a member of the Group in respect of shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject of a put option or any form of guarantee;
- (i) any obligation under any put option in respect of any shares or instruments convertible into shares or any form of guarantee or indemnity in respect of any put option where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any Financial Indebtedness;
- (j) obligations in respect of finance raised pursuant to a Shariah financing arrangement; and



- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above whether or not the principal debtor or obligor which benefits from such guarantee or indemnity is a member of the Group,

LESS all Cash and Cash Equivalent Investments of the Group (other than the Company) and excluding all indebtedness described in paragraphs (a) to (j) above where the person to whom such indebtedness is owed by any member of the Group is the Company.

For this purpose, any amount outstanding or repayable in a currency other than US Dollars shall on that day be taken into account in its US Dollars equivalent at the rate of exchange that would have been used had an audited consolidated balance sheet of the Group been prepared as at that day in accordance with the GAAP applicable to the Original Financial Statements.

Total Net Assets means, as at any Relevant Date, the aggregate of Net Current Assets and Net Fixed Assets as at that Relevant Date.

Total Net Borrowings means, as at any Relevant Date, and without double counting, the aggregate of Company Net Borrowings and Subsidiary Net Borrowings at that Relevant Date.

16. GENERAL UNDERTAKINGS

The undertakings in this Clause 16 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

16.1 Authorisations

- (a) Each Obligor shall promptly:
- (i) obtain, comply with and do all that is necessary to maintain in full force and effect; and
 - (ii) supply certified copies to the Global Facility Agent of,
any Authorisation required under any law or regulation of its jurisdiction of incorporation to enable it to perform its obligations under the Finance Documents to which it is party and to ensure the legality, validity, enforceability or admissibility in evidence in each such jurisdiction of any such Finance Document.
- (b) Each Obligor shall promptly make the registrations specified in Clause 13.5 (Validity and admissibility in evidence) required to be made by it.

16.2 Compliance with laws

Each Obligor shall (and the Company shall ensure that each other member of the Group will) comply in all respects with all laws to which it may be subject, if failure so to comply could reasonably be expected to have a Material Adverse Effect.

16.3 No encumbrance

- (a) No Obligor shall (and the Company shall ensure that no Material Subsidiary will) create or permit to subsist any Security over any of its assets.
- (b) No Obligor shall (and the Company shall ensure that no Material Subsidiary will) enter into or permit to subsist any Quasi Security over any of its assets.



- (c) Without prejudice to paragraph (c) of Clause 16.11 (No other business) and subject to paragraph (d) below, paragraphs (a) and (b) above do not apply to:
- (i) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
 - (ii) any payment or close out netting or set-off arrangement pursuant to any treasury transaction or foreign exchange transaction entered into by a member of the Group;
 - (iii) the Security or Quasi Security created pursuant to any Common Security Document;
 - (iv) from the date of this Agreement and until the first Utilisation Date, any Security or Quasi Security granted in connection with the Existing Facility Agreement and in effect as at the date of this Agreement;
 - (v) any lien arising by operation of law and in the ordinary course of trading;
 - (vi) any retention of title arrangements and rights of set-off arising in the ordinary course of trading with suppliers of goods to any member of the Group and not as a result of any default or omission by any member of the Group;
 - (vii) any Quasi Security (including but not limited to cashflow and escrow arrangements) arising in connection with payment and/or settlement mechanics employed in connection with a disposal which is permitted consistent with the terms of Clause 16.4 (Disposals) or an acquisition made consistent with the terms of Clause 16.5 (Acquisitions);
 - (viii) any Security or Quasi Security created by any Material Subsidiary (other than TSMHL or TSEHL) securing indebtedness that is Excluded Indebtedness;
 - (ix) any Security or Quasi Security created by any Material Subsidiary (other than TSMHL or TSEHL) securing any indebtedness which is not Relevant Debt;
 - (x) any Security or Quasi Security created by any Material Subsidiary securing any indebtedness which is Relevant Debt, provided that at the same time or prior thereto, the Liabilities (A) are secured equally and rateably therewith to the satisfaction of the Majority Participating Banks or (B) have the benefit of such other Security or other arrangement as the Majority Participating Banks deem (in their reasonable discretion) to be no less beneficial to the Finance Parties than the relevant arrangements described in paragraph (A) above and the Global Facility Agent has received such documents and evidence (including, but not limited to, legal opinions) as it reasonably requires in respect of such arrangements; or
 - (xi) any Security or Quasi Security created by any Material Subsidiary or created over the shares in a Material Subsidiary, to the extent that Material Subsidiary is not a Material Subsidiary as at the date of this Agreement but subsequently becomes a Material Subsidiary thereafter and such Security or Quasi Security is not created in contemplation of (or in connection with any transaction or series of transactions that will result in) the relevant member of the Group becoming a Material Subsidiary.

However, the exceptions in paragraphs (c)(v), (c)(vi), (c)(x) and (c)(xi) do not apply to any asset of TSEHL or TSMHL except to the extent that all Participating Banks agree otherwise.



- (d) Without prejudice to the terms of paragraph (c) of Clause 16.11 (No other business) and notwithstanding paragraph (c) above but subject to paragraphs (e) and (f) below, the Company shall not (and it shall ensure that no other member of the Group will) create or permit to subsist any Security or Quasi Security over:
- (i) the shares owned by the Company or any other member of the Group in any Key Subsidiary other than any Security or Quasi Security:
 - (A) over shares in TSMHL granted pursuant to a Common Security Document or otherwise permitted under paragraph (c)(iv) above; or
 - (B) over shares in a Material Subsidiary over which Security or Quasi Security has been granted (consistent with the terms of this Agreement) as Security or Quasi Security solely for the payment and repayment of Excluded Indebtedness borrowed by that Material Subsidiary;
 - (ii) any asset of TSMHL or any Charged Asset other than under the Common Security Documents or to the extent permitted under paragraph (c)(iv) above.
- (e) Without prejudice to paragraph (c) of Clause 16.11 (No other business), the obligation of the Company not to (and to ensure that no other member of the Group will) create or permit to subsist any Security or Quasi Security on the shares owned by any member of the Group in any Key Subsidiary under paragraph (d) above does not apply to Security or Quasi Security created over shares (the **Acquired Shares**) in a Subsidiary or any of that Subsidiary's (direct or indirect) Subsidiaries (in each case) acquired after the date of this Agreement by any member of the Group or any Subsidiary whose primary purpose is (and remains) to acquire any such Acquired Shares where such Security or Quasi Security is given in relation to Financial Indebtedness, the primary purpose of which is to fund the acquisition (or to refinance such Financial Indebtedness) provided that this Financial Indebtedness so secured is not owed to another member of the Group and the Acquired Shares were not acquired from another member of the Group.
- (f) The obligation on the Company not to (and to ensure that no other member of the Group will) create or permit to subsist any Security or Quasi Security on the shares in Hindustan Zinc under paragraph (d) above does not apply to any shares in Hindustan Zinc which are not held by a member of the Group at the date of this Agreement but are subsequently acquired by a member of the Group.
- (g) The Parties understand and acknowledge that it is their unequivocal intention to co-operate and comply with every applicable law and regulation in respect of the transactions contemplated by the Finance Documents, including, without limitation, the Foreign Exchange Management Act 1999 of India. Accordingly, in order to be consistent with the aforesaid, it is hereby agreed (and the Company undertakes) that no Security, Quasi Security, security interest, encumbrance or similar interest will be created or permitted to subsist over the assets of any member of the Group without prior Authorisation from any Governmental Agency of the Republic of India (including without limitation, the RBI) where such Authorisation may be required. For the avoidance of doubt, nothing in this Clause 16.3 shall be construed (and is not intended to be construed) as creating any Security, Quasi Security, security interest, encumbrance or similar interest in the assets of any member of the Group or directing the disposal of any assets of any member of the Group.

**16.4 Disposals**

- (a) No Obligor shall (and the Company shall ensure that no Material Subsidiary will) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any asset.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal (other than a Charged Asset):
- (i) of an asset made in the ordinary course of trading of the disposing entity;
 - (ii) of obsolete or redundant vehicles, plant and equipment for cash and which, in the reasonable opinion of the member of the Group making the sale, lease, transfer or disposal, are not required for the efficient operation of its business;
 - (iii) of Cash or of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;
 - (iv) of Cash or Cash Equivalent Investments to the extent the use of such cash is not prohibited by this Agreement;
 - (v) (without prejudice to paragraph (viii) below) of assets by a member of the Group to another member of the Group other than:
 - (A) any share in TSMHL or TSEHL; or
 - (B) any asset of TSMHL (other than any Permitted Cairn Disposal or the application of cash permitted by the terms of this Agreement);
 - (vi) of intellectual property by licence in the ordinary course of business;
 - (vii) of assets in exchange for other assets comparable or superior as to type, value and quality;
 - (viii) of Cairn India Shares by TSMHL on arm's length terms (taken as a whole) as part of a Permitted Cairn Disposal;
 - (ix) of an asset pursuant to a transaction permitted by Clause 16.9 (Merger);
 - (x) arising by reason only of the grant of any Security or Quasi Security permitted under paragraph (c) of Clause 16.3 (No encumbrance);
 - (xi) effected pursuant to a solvent liquidation or reorganisation, of any member of the Group which is not prohibited by this Agreement provided no Event of Default is continuing or could reasonably be expected to arise as a result thereof;
 - (xii) of any asset that is the subject of Security or Quasi Security permitted to be granted or subsist by paragraph (d), (e) or (f) of Clause 16.3 (No encumbrance), the proceeds of which are, to the extent required, applied in repayment or prepayment of Financial Indebtedness raised to acquire that asset;
 - (xiii) of any shares in the Company acquired or held by the Company (whether directly or indirectly) but not cancelled;



- (xiv) of shares which have been disposed of as a result of the exchange of Financial Indebtedness into equity in accordance with the original terms of such Financial Indebtedness;
 - (xv) of any shares in any Material Subsidiary or Key Subsidiary or any other disposal of shares, provided that the same does not result in an Event of Default or Change of Control;
 - (xvi) of any shares of a company (the **Acquired Company**) or assets which are acquired after the date of this Agreement, where such acquisition is funded in whole or part by Financial Indebtedness incurred for the purposes of such acquisition and Security has been granted over such acquired assets to secure such Financial Indebtedness in accordance with the terms of this Agreement;
 - (xvii) made by any Acquired Company or any of its subsidiaries pursuant to binding obligations or arrangements existing at the time such Acquired Company became a member of the Group;
 - (xviii) of shares in a special purpose company, where such company has been set up for the sole purpose of incurring Excluded Indebtedness (provided that such disposal does not breach the terms of paragraph (a) of Clause 16.20 (Material Subsidiaries) or cause a Change of Control);
 - (xix) of any interest in any Financial Indebtedness owed to any member of the Group by any other member of the Group;
 - (xx) of any other assets to a person other than a member of the Group provided all or part of the proceeds are applied in the repayment or prepayment of Financial Indebtedness of a member of the Group owed to another person that is not a member of the Group;
 - (xxi) of an asset (other than a share) where that asset is required to be physically delivered under any Permitted Hedging Transaction;
 - (xxii) of an asset (other than a share) required in order to comply with, or obtain any clearance or consent under, any law or regulation binding on any member of the Group provided that such disposal could not reasonably be expected to have a Material Adverse Effect;
 - (xxiii) of any debt securities, marketable securities, open market commercial paper, certificates of deposits or time deposits or such similar instruments (not being Cash Equivalent Investments) which were acquired as part of a financial investment;
 - (xxiv) of any commodities comprising metals or shares sold purely for the purposes of the implementation of the Islamic Facility or any other murabaha facility relating to Additional Debt; or
 - (xxv) of an asset (other than any asset the disposal of which is otherwise permitted under this Clause 16.4) where the higher of the market value or consideration receivable (when aggregated with the higher of the market value or consideration receivable for any other sale, lease, transfer or other disposal by a member of the Group, does not exceed US\$250,000,000 (or its equivalent in another currency or currencies) in any financial year.
- (c) Nothing in this Clause 16.4 shall permit:
- (i) any member of the Group to dispose of shares in TSEHL, TSMHL, VRHL or, Bloom Fountain Limited, where such disposal would result in a Change of Control; or



- (ii) any disposal of any direct or indirect shareholding in any Key Subsidiary with the result that a Material Subsidiary would cease to be a Subsidiary of the Company.
- (d) For the avoidance of doubt, the issue of any new shares in any member of the Group whether by way of initial public offering or otherwise will not be prohibited by this Clause 16.4.

16.5 Acquisitions

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will):
 - (i) invest in or acquire any share in, or any security issued by, any person, or any interest therein or in the capital of any person, or make any capital contribution to any person (or agree to do any of the foregoing); or
 - (ii) invest in or acquire any business or going concern, or the whole or substantially the whole of the assets or business of any person, or any assets that constitute a division or operating unit of the business of any person (or agree to do any of the foregoing),

which following consolidation of such shares or assets with the assets of the relevant member of the Group would constitute a material part of the consolidated assets of the Group, unless substantially all of the business and/or undertaking relating to such shares or substantially all of the assets being acquired are associated with mining, metals, coal, oil and gas exploration and/or production, infrastructure, power or energy industries.

- (b) Paragraph (a) does not apply to:
 - (i) any acquisition resulting from any Merger to the extent not prohibited by the terms of this Agreement;
 - (ii) the acquisition of new shares issued by a member of the Group; or
 - (iii) the acquisition of any shares in a Material Subsidiary in order to ensure that any such entity is and continues to remain a Subsidiary (directly or indirectly) of the Company.

16.6 Preservation of assets

The Company shall (and the Company shall ensure that each Material Subsidiary will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary in the conduct of its business.

16.7 Hedging

No Obligor shall (and the Company shall ensure that no other member of the Group will) enter (or agree to enter) into any Hedging Transaction other than a Permitted Hedging Transaction.

16.8 Pari passu

Without prejudice to the Security created pursuant to any Common Security Document, each Obligor shall ensure that its obligations under the Finance Documents rank at all times at least *pari passu* in right of priority and payment with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**16.9 Merger**

- (a) The Company shall not (and it shall ensure that no other member of the Group will) enter into any Merger.
- (b) Paragraph (a) above shall not apply to:
- (i) any Permitted Merger; or
 - (ii) a Merger of any member of the Group (other than TSMHL or TSEHL) with another person, provided that if, following the consolidation of the assets as a result of the Merger, the assets of the merged entity constitute a material part of the consolidated assets of the Group, all or substantially all of the business and/or undertaking of the merged entity shall be associated with mining, metals, coal, oil and gas exploration and/or production, infrastructure, power or energy industries provided always that if such Merger involves the Company, then the Company shall be the surviving entity of the Merger and provided always that if such Merger involves any Subordinated Creditor and such entity will not be the surviving entity of the Merger, the Global Facility Agent has received confirmations from (and legal opinions in respect of) each such Obligor or Subordinated Creditor satisfactory to the Majority Participating Banks (acting reasonably).

16.10 Change of business

The Company shall procure that no substantial change is made to the general nature of the business of the Company or the Group from that carried on at the date of this Agreement.

16.11 No other business

- (a) On and from the date of this Agreement, neither TSMHL nor TSEHL shall:
- (i) trade or carry on any business; or
 - (ii) have any material liability (actual or contingent, present or future),
- other than:
- (A) as contemplated by or in connection with the Finance Documents, the Existing Facility Finance Documents, any Permitted Hedging Transaction in respect of its interest rate (or profit element or equivalent exposures in the case of a sharia compliant facility) or exchange rate exposures in respect of the Facility, any Permitted Hedging Transaction in respect of its interest or exchange rate exposure in respect of the facility provided under the Existing Facility Agreement, any Permitted Hedging Transaction in respect of its interest rate (or profit element or equivalent exposures in the case of a sharia compliant facility) or exchange rate exposures in respect of any Additional Debt complying with the requirements of paragraph (c) below or any currency hedging transaction with a tenor or maturity not exceeding six months entered into by the Company (or any other member of the Group other than TSMHL and TSEHL) in order to hedge US\$ amounts receivable by TSMHL in respect of any amounts actually payable to it denominated in INR in respect of Cairn India Shares held by it (whether in the nature of dividends, sales proceeds or otherwise);



- (B) any purchase and immediate on-sale of commodities comprising metals entered into purely for the purposes of the implementation of the murabaha facility pursuant to the Finance Documents or any other murabaha facility relating to Additional Debt;
- (C) liabilities for Additional Debt complying with the requirements of paragraph (c) below or for Subordinated Debt;
- (D) holding cash in bank accounts and liabilities under the associated account terms;
- (E) refinancing existing debt;
- (F) professional fees, administrative costs and tax liabilities in the ordinary course of operations as a holding company; and
- (G) liabilities of TSMHL on usual commercial terms arising in respect of any Permitted Cairn Disposal.
- (b) On and from the date of this Agreement, neither TSMHL nor TSEHL shall own any asset other than:
- (i) rights under the Existing Facility Finance Documents, the Finance Documents or any documents entered into in connection with any Additional Debt, any Permitted Hedging Transaction referred to in paragraph (a)(A) above, each Subordinated Debt Document or any rights under any agreement for disposal of any Cairn India Share as part of a Permitted Cairn Disposal;
- (ii) rights in relation to bank accounts and associated account terms;
- (iii) (in the case of TSMHL) Cairn India Shares;
- (iv) (in the case of TSEHL) shares in TSMHL; and
- (v) commodities comprising metals acquired and sold for the purposes of the implementation of the Murabaha Agreement or any other murabaha facility relating to Additional Debt.
- (c) After the date of this Agreement and following the discharge of the Obligors' obligations under Clause 16.26 (Common Security Documents), TSMHL may borrow or incur (either as a primary obligor or a guarantor), and TSEHL may guarantee, additional Financial Indebtedness, including any refinancing of such additional Financial Indebtedness (in each case, not arising under the Existing Facility Finance Documents or under the Secured Debt Documents and not being Subordinated Debt) (**Additional Debt**) incurred for the purpose of refinancing Subordinated Debt provided that:
- (i) the aggregate principal amount of all such Additional Debt incurred does not exceed the lesser of:
- (A) an amount equal to US\$2,200,000,000 less the sum of (in US Dollars) (I) the outstanding principal amount of the Loans and Purchase Contracts, (II) the Available Facility, (III) the outstanding principal amount of the loans under the Existing Facility Finance Documents, (IV) the available facility (howsoever described) under the Existing Facility Finance Documents (V) the aggregate principal amount outstanding of all Additional Debt and (VI) the available facility (howsoever described) in relation to all Additional Debt and **provided that** for the purposes of paragraphs (V) and (VI) the principal amount outstanding and the



available facility (howsoever described), in each case, of any Additional Debt which (but only to the extent that), by its terms, will on drawing or funding be required to be applied immediately in repayment or prepayment of the principal amount of the Facilities, the facility under the Existing Facility Agreement or any other outstanding Additional Debt shall be given zero weighting in this calculation; and

- (B) such amount which, at the time of incurrence of that Additional Debt (or, if earlier, at the time that the creditors in respect of the same accede to the Intercreditor Agreement) would not cause the product of (I) 1.2 and (II) the aggregate principal amount (in US Dollars) of (X) the Facilities; (Y) the credit facility under the Existing Facility Agreement; and (Z) all such Additional Debt (including the Additional Debt being so incurred or so acceding and assuming for this purpose that all the Facilities, the facility under the Existing Facility Agreement and all facilities for Additional Debt had been fully drawn (but, for this purpose, any Additional Debt which (but only to the extent that), by its terms, will on drawing or funding be required to be applied immediately in repayment or prepayment of the principal amount of the Facilities, the facility under the Existing Facility Agreement or any other outstanding Additional Debt shall be given zero weighting in this calculation)) to exceed the Cairn India Share Value at that time;
- (ii) the weighted average tenor of any individual financing arrangement comprised in that Additional Debt at all times expires on or after 31 August 2019;
- (iii) subject to paragraph (iv) below, the creditors in respect of that Additional Debt have acceded to the Intercreditor Agreement;
- (iv) the terms of such Additional Debt (whether originally or as subsequently amended or varied) do not afford the creditors thereof any guarantee or Security or Quasi Security in addition to the Security and Quasi Security the subject of the Intercreditor Agreement and guarantees from TSEHL and/or the Company, provided that if such Additional Debt is structured as an intercompany financing from a special purpose vehicle to TSMHL:
- (A) all of the restrictions in this Clause 16.11 in respect of Additional Debt will apply in respect of the Financial Indebtedness raised by that special purpose vehicle;
- (B) the creditors in respect of the Financial Indebtedness advanced to the special purpose vehicle (which has been on-lent to TSMHL) and not the special purpose vehicle, shall accede to the Intercreditor Agreement;
- (C) TSMHL and TSEHL (and for the avoidance of doubt, the Company) shall be permitted to issue a guarantee in respect of the Financial Indebtedness provided by such creditors to that special purpose vehicle;
- (D) the creditors of that special purpose vehicle may (without being obliged to share any of the same with the Secured Creditors (as defined in the Intercreditor Agreement)) benefit from recourse to that special purpose vehicle and its assets and, if required, Security over its issued capital (but (except to the extent expressly permitted under this paragraph (iv)) not broader recourse to (or to the other assets of) any shareholder of that special purpose vehicle providing such Security) provided that the assets and liabilities of that special purpose vehicle (excluding the Financial Indebtedness raised by it, the on-loan to TSMHL and the proceeds realised therefrom) do not exceed US\$5,000,000 (or its equivalent in any other currency or currencies); and



- (v) the terms of such Additional Debt (whether originally or as subsequently amended or varied) do not provide for any mandatory prepayment or equivalent obligation other than on terms equivalent to those in Clauses 5.1 (Illegality) to 5.3 (Mandatory prepayment).
- (d) Where any Additional Debt is incurred or denominated in a currency other than US Dollars, all computations relating to the conversion of the currency of that Additional Debt into US Dollars for the purposes of paragraph (c) above shall be carried out in accordance with the Intercreditor Agreement.

16.12 Insurance

Each Obligor shall (and the Company shall ensure that each other member of the Group will) maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks, and to the extent, usually insured against by prudent companies located in the same or a similar location and carrying on a similar business and/or required by applicable law or by contract and to the extent that such insurance is available on commercially reasonable terms.

16.13 Environmental undertakings

Each Obligor shall (and the Company shall ensure that each other member of the Group will):

- (a) comply with all Environmental Laws to which it may be subject;
- (b) obtain all Environmental Licences required in connection with its business;
- (c) comply at all times with all applicable conditions to maintain all Environmental Licences required in connection with its business; and
- (d) comply with the requirements of the Company's sustainability framework policies, including the Group policy and technical and management standards, and all applicable standards advocated by the International Finance Corporation (including, but not limited to, the environmental, health, and safety guidelines) on all current and future operations, projects and developments in countries which are not High Income OECD Countries,

in each case where failure to do so has or could reasonably be expected to have a Material Adverse Effect.

16.14 Environmental claims

Subject to any confidentiality restrictions or non-disclosure obligations in each case imposed by law, each Obligor shall (and the Company shall ensure that each other member of the Group will) promptly notify the Global Facility Agent in writing upon becoming aware of:

- (a) any Environmental Claim pending or threatened against any member of the Group;
- (b) any communication received by it in respect of any actual or alleged breach of or liability under Environmental Law or applicable International Standards; or



- (c) any facts or circumstances which shall or are reasonably likely to result in any Environmental Claim against any member of the Group,

where the claim, if determined against that member of the Group, has or could reasonably be expected to have a Material Adverse Effect.

16.15 Environmental and social

- (a) Each Obligor shall (and the Company shall ensure that each member of the Group will) comply in all material respects with the recommendations of the Scott Wilson Report.
- (b) The Company shall promptly notify the Global Facility Agent of the occurrence of any Environmental Claim or event or circumstance which may (if the Majority Participating Banks so determine) result in an Environmental or Social Incident.
- (c) Each Obligor shall ensure that any remedial action plan contained in the URS Scott Wilson Audit report delivered to the Global Facility Agent pursuant to Clause 3.1 (Initial conditions precedent) will be implemented or addressed by it in a manner acceptable to the Majority Participating Banks, in each case, acting reasonably and in consultation with the E&S Consultant and within the Relevant Timeline.
- (d) The Company will commission an E&S VSAP Consultant, to conduct a VSAP Audit for each 12 month period until the Facility Discharge Date. The first audit shall be completed no later than 31 August 2014 (and each subsequent audit shall be completed no later than 31 August in any year). The scope of work for each VSAP Audit shall be as set out in Schedule 7 (VSAP Audit – Scope of Work). The Company shall deliver to the Global Facility Agent (in sufficient copies for all the Participating Banks) a copy of the VSAP Audit report within 30 days of the report being completed. The Company will implement remedial action plans in order to comply in all material respects with the outcomes of the VSAP Audit within the Relevant Timeline. At the Majority Participating Bank’s discretion, the report or a summary of the report may be disclosed to the public.
- (e) In the event of an Environmental Claim (a **Claim**) or an Environmental or Social Incident (an **Incident**), the Majority Participating Banks may instruct the Global Facility Agent to require the Company to provide a detailed report of such Claim or Incident (which report shall be delivered by the Company within 45 days of such request) and monthly updates with respect to the same until such time as the Claim or Incident is resolved to the satisfaction of the Majority Participating Banks. In the event that the Majority Participating Banks believe an independent review of the Claim or Incident is also required, the Global Facility Agent shall, at the cost and expense of the Company, appoint an E&S Consultant to undertake an E&S Review of the Claim or Incident. Each Obligor shall (and the Company will ensure that each other member of the Group will) give the E&S Consultant all assistance and access requested pursuant to and in connection with the preparation of each E&S Review. Each E&S Review shall be completed within 60 days of its commission by the Global Facility Agent. The E&S Review shall contain, if required by the Majority Participating Banks, a remedial action plan, to be mutually agreed by the E&S Consultant, the Company and the Majority Participating Banks. At the Majority Participating Bank’s discretion, the report or a summary of the report, may be disclosed to the public. The Company may request the Majority Participating Banks to remove any information from such report or summary that may reasonably be viewed as commercially or technically sensitive.

**16.16 Arm's length terms**

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will) enter into any material contract or arrangement with or for the benefit of any other person (including any disposal to that person) other than in the ordinary course of business and on arm's length terms (taken as a whole).
- (b) Paragraph (a) above does not apply to any contract or arrangement that is solely between members of the Group (including, without limitation, a Permitted Merger)

16.17 Dividends and intra-group debt

- (a) No Obligor shall (and the Company shall ensure that no other Key Subsidiary will) create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the payment of dividends to, or the making of any other distribution with respect to its share capital or on the making of any financing to the Company or any direct or indirect shareholders of that Key Subsidiary.
- (b) Paragraph (a) does not apply:
- (i) to any encumbrance or restriction arising by operation of law;
 - (ii) to any encumbrance or exclusion in relation to any Excluded Indebtedness in respect of any person liable (actually or contingently) for the repayment of that debt;
 - (iii) to any encumbrance or restriction granted pursuant to the terms of any Financial Indebtedness incurred after the date of this Agreement used for the purposes of an acquisition referred to in paragraph (e) of Clause 16.3 (No encumbrance) by any person actually or contingently liable for its repayment;
 - (iv) in respect of any person that becomes a Material Subsidiary after the date of this Agreement, any encumbrance or restriction on such person as at the date on which that person becomes (or became) a Material Subsidiary, provided that the encumbrance or restriction was not imposed in contemplation of that person becoming a Material Subsidiary;
 - (v) to any encumbrance or restriction by which a member of the Group is contractually bound following the occurrence of an event of default (howsoever described) (in the case of Cairn India only, not being an event of default arising by reason of any facts or circumstances affecting any person other than Cairn India and/or any of its Subsidiaries) pursuant to the terms of any Financial Indebtedness which that member of the Group is actually or contingently liable to repay; or
 - (vi) to any contractual restrictions binding any Material Subsidiary or Key Subsidiary as in force as at the date of this Agreement which would restrict or prohibit the making of any financing by that member of the Group to any of its direct or indirect shareholders.

16.18 Distributions

The Company shall not declare, pay or make any dividend or other payment or distribution of any kind on or in respect of its shares or reduce, return, purchase, repay, cancel or redeem any of its shares in any manner unless no Event of Default is continuing or would reasonably be expected to result from such an act.



16.19 Amendments of Constitutional Documents

- (a) No Obligor shall (and the Company shall ensure that no member of the Group will) amend or vary in any way the constitutional documents of TSMHL, except:
 - (i) as expressly provided under this Agreement; or
 - (ii) if such amendment or variation is not and could not be adverse to the interests of the Participating Banks or otherwise have a Material Adverse Effect.
- (b) The Company shall promptly provide the Global Facility Agent with a copy of any resolution passed amending or varying the constitutional documents of TSEHL or TSMHL.

16.20 Material Subsidiaries

- (a) Other than as permitted under Clause 16.9 (Merger), the Company shall not (and it shall ensure that no other member of the Group will) sell or otherwise dispose of all or any part of the shares of any company which is a Key Subsidiary held by any member of the Group if, as a result, a Material Subsidiary would cease to be a Subsidiary of the Company.
- (b) The Company shall (and it shall ensure that each other member of the Group will) subscribe for any class of shares that are to be issued by any company which is a Material Subsidiary or Key Subsidiary rateably with all other shareholders of such Subsidiary to the extent necessary to ensure that each Material Subsidiary remains a Subsidiary of the Company.

16.21 Auditors

- (a) Each Obligor shall ensure that it and each other member of the Group has at all times as its auditors any of the internationally recognised “big four” firms of accountants.
- (b) No Obligor shall change its financial year end from 31 March or change any of its Quarter Dates, without the consent of the Majority Participating Banks, provided that a change may be made to the financial year end date if the Company gives the Global Facility Agent no less than two weeks’ prior written notice of an impending change and delivers to the Global Facility Agent prior to effecting the change a set of financial statements complying with the terms of Clause 14.3 (Requirements as to financial statements) covering the 12 month period ending immediately prior to the start of the 12 month period which will end on the new financial year end date, together with a signed Compliance Certificate for such period demonstrating compliance with the terms of Clause 15 (Financial Covenants) for that period as if it was a Relevant Period.

16.22 Sanctions

- (a) No Obligor shall (and no Obligor shall permit or authorise any other person to) directly or indirectly, use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of any Loan or Purchase Contract or other transaction (s) contemplated by this Agreement to fund any trade, business or other activities: (i) involving or for the benefit of any Restricted Party, or (ii) in any other manner that would otherwise cause any Obligor or any Finance Party to be in breach of any Sanctions (if and to the extent applicable to either of them) or to become a Restricted Party.
- (b) No Obligor shall use any revenue or benefit derived from any activity or dealing with a Restricted Party to be used in discharging any obligation due or owing to any Finance Party.



16.23 Anti-Terrorism Laws

- (a) The Company shall ensure that no member of the Group shall engage in any transaction that violates any of the applicable prohibitions set forth in any Economic Sanctions Law or Anti-Money Laundering Law applicable to it.
- (b) The Company shall ensure that none of the funds or assets that are used to repay the Facility shall constitute property of, or shall be beneficially owned by, any Designated Person or be the direct proceeds derived from any transactions that violate the prohibitions set forth in any applicable Economic Sanctions Law, and no Designated Person shall have any direct or, to the knowledge of any Obligor, any indirect interest in any member of the Group (other than in respect of any member of the Group which is a listed company, any interest in such listed company not held by a member of the Group) insofar as such interest would violate any Economic Sanctions Laws applicable to any member of the Group.

16.24 End use certificate

In relation to any Utilisation, TSMHL must by no later than 30 days after the Utilisation Date in respect of such Utilisation, provide to the Global Facility Agent (in form and substance satisfactory to it) a certificate signed by an authorised signatory of TSMHL certifying the end use of such Utilisation and in respect of any Utilisation that is used by TSMHL for the repayment of any intercompany financing to the Company, the Company shall, at its sole discretion and upon the request of the Lenders provide a certificate signed by an authorised signatory of the Company certifying the end use of the application of the amounts received by it from TSMHL.

16.25 Publicity

The Company shall not without the consent of the Global Facility Agent issue or make, or allow to be issued or made by or on behalf of any member of the Group, any press release or other publicity which refers to the Facility, any Finance Document or any Finance Party unless the publicity is required by any law or regulation or any stock exchange (in which case the Company shall notify the Global Facility Agent as soon as practicable upon becoming aware of the requirement, shall consult with the Global Facility Agent on the terms of the reference and shall have regard to any timely comments of the Global Facility Agent).

16.26 Common Security Documents

TSMHL and TSEHL shall ensure that the Common Security Agent receives (in form and substance satisfactory to it) each of the documents and other evidence referred to in Part 1 and Part 2 of Schedule 2 (Conditions Precedent) by no later than the dates as specified therein.

16.27 Taxation

- (a) Each Obligor shall (and the Company shall ensure that each member of the Group will) duly and punctually pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:
 - (i) payment is being contested in good faith;
 - (ii) it has maintained adequate reserves in accordance with GAAP for those Taxes;
 - (iii) payment can be lawfully withheld; and



- (iv) non-payment has not and could not reasonably be expected to have a Material Adverse Effect.
- (b) No Obligor may change its residence for Tax purposes.

16.28 The Company

The Company shall (and will procure that each member of the Group will) use best efforts (subject to the terms of the Finance Documents) to procure that members of the Group (including, without limitation, the members of the Group forming part of the businesses known as at the date of this Agreement as Zinc International and Copper Mines of Tasmania obtain approvals for and effect the payment of dividends and effecting of capital reductions and/or provision of intra-group loans, and in each case to enable the proceeds of such transactions to be applied in reduction and cancellation of the Loans and Purchase Contracts and with a view to effecting repayment of the Facilities as soon as reasonably practicable.

16.29 Shariah Compliance

The Company will not claim and waives any right to claim that the transactions contemplated by the Islamic Finance Documents are not Shariah compliant.

17. ACCOUNTS**17.1 Maintenance of the Proceeds Account**

- (a) TSMHL shall maintain the Proceeds Account with the Account Bank.
- (b) The Proceeds Account shall be secured in favour of the Common Security Agent pursuant to the Account Pledge (Proceeds Account) and the TSMHL Floating Charge (Proceeds Account) and subject to the terms of the Intercreditor Agreement.
- (c) TSMHL shall not open or maintain any bank or deposit account with any bank or other financial institution other than the Proceeds Account or any other bank account expressly permitted pursuant to, or contemplated by, the Intercreditor Agreement.
- (d) Without prejudice to paragraph (f) of Clause 22.7 (Rights and discretions of each Administrative Party), nothing in this Clause 17 shall be operative to override any mandatory provision of Mauritius law applicable to the opening, maintenance or operation of the Proceeds Account.

17.2 Accruals on credit balances and withdrawals

- (a) Profit or similar income (howsoever described) shall be calculated on each amount from time to time standing to the credit of the Proceeds Account as may from time to time be determined by the Account Bank consistent with the Account Mandate and shall be credited in favour of and available to TSMHL (or to its order) in accordance with the Account Mandate and this Agreement.
- (b) The Account Bank shall not effect any withdrawal or transfer from the Proceeds Account to TSMHL unless such withdrawal is in accordance with this Clause 17 (and shall not be liable to TSMHL for failing to effect the same).
- (c) No withdrawal or transfer from the Proceeds Account may be made if to do so would cause the Proceeds Account to be overdrawn. The Account Bank shall not have any obligation to monitor the Proceeds Account for this purpose or incur any liability whatsoever from any non-distribution in such circumstances.



- (d) None of the restrictions contained in this Clause 17 on the withdrawal of sums standing to the credit of the Proceeds Account shall affect the obligations of the Obligors to make any payment or repayment required to be made under the Secured Debt Documents on the date the same is so required to be made.
- (e) Unless instructed to do so by the Global Facility Agent, the Account Bank shall not effect any withdrawal or transfer from the Proceeds Account (and shall not be liable to TSMHL for failing to effect the same) if it has been notified by the Global Facility Agent that a Default has occurred and is continuing at the time that the relevant withdrawal or transfer would otherwise be made.
- (f) Each of the Global Facility Agent and TSMHL agree to give to all directions necessary to enable the Account Bank to operate the Proceeds Account in accordance with the terms of this Agreement. On the date of each withdrawal made from the Proceeds Account where the proceeds of such withdrawal are to be applied in payment to or for the account of TSMHL, TSMHL will be deemed to represent and warrant that no Default is continuing and no Default will occur as a result of such withdrawal.
- (g) The Account Bank shall comply with any instruction to debit the Proceeds Account in accordance with this Clause 17 but only if the relevant instruction (i) is in respect of a specified sum of money (ii) is in writing in the format set out in Schedule 8 (Form of Withdrawal Instruction) or, in the case of a transfer of funds by electronic transmission, is evidenced in accordance with the Account Bank's normal banking practice for such transfers and (iii) complies with the Account Mandate.
- (h) In the case of any conflict between any instructions given to the Account Bank by the Global Facility Agent and any other person the instructions of the Global Facility Agent will prevail.
- (i) Nothing in this Agreement shall oblige the Account Bank to effect any payment or transfer from the Proceeds Account on a day which is not a normal banking day in Mauritius.
- (j) All withdrawals out of the Proceeds Account required to be made by the Account Bank shall originate in Mauritius. The Account Bank shall not process withdrawals out of the Proceeds Account if such withdrawal originates in jurisdiction other than Mauritius. It is clarified that a withdrawal from the Proceeds Account that originates in Mauritius and made in accordance with this Agreement may be transferred to an account outside Mauritius.

17.3 Access to the Accounts

- (a) TSMHL irrevocably consents to the Global Facility Agent and each Facility Representative or any of its respective appointed representatives having access to review the books and records of the Account Bank relating to the Proceeds Account and consents to the Global Facility Agent or any of its respective appointed representatives passing on any information so obtained to any Secured Party in accordance with the provisions of the Secured Debt Documents and, for these purposes only, irrevocably waives any right of confidentiality and grants the Global Facility Agent and each Facility Representative unrestricted access on reasonable prior notice to review such books and records of the Proceeds Accounts held by the Account Bank.
- (b) Nothing in this Clause 17.3 will require the Account Bank to disclose to any person any books, records or other information which the Account Bank would not be required to disclose to TSMHL.



17.4 Proceeds Account

- (a) The terms and conditions relating to the establishment and maintenance of the Proceeds Account and TSMHL's ability to deal with the Proceeds Account shall be as set out in this Clause 17 and as supplemented to the extent the same are not inconsistent with this Clause 17, by the Account Mandate.
- (b) The credit balance of the Proceeds Account shall only include immediately available cleared funds.
- (c) TSMHL shall ensure that any proceeds deposited into the Proceeds Account are applied in accordance with Clause 5.3 (Mandatory prepayment).
- (d) Upon request by the Global Facility Agent or a Facility Representative, the Account Bank shall promptly notify the Global Facility Agent or the relevant Facility Representative of the balance of the Proceeds Account.
- (e) The Account Bank acknowledges the instructions set out in paragraph (d) above and agrees to comply with those instructions.

17.5 Administration

- (a) Without prejudice to the Account Bank's obligations under this Clause 17, the Account Bank will not be obliged to make available to or for the account of TSMHL any sum which it is expecting to receive for the account of TSMHL:
 - (i) until it has been able to establish that that sum has been credited to the Proceeds Account held with the Account Bank; or
 - (ii) if it is unable to verify any signature pursuant to any request or instruction against the specimen signature provided in accordance with paragraph (b) below, or is otherwise unable to verify the authenticity of the request or instruction by way of telephonic verification at the contact numbers specified in accordance with paragraph (b) below.
- (b) The signatories in respect of the Proceeds Accounts shall at all times be duly and properly authorised by TSMHL and shall be such persons notified by TSMHL to the Account Bank in accordance with Part 1 of Schedule 2 (Conditions Precedent) or any substitute signatory (including specimen signatures and contact details) as TSMHL may notify the Account Bank by giving at least five Business Days prior notice.
- (c) The Account Bank will provide account statements for the Proceeds Accounts to the Global Facility Agent, each Facility Representative and TSMHL within five days of the last day of each calendar month.

17.6 No assignment

Neither the Proceeds Account nor TSMHL's right, title and interest to or in the Proceeds Account, shall be capable of being assigned, transferred or otherwise disposed of or encumbered (whether in whole or in part) other than pursuant to the Common Security Documents.

17.7 Reliance and Assumptions by the Account Bank

- (a) The Account Bank may rely on:



- (i) any communication or document reasonably believed by it to be genuine (even if such communication or document is later reversed, modified, set aside or vacated); and/or
- (ii) any document of any kind *prima facie* properly executed and submitted by any person whom the Account Bank has reasonable grounds to believe is entitled to execute and submit such document in relation to any matter arising under or in connection with this Agreement (even if such document is later reversed, modified, set aside or vacated).
- (b) The Account Bank may consult counsel or professional advisers over any question as to the provisions of this Agreement, its rights, obligations and/or its duties. The Account Bank may rely on and act pursuant to the advice of its counsel or other professional advisers with respect to any matter (whether or not contentious) relating to this Agreement and shall not be liable for any action taken or omitted by it in good faith in accordance with such advice.
- (c) The Account Bank can assume that no other party to this Agreement is in breach of its obligations hereunder unless the Account Bank has actual notice to the contrary in its capacity as account bank.
- (d) The Account Bank may assume that all conditions for the making of any payment out of the amounts standing to the credit of the Proceeds Account which are specified in any instruction from the Company have been satisfied, unless the Account Bank has actual notice to the contrary in its capacity as account bank.

17.8 Fees of the Account Bank

- (a) The Account Bank is entitled to charge for and be paid all transaction and other fees provided for in the Account Mandate or other standard published charges applicable to transactions effected on or in relation to the Proceeds Accounts.
- (b) TSMHL is liable for payment of any fees, expenses and other sums payable to the Account Bank pursuant to this Agreement. The Account Bank may debit any amounts due to it in respect of the operation of the Proceeds Account and shall be entitled to retain that proportion of the amounts standing to the credit of the Proceeds Account (subject to the terms of the Intercreditor Agreement) equal to any unpaid fees and other charges due to the Account Bank under this Agreement until all such fees and charges have been paid in full.

17.9 No Duty or Obligation

- (a) The Account Bank shall be obliged to perform only such duties as are set out in this Agreement and the Account Mandate and no implied duties or obligations shall be read into this Agreement against the Account Bank.
- (b) The Account Bank shall not be under any duty or obligation to give the amounts held by it hereunder any greater degree of care than it gives to amounts held for its general banking customers.
- (c) The Account Bank shall not be obliged to make any payment or otherwise to act on any request or instruction notified to it under this Agreement if in the Account Bank's reasonable opinion, it conflicts with any provision of this Agreement or otherwise does not comply with the requirements of this Agreement provided that the Account Bank shall promptly so notify TSMHL, each Facility Representative and the Global Facility Agent of any such perceived conflict promptly after becoming aware of the same.



20018GsPnWJq8Xe6

- (d) The Account Bank is under no duty or obligation to ensure that any certificate, consent, notice, instruction or other communication which is or appears to be given by the Global Facility Agent or a Facility Representative in accordance with this Agreement is accurate, correct or duly authorised and shall be entitled to act in reliance without further enquiry upon any such certificate, consent, notice, instruction or other communication and shall not be under any duty or obligation to verify the accuracy or correctness of any statements made therein (even if such certificate, consent, notice, instruction or other communication is later reversed, modified, set aside or vacated).
- (e) In the event that the terms of a settlement of any dispute involving an Obligor results in an increase, extension, modification or other variation of the duties, obligations or liabilities of the Account Bank contemplated by this Agreement, then such variation shall only be effective where, and to the extent, the Account Bank has given its written consent to be bound thereby.
- (f) The Account Bank is under no duty or obligation to ensure that any funds withdrawn from the Proceeds Account are actually applied for the purpose for which they are withdrawn.
- (g) The Account Bank shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or the exercise of any right, power or authority hereunder.
- (h) Notwithstanding any other provision of any Finance Document to the contrary, the Account Bank is not obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or duty of confidentiality.

17.10 Limitation of liability of the Account Bank

- (a) The Account Bank shall not be liable to any person or entity for any loss, liability, claim, action, damages or expenses arising out of or in connection with anything done or omitted to be done by it pursuant to and in accordance with the provisions of this Agreement save as are caused by its own gross negligence or wilful misconduct.
- (b) The Account Bank is not responsible or liable to TSMHL for any withdrawal wrongly made, if the Account Bank acted in good faith in relation to that withdrawal.
- (c) Notwithstanding the foregoing, under no circumstances will the Account Bank be liable to any party whether in contract, tort or otherwise, for any consequential loss (including, but not limited to, loss of business, goodwill, opportunity or profit) even if advised of the possibility of such loss or damage.
- (d) In no event shall the Account Bank be liable for any Losses suffered due to a Force Majeure event.
- (e) In this Clause 17.10:
 - (i) **Losses** means any losses, damages, demands, claims, liabilities, costs (including legal costs) and expenses of any kind (including any direct, indirect or consequential losses, loss of profit, loss of goodwill and loss of reputation) whether or not they were foreseeable or likely to occur.
 - (ii) **Force Majeure** means any:
 - (A) flood, storm, earthquake or other natural event;
 - (B) war, hostilities, terrorism, revolution, riot or civil disorder;



- (C) strike, lockout or other industrial action;
- (D) change in any law or any change in the interpretation or enforcement of any law;
- (E) act or order of any Governmental Agency; (F) order of any court or other judicial body;
- (G) restriction or impending restriction on the availability, convertibility, credit or transferability of any currency;
- (H) computer system malfunction or failure (regardless of cause) or any third party interference with a computer system;
- (I) error, failure, interruption, delay or non-availability of any goods or services supplied TSMHL or the Account Bank by a third party; or
- (J) other circumstance beyond the reasonable control of the Account Bank.

17.11 Indemnity

TSMHL shall indemnify and keep indemnified the Account Bank and its directors, officers, agents and employees (each an **Indemnified Party**) and hold each of them harmless from and against any and all losses, liabilities, claims, charges, actions, demands, damages, fees, costs and expenses (including, without limitation, fees and disbursements of the Indemnified Party's counsel) arising out of or in connection with (a) its appointment as Account Bank under, and its performance of, this Agreement including, but not limited to, the reliance by the Account Bank on any instruction from the Global Facility Agent or a Facility Representative, and (b) the exercise of its rights and powers as Account Bank under, or the enforcement of any provision of, this Agreement, save as are caused by its (or their) own gross negligence or wilful misconduct. The indemnity in this Clause 17.11 shall survive the termination of this Agreement, or the resignation or removal of the Account Bank.

17.12 Resignation of Account Bank

- (a) The Account Bank may resign as Account Bank under this Agreement in relation to the Proceeds Account and appoint one of its Affiliates as successor, in each case, by giving notice to TSMHL and the Global Facility Agent.
- (b) Alternatively the Account Bank may resign by giving 30 days' notice to the Global Facility Agent and TSMHL, in which case the Majority Creditor (after consultation with TSMHL) may appoint a successor Account Bank.
- (c) If the Majority Creditors have not appointed a successor Account Bank in accordance with paragraph (b) below within 30 days after notice of resignation was given, the retiring Account Bank (after consultation with TSMHL) may appoint a successor Account Bank.
- (d) The retiring Account Bank shall, at its own cost, make available to its successor such documents and records and provide such assistance as its successor may reasonably request for the purposes of performing its functions as Account Bank under the Secured Debt Documents.
- (e) The resignation notice of an Account Bank shall only take effect upon the appointment of a successor.



- (f) Upon the appointment of a successor, the retiring Account Bank shall be discharged from any further obligation in respect of the Secured Debt Documents (other than its obligations under paragraph (d) above) but shall remain entitled to the benefit of this Clause 17. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

17.13 Disclosure

No material in any language which mentions the Account Bank's name or the rights, powers or duties of the Account Bank may be issued by either of the other Parties or on their behalf without the prior written consent of the Account Bank.

17.14 Termination

On the Final Discharge Date and unless otherwise agreed by the Account Bank and TSMHL, the Proceeds Account will automatically be closed, provided that the Account Bank shall first transfer any balance standing to the credit of the Proceeds Accounts to the Collection Account.

18. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 18 is an Event of Default (save for Clause 18.20 (Acceleration)).

18.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by administrative or technical error; and
- (b) payment is made within five Business Days of its due date.

18.2 Financial covenants and Security

Any requirement of Clause 15 (Financial Covenants) or Clause 16.26 (Common Security Documents) is not satisfied.

18.3 Other obligations

- (a) An Obligor or a Subordinated Creditor does not comply with any provision of the Finance Documents (other than those referred to in Clause 18.1 (Non-payment) or Clause 18.2 (Financial covenants and Security)).
- (b) No Event of Default under (a) above will occur if the failure to comply is capable of remedy and is remedied within 30 Business Days of the earlier of (i) the Global Facility Agent giving notice to the Company and (ii) an Obligor becoming aware of the failure to comply.



18.4 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor or a Subordinated Creditor in the Finance Documents or any other document delivered by or on behalf of an Obligor or a Subordinated Creditor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made provided that where the events and/or circumstances giving rise to such incorrectness or misleading representation or statement are capable of being remedied, such events and/or circumstances are not remedied in full within 30 Business Days of the Global Facility Agent giving notice to the Company or an Obligor or a Subordinated Creditor becoming aware of the misrepresentation.

18.5 Cross default

- (a) Any Financial Indebtedness of an Obligor or any Material Subsidiary is not paid when due nor within any originally applicable grace period.
- (b) Any Financial Indebtedness of an Obligor or any Material Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of an Obligor or any Material Subsidiary is cancelled or suspended by a creditor of an Obligor or any Material Subsidiary as a result of an event of default (however described).
- (d) Any creditor of an Obligor or any Material Subsidiary becomes entitled to declare any Financial Indebtedness of an Obligor or any Material Subsidiary due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) No Event of Default will occur under this Clause 18.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than US\$75,000,000 (or its equivalent in any other currency or currencies).

18.6 Insolvency

- (a) An Obligor, a Material Subsidiary or a Key Holdco is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The Company is deemed to be insolvent within the meaning of section 123 (2) of the Insolvency Act 1986.
- (c) A moratorium is declared in respect of any indebtedness of an Obligor, any Material Subsidiary or any Key Holdco.

18.7 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor, any Material Subsidiary or any Key Holdco other than a solvent liquidation or reorganisation only to the extent the same is for the purpose of a Permitted Merger;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor, any Material Subsidiary or any Key Holdco;



- (iii) the appointment of a liquidator (other than in respect of a solvent liquidation of a Material Subsidiary or a Key Holdco permitted by Clause 16.9 (Merger)), receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any Obligor, any Material Subsidiary or any Key Holdco or any of their respective assets; or
- (iv) enforcement of any Security or Quasi Security over:
 - (A) any assets having an aggregate value in excess of US\$50,000,000 (or its equivalent in any other currency or currencies) of the Company or any Material Subsidiary not being TSMHL; or
 - (B) any shares in TSMHL,or any analogous procedure or step is taken in any jurisdiction.
- (b) Paragraph (a) above shall not apply to:
 - (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 60 days of commencement and prior to its advertisement; or
 - (ii) the solvent liquidation or reorganisation of any member of the Group not being an Obligor so long as any payments made or assets distributed as a result of such liquidation or reorganisation are made or distributed to members of the Group.

18.8 Creditors' process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Obligor or any Material Subsidiary or (without limiting the foregoing) any shares held by a Key Holdco in another Key Holdco or a Material Subsidiary, in each case having an aggregate value in excess of US\$50,000,000 (or its equivalent in any other currency or currencies) and is not discharged within ten Business Days.

18.9 Unlawfulness and unenforceability

- (a) It is or becomes unlawful for an Obligor or a Subordinated Creditor to perform any of its obligations under the Finance Documents or any subordination effected or purported to be effected pursuant to the Finance Documents is or becomes unlawful in each case, if the Majority Participating Banks determine that such matters are materially adverse to their interests under the Finance Documents.
- (b) Save to the extent contemplated by the Legal Reservations, any obligation of an Obligor or a Subordinated Creditor under any Finance Document is not or ceases to be legal, valid, binding or enforceable.
- (c) Any Finance Document is not or ceases to be in full force and effect.

18.10 Repudiation

An Obligor or a Subordinated Creditor repudiates a Finance Document or evidences an intention to repudiate a Finance Document.

**18.11 Security**

Any Common Security Document is not in full force and effect or does not create in favour of the Common Security Agent for the benefit of the Secured Creditors the Security which it is expressed to create with the ranking and priority it is expressed to have.

18.12 Subordination

Any subordination effected or purported to be effected pursuant to the Finance Documents is not in full force and effect.

18.13 Cessation of business

Any Obligor or any Material Subsidiary suspends or ceases (or threatens to suspend or cease) to carry on all or a material part of its business (other than as a result of a Permitted Merger).

18.14 Nationalisation

Any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any of the shares or all or any part of the assets of any member or members of the Group having an aggregate value in excess of US\$50,000,000.

18.15 Audit qualification

The auditors qualify their report on any audited consolidated financial statement of the Group in a manner which the Majority Participating Banks deem to be materially adverse to their interests under the Finance Documents.

18.16 Litigation

Any litigation, arbitration, proceeding or dispute is started or threatened or there are any circumstances likely to give rise to any litigation, arbitration, proceeding or dispute, in each case which in the opinion of the Majority Participating Banks (acting reasonably and having regard to the likelihood of adverse determination of such process) has had or could reasonably be expected to have a Material Adverse Effect.

18.17 Final judgment

A member of the Group fails to comply with or pay (or to procure payment of) any sum in an amount equal to or greater than US\$50,000,000 (or its equivalent in any other currency or currencies) due from it under any final (non-appealable) judgment or any final (non-appealable) order made or given by a court of competent jurisdiction.

18.18 Suspension of trading

- (a) Cairn India ceases to be listed on the National Stock Exchange of India and the Bombay Stock Exchange.
- (b) The trading of the Cairn India Shares on the National Stock Exchange of India and the Bombay Stock Exchange is suspended or halted for ten consecutive Trading Days (other than a suspension or halt arising from a disruption of a technical or systems-related nature to the trading of shares on either such exchange).



- (c) For the purpose of paragraph (b) above, **Trading Day** means any day on which the relevant exchange is open for trading for its respective trading sessions.

18.19 Material adverse change

A Material Adverse Effect is continuing or could reasonably be expected to occur.

18.20 Acceleration

- (a) On and at any time after the occurrence of an Event of Default which is continuing the Global Facility Agent may, and shall if so directed by the Majority Participating Banks, by notice to the Company and the Facility Representatives:
- (i) require:
 - (A) the Facility Representatives to cancel the Total Commitments whereupon they shall immediately be cancelled;
 - (B) the Conventional Facility Agent to declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Conventional Finance Documents:
 - I. be immediately due and payable, whereupon they shall become immediately due and payable;
 - II. be payable on demand, whereupon they shall immediately become payable on demand by the Conventional Facility Agent acting on the instructions of the Global Facility Agent (itself acting on the instructions of the Majority Participating Banks); and/or
 - (C) the Investment Agent to declare that all or part of any amounts outstanding under the Islamic Finance Documents are:
 - I. immediately due and payable, whereupon they shall become immediately due and payable; and/or
 - II. payable on demand by the Investment Agent acting on the instructions of the Global Facility Agent (itself acting on the instructions of the Majority Participating Banks), whereupon they shall immediately become payable on demand; and/or
 - (ii) instruct the Common Security Agent to enforce any Security under the Common Security Documents in accordance with the Intercreditor Agreement.
- (b) On receiving the notice from the Global Facility Agent under paragraph (a) above, each Facility Representative must promptly, by notice to the Company:
- (i) cancel all or the relevant part of each of the relevant Total Commitments; and/or
 - (ii) in the case of the Conventional Facility Agent, declare all or part of any amounts outstanding under the Conventional Finance Documents to be:
 - (A) immediately due and payable; and/or



- (B) payable on demand by the Conventional Facility Agent (acting on the instructions of the Global Facility Agent, itself acting on the instructions of the Majority Participating Banks); and/or
- (iii) in the case of the Investment Agent, declare all or part of any amounts outstanding under the relevant Islamic Finance Documents:
 - (A) immediately due and payable; and/or
 - (B) payable on demand by the Investment Agent (acting on the instructions of the Global Facility Agent, itself acting on the instructions of the Majority Participating Banks).
- (c) Any notice given under this Clause will take effect in accordance with its terms and must be copied by:
 - (i) the Global Facility Agent to each other Finance Party or the Company (as applicable); and
 - (ii) each Facility Representative to each Participating Bank under its Facility and to the Global Facility Agent or the Company (as applicable).

SECTION 8

CHANGES TO PARTIES

19. CHANGES TO THE PARTICIPATING BANKS

19.1 Assignments and transfers by the Participating Banks

- (a) Subject to this Clause 19, a Participating Bank (the **Existing Participating Bank**) may:
 - (i) assign any of its rights; or
 - (ii) transfer by novation any of its rights and obligations,
to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in financings, securities or other financial assets (the **New Participating Bank**).
- (b) The Global Facility Agent shall provide a copy of the relevant Transfer Certificate or Assignment Agreement to the Company as soon as practicable after executing the same in accordance with this Clause 19.

19.2 Conditions of assignment or transfer

- (a) An assignment or transfer by a Participating Bank does not require the consent of, or consultation with, any Obligor.
- (b) Subject to paragraph (d) below, an assignment will only be effective on:
 - (i) receipt by the Global Facility Agent and the Conventional Facility Agent or Investment Agent (as the case may be) (whether in the Assignment Agreement or otherwise) of written confirmation from the New Participating Bank (in form and substance satisfactory to the Global Facility Agent) that the New Participating Bank will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Participating Bank;



- (ii) the New Participating Bank entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and
 - (iii) performance by the Conventional Facility Agent or Investment Agent (as the case may be) of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Participating Bank, the completion of which the Conventional Facility Agent or Investment Agent (as the case may be) shall promptly notify to the Global Facility Agent, the Existing Participating Bank and the New Participating Bank.
- (c) Subject to paragraph (d) below, a transfer will only be effective if the (i) procedure set out in Clause 19.5 (Procedure for transfer) is complied with or if otherwise effected pursuant to a Syndication Agreement as contemplated in paragraph (d) of Clause 19.5 (Procedure for transfer) and (ii) New Participating Bank has entered into the documentation required for it to accede as a party to the Intercreditor Agreement.
- (d) An assignment of transfer will only be effective if the amount of the Commitment or Loan/Purchase Contract participation to which it relates is at least US\$2,000,000 (or, if less the entire amount of the Existing Participating Bank’s remaining Commitment and/or Loan/Purchase Contract participation at that time).
- (e) If following Successful Syndication:
- (i) a Participating Bank assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
 - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Participating Bank or Participating Bank acting through its new Facility Office under Clause 7 (Tax Gross-Up and Indemnities) or Clause 8 (Increased Costs),
- the New Participating Bank or Participating Bank acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Participating Bank or Participating Bank acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.
- (f) Each New Participating Bank, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Global Facility Agent and the relevant Facility Representative has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Participating Bank or Participating Banks in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Participating Bank would have been had it remained a Participating Bank.

**19.3 Assignment or transfer fee**

The New Participating Bank shall, on the date upon which an assignment or transfer takes effect (other than pursuant to the Syndication), pay to the Global Facility Agent (for its own account) a fee of US\$3,500.

19.4 Limitation of responsibility of Existing Participating Banks

- (a) Unless expressly agreed to the contrary, an Existing Participating Bank makes no representation or warranty and assumes no responsibility to a New Participating Bank for:
- (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;
 - (ii) the financial condition of any Obligor or any other person;
 - (iii) the performance and observance by any Obligor or any other person of their respective obligations under the Finance Documents or any other documents; or
 - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,
- and any representations or warranties implied by law are excluded.
- (b) Each New Participating Bank confirms to the Existing Participating Bank and the other Finance Parties that it:
- (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of any Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Participating Bank in connection with any Finance Document; and
 - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Participating Bank to:
- (i) accept a re-transfer or re-assignment from a New Participating Bank of any of the rights and obligations assigned or transferred under this Clause 19; or
 - (ii) support any losses directly or indirectly incurred by the New Participating Bank by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

19.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 19.2 (Conditions of assignment or transfer) a transfer is effected in accordance with paragraph (c) below when the Global Facility Agent and the relevant Facility Representative have executed an otherwise duly completed Transfer Certificate delivered to the relevant Facility Representative or the Global Facility Agent by the Existing Participating Bank and the New Participating Bank. Each of the Global Facility Agent and the relevant Facility Representative shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.



- (b) Each of the Global Facility Agent and the relevant Facility Representative shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Participating Bank and the New Participating Bank once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Participating Bank.
- (c) On the Transfer Date:
- (i) to the extent that in the Transfer Certificate the Existing Participating Bank seeks to transfer by novation its rights and obligations under the Finance Documents each of the Obligors and the Existing Participating Bank shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the **Discharged Rights and Obligations**);
 - (ii) each of the Obligors and the New Participating Bank shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Participating Bank have assumed and/or acquired the same in place of that Obligor and the Existing Participating Bank;
 - (iii) the Global Facility Agent, each Facility Representative, each Arranger, the New Participating Bank and other Participating Banks shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Participating Bank been an Original Participating Bank with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Global Facility Agent, each Facility Representative, each Arranger and the Existing Participating Bank shall each be released from further obligations to each other under the Finance Documents; and
 - (iv) the New Participating Bank shall become a Party as a Lender under the Conventional Finance Documents or a Participant under the Islamic Finance Documents (as applicable).
- (d) Notwithstanding anything to the contrary, a transfer may also be effected pursuant to a Syndication Agreement executed on terms which, inter alia, substantially reflect paragraph (c) above. Any transfer made pursuant to a Syndication Agreement shall take effect in accordance with the terms thereof.

19.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 19.2 (Conditions of assignment or transfer) an assignment may be effected in accordance with paragraph (c) below when each of the Global Facility Agent and the relevant Facility Representative has executed an otherwise duly completed Assignment Agreement delivered to it by the Existing Participating Bank and the New Participating Bank. Each of the Global Facility Agent and the relevant Facility Representative shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.



20018GsPnWJqF1c6q

- (b) Each of the Global Facility Agent and the relevant Facility Representative shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Participating Bank and the New Participating Bank once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Participating Bank.
- (c) On the Transfer Date:
 - (i) the Existing Participating Bank will assign absolutely to the New Participating Bank the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
 - (ii) the Existing Participating Bank will be released by each Obligor and the other Finance Parties from the obligations owed by it (the **Relevant Obligations**) and expressed to be the subject of the release in the Assignment Agreement; and
 - (iii) the New Participating Bank shall become a Party as a Lender under the Conventional Finance Documents or a Participant under the Islamic Finance Documents (as applicable) and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Participating Banks may utilise procedures other than those set out in this Clause 19.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 19.5 (Procedure for transfer), to obtain a release by that Obligor from the obligations owed to that Obligor by the Participating Banks nor the assumption of equivalent obligations by a New Participating Bank) provided that they comply with the conditions set out in Clause 19.2 (Conditions of assignment or transfer).

19.7 Copy of Transfer Certificate or Assignment Agreement to Company

- (a) The Global Facility Agent shall, as soon as reasonably practicable after it has and the relevant Facility Representative has executed a Transfer Certificate or an Assignment Agreement, send to the Company a copy of that Transfer Certificate or Assignment Agreement.
- (b) Promptly on request from the Company, the Global Facility Agent shall provide the Company a list of the Participating Banks and their Commitments.

19.8 Security over Participating Banks’ rights

In addition to the other rights provided to Participating Banks under this Clause 19, each Participating Bank may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Participating Bank including without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Participating Bank which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Participating Bank as Security for those obligations or securities,

except that no such charge, assignment or Security shall:



20018GsPnWJqFT#gv

- (i) release a Participating Bank from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Participating Bank as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Participating Bank under the Finance Documents.

19.9 Sub-participations

Any Participating Bank may, without the consent of any Obligor, at any time sub-participate or subcontract any of its rights or obligations under the Finance Documents.

19.10 Account Bank

- (a) The Account Bank shall not assign any of its rights or transfer any of its rights or obligations under the Secured Debt Documents save as contemplated in this Clause 19.10.
- (b) The replacement of the Account Bank shall only take effect in accordance with the procedure for such replacement as set out in the Intercreditor Agreement.
- (c) The incoming Account Bank and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that incoming Account Bank had been an original Party.

19.11 Debt Transfer by TSMHL

- (a) TSMHL shall not (i) enter into any Debt Transfer Transaction as an assignee, transferee or sub-participant other than in accordance with the other provisions of this Clause 19.11 or (ii) be a Participating Bank or a party to a Debt Transfer Transaction of the type referred to in paragraphs (b) or (c) of the definition of Debt Transfer Transaction.
- (b) TSMHL may acquire by way of assignment, pursuant to Clause 19 (Changes to the Participating Banks), a participation in any Facility and any related Commitment where:
 - (i) such purchase is made for a consideration of less than par (but only in the case of an assignment of a participation or related Commitment in connection with the Conventional Facility, it being clarified that an assignment of a participation or related Commitment in connection with the Islamic Facility must be made only at par);
 - (ii) such acquisition is made using one of the processes set out at paragraphs (c) and (d) below; and
 - (iii) such acquisition is made at a time when no Default is continuing.
- (c) A Debt Transfer Transaction referred to in paragraph (b) above may be entered into pursuant to a solicitation process (a **Solicitation Process**) which is carried out as follows:



20018GsPnWJqfsR6=

- (i) prior to 11.00 am on a given Business Day (the **Solicitation Day**) the Company or a financial institution acting on its behalf (the **Transfer Agent**) will approach at the same time each Participating Bank which participates in the relevant Facilities to enable them to offer to transfer to TSMHL an amount of their participation in one or more Facilities. Any Participating Bank wishing to make such an offer shall, by 11.00 am on the second Business Day following such Solicitation Day, communicate to the Transfer Agent details of the amount of its participations, and in which Facilities, it is offering to transfer and the value of such participations it wishes to transfer. Any such offer shall be irrevocable until 11.00 am on the third Business Day following such Solicitation Day and shall be capable of acceptance by the Company on behalf of TSMHL on or before such time by communicating its acceptance in writing to the Transfer Agent or, if it is the Transfer Agent, the relevant Participating Banks. The Transfer Agent (if someone other than the Company) will communicate to the relevant Participating Banks which offers have been accepted by 12 noon on the third Business Day following such Solicitation Day. In any event by 5.00 pm on the fourth Business Day following such Solicitation Date, the Company shall notify the Global Facility Agent of the amounts of the participations transferred through the relevant Solicitation Process, the identity of the Facilities to which they relate and the average price paid for the transfer of participations in each relevant Facility. The Global Facility Agent shall promptly disclose such information to the Participating Banks;
- (ii) any transfer of participations in the Facilities pursuant to a Solicitation Process shall be completed and settled on or before the fifth Business Day after the relevant Solicitation Day; and
- (iii) in accepting any offers made pursuant to a Solicitation Process in relation to the Conventional Facility, the Company shall be free to select which offers and in which amounts it accepts but on the basis that in relation to a participation in the Conventional Facility it accepts offers in inverse order of the price offered (with the offer or offers at the lowest price being accepted first) and that if in respect of participations in the Conventional Facility it receives two or more offers at the same price it shall only accept such offers on a pro rata basis.
- (d) A Debt Transfer Transaction referred to in paragraph (c) above may also be entered into pursuant to an open order process (an **Open Order Process**) which is carried out as follows:
- (i) the Company (on behalf of TSMHL) may by itself or through another Transfer Agent place an open order (an **Open Order**) to acquire participations in one or more of the Facilities up to a set aggregate amount at a set price by notifying at the same time all the Participating Banks participating in the relevant Facilities of the same. Any Participating Bank wishing to transfer pursuant to an Open Order will, by 11.00 am on any Business Day following the date on which the Open Order is placed but no earlier than the first Business Day, and no later than the fifth Business Day, following the date on which the Open Order is placed, communicate to the Transfer Agent details of the amount of its participations, and in which Facilities, it is offering to transfer. Any such offer to transfer shall be irrevocable until 11.00 am on the Business Day following the date of such offer from the Participating Bank and shall be capable of acceptance by the Company on behalf of TSMHL on or before such time by it communicating such acceptance in writing to the relevant Participating Bank;
- (ii) any transfer of participations in the Facilities pursuant to an Open Order Process shall be completed and settled by TSMHL on or before the fourth Business Day after the date of the relevant offer by a Participating Bank to transfer under the relevant Open Order;
- (iii) if in respect of participations in a Facility the Transfer Agent receives on the same Business Day two or more offers at the set price such that the maximum amount of such Facility to which an Open Order relates would be exceeded, the Company shall only accept such offers on a pro rata basis; and



- (iv) the Company shall, by 5.00 pm on the sixth Business Day following the date on which an Open Order is placed, notify the Global Facility Agent of the amounts of the participations transferred through such Open Order Process and the identity of the Facilities to which they relate. The Global Facility Agent shall promptly disclose such information to the Participating Banks.
- (e) For the avoidance of doubt, there is no limit on the number of occasions a Solicitation Process or an Open Order Process may be implemented.

19.12 Debt Transfer by an Affiliated Debt Transferee

- (a) For so long as a member of the Group (other than TSMHL) or an Affiliate of the Company (an **Affiliated Debt Transferee**):

- (i) legally or beneficially owns all or any part of a Commitment; or
- (ii) has entered into a sub-participation agreement relating to all or any part of a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated,

in ascertaining:

- (A) the Majority Participating Banks; or

- (B) whether:

- I. any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; and
- II. or the agreement of any specified group of Participating Banks, has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents,

such Commitment or the relevant part of such Commitment shall be deemed to be zero for the purposes of paragraphs (A) and (B) above and such Affiliated Debt Transferee or the person with whom it has entered into such sub-participation, other agreement or arrangement shall be deemed not to be a Participating Bank for the purposes of paragraphs (A) and (B) above.

- (b) No Affiliated Debt Transferee shall:

- (i) accede to the Intercreditor Agreement as a Creditor (as defined therein) in relation to any Debt Transfer Transaction;
- (ii) in any manner benefit from or be entitled to the benefit of, the Security created under any Common Security Document or any proceeds of enforcement thereof;
- (iii) in relation to any meeting or conference call to which all the Participating Banks are invited to attend or participate, attend or participate in the same or, be entitled to receive the agenda or any minutes of the same; and



- (iv) be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Global Facility Agent or one or more of the Participating Banks.
- (c) for the avoidance of doubt, paragraphs (a) and (b) above shall not apply to a Debt Transfer Transaction in which the assignee, transferee or sub-participant is not an Affiliated Debt Purchaser.

19.13 Effects of a Debt Transfer Transaction

- (a) In relation to any Debt Transfer Transaction entered into by an Affiliated Debt Transferee (other than a Debt Transfer Transaction set out at limb (b) and (c) of the definition of Debt Transfer Transaction), notwithstanding any other term of this Agreement or the other Finance Documents:
- (i) on completion of the relevant assignment pursuant to Clause 19 (Changes to the Participating Banks), the portions of the Loans or Purchase Contracts to which it relates shall:
- (A) in the case of a Debt Transfer Transaction entered into by TSMHL as the assignee or transferee, be extinguished and any related Repayment Instalments and/or Amortisation Amounts, as applicable, will be reduced pro-rata accordingly; and
- (B) in the case of a Debt Transfer Transaction entered into by an Affiliated Debt Transferee as the assignee or transferee, at the option of such Affiliated Debt Transferee and by notice to the Global Facility Agent, be released and any related Repayment Instalments and/or Amortisation Amounts, as applicable, will be reduced pro-rata accordingly;
- (ii) such Debt Transfer Transaction and the related extinguishment or release referred to in paragraph (i) above shall not constitute a prepayment of the Facilities;
- (iii) For the avoidance of doubt, TSMHL and an Affiliated Debt Transferee which is the assignee shall be deemed to be an entity which fulfils the requirements of Clause 19.1 (Assignments and transfers by the Participating Banks) to be a New Participating Bank.
- (iv) no member of the Group shall be deemed to be in breach of any provision of Clause 16 (General Undertakings) solely by reason of such Debt Transfer Transaction;
- (v) Clause 24 (Sharing among the Secured Parties) shall not be applicable to the consideration paid under such Debt Transfer Transaction; and
- (vi) for the avoidance of doubt, any extinguishment or release of any part of the Facilities shall not affect any amendment or waiver which prior to such extinguishment or release had been approved by or on behalf of the requisite Participating Bank or Participating Banks in accordance with this Agreement.
- (b) Each Participating Bank shall, unless such Debt Transfer Transaction is an assignment or transfer, promptly notify the Global Facility Agent in writing if it knowingly enters into a Debt Transfer Transaction with an Affiliated Debt Transferee (a **Notifiable Debt Transfer Transaction**), such notification to be substantially in the form set out in Part 1 of Schedule 12 (Forms of Notifiable Debt Transfer Transaction Notice).



- (c) A Participating Bank shall promptly notify the Global Facility Agent if a Notifiable Debt Transfer Transaction to which it is a party:
- (i) is terminated; or
 - (ii) ceases to be with an Affiliated Debt Transferee,
- such notification to be substantially in the form set out in Part 2 of Schedule 12 (Forms of Notifiable Debt Transfer Transaction Notice).

20. CHANGES TO THE OBLIGORS

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents without the approval of all of the Participating Banks.

21. ACCESSION OF AND CHANGES TO THE HEDGING BANKS

- (a) A Participating Bank or one of its Affiliates may become party to this Agreement as a Hedging Bank and a Hedging Bank may assign any of its rights or transfer any of its rights or obligations under this Agreement, all in accordance with this Clause 21.
- (b) No person entering into any transaction with TSMHL in connection with protection against or benefit from fluctuation in any rate or price will be entitled to share in any Security created by any Common Security Document in respect of any of the moneys, debts or liabilities arising under or in connection with that transaction or benefit from any provision of this Agreement unless and until:
- (i) the proposed hedging transaction is a Permitted Hedging Transaction in respect of TSMHLs actual or projected interest (or profit element or equivalent exposure) or exchange rate exposure in respect of the Facility;
 - (ii) that person has become a Hedging Bank in accordance with this Clause 21;
 - (iii) the Hedging Documents relating to that transaction comply with the provisions of the Intercreditor Agreement; and
 - (iv) that person has acceded to the Intercreditor Agreement as a Hedging Bank.
- (c) In the case of paragraph (b) above, that person shall become a Hedging Bank under this Agreement if:
- (i) that person delivers to the Global Facility Agent a duly completed and signed Accession Letter; and
 - (ii) the Global Facility Agent executes an Accession Letter duly completed and signed on behalf of that person.
- (d) Each Party (other than the relevant proposed Hedging Bank under paragraph (b) above) irrevocably authorises the Global Facility Agent to execute on its behalf any Accession Letter which has been duly completed and signed on behalf of that proposed Hedging Letter.
- (e) No Hedging Bank may assign any of its rights or transfer any of its rights or obligations under, or declare or create any trust of any of its rights, title, interest or benefits under, this Agreement or any Hedging Document (including any Hedging Recoveries owing to it):
- (i) except as permitted under the relevant Hedging Document;



- (ii) unless and until the proposed Hedging Bank accedes to this Agreement in accordance with this Clause 21; and
- (iii) the proposed transferee accedes to the Intercreditor Agreement as a Hedging Bank.
- (f) Each Party (other than the relevant transferee under paragraph (e) above) irrevocably authorises the Global Facility Agent to execute on its behalf any Accession Letter which has been duly completed and signed on behalf of that transferee.

SECTION 9
THE FINANCE PARTIES

22. ROLE OF THE GLOBAL FACILITY AGENT, THE ACCOUNT BANK AND THE ARRANGER

22.1 Appointment of the Global Facility Agent

- (a) Each other Finance Party appoints the Global Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each other Secured Party authorises the Global Facility Agent to exercise the rights, powers, authorities and discretions specifically given to it under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.
- (c) Each other Finance Party authorises the Global Facility Agent (acting on the instructions of the Majority Participating Banks) and the Arranger to agree, accept and sign on its behalf the terms of any reliance or engagement letter in relation to any report or letter provided by any person in connection with the Finance Documents or the transactions contemplated in them.

22.2 Duties of the Global Facility Agent

- (a) Subject to paragraph (b) below, the Global Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Global Facility Agent for that Party by any other Party. The Global Facility Agent is not obliged to forward to any Party any Fee Letter or the Mandate Letter.
- (b) Without prejudice to Clause 19.7 (Copy of Transfer Certificate or Assignment Agreement to Company), paragraph (a) above shall not apply to any Transfer Certificate or to any Assignment Agreement.
- (c) Except where a Finance Document specifically provides otherwise, the Global Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) If the Global Facility Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Secured Parties.
- (e) If the Global Facility Agent is aware of the non-payment of any principal, interest, profit, commitment fee or other fee payable to a Secured Party (other than the Global Facility Agent or the Arranger) under this Agreement it shall promptly notify the other Secured Parties.



20018GsPnWJqJ4w6

- (f) The duties of the Global Facility Agent under the Finance Documents are solely mechanical and administrative in nature.

22.3 Role of the Arranger

Except as specifically provided in the Finance Documents, each Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

22.4 Other roles

- (a) The Obligors acknowledge that each Administrative Party or their Affiliates may provide debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which the Obligors or their respective Affiliates may have conflicting interests regarding the transactions contemplated by the Finance Documents and otherwise.
- (b) Each Administrative Party must not use confidential information obtained from an Obligor or any of their Affiliates by virtue of the transactions contemplated by the Finance Documents in connection with their performance of services for other persons nor furnish any such information to any such other persons.
- (c) The Obligors acknowledge that each Administrative Party is not obliged to use in connection with the transactions contemplated by the Finance Documents, or to furnish to any Obligor or its Affiliates, confidential information obtained from any other source.

22.5 No fiduciary duties

- (a) Nothing in this Agreement constitutes the Global Facility Agent or any Facility Representative or any Arranger as a trustee or fiduciary of any other person.
- (b) All monies held by the Account Bank under this Agreement are held by it as banker. Nothing in this Agreement constitutes the Account Bank as trustee or fiduciary of any other person.
- (c) No Administrative Party shall be bound to account to any Finance Party or the Hedging Bank for any sum or the profit element of any sum received by it for its own account.

22.6 Business with the Group

Each Administrative Party and the Account Bank may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group or any other person.

22.7 Rights and discretions of each Administrative Party

- (a) Each Administrative Party may rely on:
- (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised and shall have no duty to verify any signature on any document; and
- (ii) any statement purportedly made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.



20018GsPnWJqJYJgh

- (b) Each Administrative Party may assume (unless it has received notice to the contrary in its capacity as agent for the Secured Parties) that:
- (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 18.1 (Non-payment)); and
 - (ii) any right, power, authority or discretion vested in any Party, the Majority Lenders, the Majority Participants or the Majority Participating Banks has not been exercised.
- (c) Each Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (d) Each Agent may act in relation to the Finance Documents through its personnel and agents.
- (e) Each Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (f) Without prejudice to the generality of paragraph (e) above, any Agent may disclose the identity of a Defaulting Participating Bank to the other Finance Parties and the Obligors and shall disclose the same upon the written request of the Company or the Majority Participating Banks.
- (g) Notwithstanding any other provision of any Finance Document to the contrary, no Administrative Party is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

22.8 Majority Participating Banks' instructions

- (a) Unless a contrary indication appears in a Finance Document, each Agent shall (i) exercise any right, power, authority or discretion vested in it as an Agent in accordance with any instructions given to it by the Majority Participating Banks (or in respect of the Conventional Facility Agent, the Majority Lenders, or in respect of the Investment Agent, the Majority Participants (as applicable) (or, if so instructed by the Majority Participating Banks (or the Majority Lenders or the Majority Participants (as applicable))), refrain from exercising any right, power, authority or discretion vested in it as an Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Participating Banks (or the Majority Lenders or the Majority Participants (as applicable)).
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Participating Banks or, as applicable, the Majority Creditors will be binding on all the Secured Parties and any instructions given by the Majority Lenders or the Majority Participants will be binding on all the Lenders or all the Participants (as applicable).
- (c) An Agent may refrain from acting in accordance with the instructions of the Majority Participating Banks or the Majority Creditors (or, if appropriate the Majority Lenders or the Majority Participants) until it has received such security as it may require for any cost, loss or liability (together with any associated Indirect Tax) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Participating Banks (or an appropriate majority of the Participating Banks, the Lenders or the Participants or the Majority Creditors), an Agent may act (or refrain from taking action) as it considers to be in the best interest of the Participating Banks (or the Lenders or Participants as applicable) under the Finance Documents.



- (e) The Global Facility Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document.

22.9 Responsibility for documentation

No Administrative Party:

- (a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by an Administrative Party, the Hedging Bank, the Company or any other person given in or in connection with any Secured Debt Document or the Information Memorandum; or
- (b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Secured Debt Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Secured Debt Document.

22.10 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to the provisions of paragraph (e) of Clause 25.10 (Disruption to Payment Systems etc)), an Administrative Party will not be liable including without limitation for negligence or any other category of liability whatsoever for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party (other than the relevant Agent) may take any proceedings against any officer, employee or agent of an Agent in respect of any claim it might have against that Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the relevant Agent may rely on, enjoy the benefit of and/or enforce the terms of this paragraph in accordance with provisions of the Third Parties Act.
- (c) An Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by it if it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (d) Nothing in this Agreement shall oblige an Agent or an Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any Participating Bank and each Participating Bank confirms to each Agent and Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by an Agent, or the Arranger.

22.11 Participating Banks' indemnity to an Agent

Each Participating Bank shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify each Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence, in relation to any FATCA related liability or any other category of liability whatsoever) incurred by an Agent (otherwise than by reason of an Agent's gross negligence or wilful misconduct) (or in the case of any cost, loss or liability pursuant to Clause 25.10 (Disruption to Payment Systems etc) notwithstanding an Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of an Agent) in acting as an Agent under the Finance Documents (unless the relevant Agent has been reimbursed by an Obligor pursuant to a Finance Document).



22.12 Resignation of the Agent

- (a) An Agent may resign and appoint one of its Affiliates as successor, in each case, by giving notice to the Company and (i) in the case of resignation of the Global Facility Agent, the Secured Parties, (ii) in the case of resignation of the Conventional Facility Agent, the Conventional Finance Parties and (iii) in the case of resignation of the Investment Agent, the Islamic Finance Parties.
- (b) Alternatively an Agent may resign by giving 30 days' notice to the Company and (i) in the case of the Global Facility Agent, the Secured Parties; (ii) in the case of the Conventional Facility Agent, the Conventional Finance Parties; and (iii) in the case of the Investment Agent, the Islamic Finance Parties and the Majority Participating Banks, the Majority Lenders or the Majority Participants (as applicable) may appoint a successor Agent.
- (c) If the Majority Participating Banks or an Agent have not appointed a successor Agent in accordance with paragraph (b) above within 30 days after notice of resignation was given, the retiring Agent (after consultation with the Company) may appoint a successor Agent.
- (d) The retiring Agent shall, at its own cost, make available to its successor such documents and records and provide such assistance as its successor may reasonably request for the purposes of performing its functions as an Agent under the Finance Documents.
- (e) The resignation notice of an Agent shall only take effect upon the appointment of a successor.
- (f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (d) above) but shall remain entitled to the benefit of this Clause 22. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (g) After consultation with the Company, (i) in the case of the Global Facility Agent, the Secured Parties; (ii) in the case of the Conventional Facility Agent, the Conventional Finance Parties and (iii) in the case of the Investment Agent, the Islamic Finance Parties may, by notice to relevant Agent require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Company.
- (h) An Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to that Agent under the Finance Documents, either:
 - (i) that Agent fails to respond to a request under Clause 14.8 (FATCA Information) and the Company or a Participating Bank reasonably believes that Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
 - (ii) the information supplied by the Agent pursuant to Clause 14.8 (FATCA Information) indicates that that Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or



(iii) that Agent notifies the Company and the Participating Banks that that Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) the Company or a Participating Bank reasonably believes, after consultation with that Agent, that a Party will be required to make a FATCA Deduction that would not be required if that Agent were a FATCA Exempt Party, and the Company or that Participating Bank, by notice to that Agent, require it to resign.

22.13 Replacement of an Agent

- (a) If an Agent is an Impaired Agent, after consultation with the Company, the (i) in the case of the Global Facility Agent, the Secured Parties; (ii) in the case of the Conventional Facility Agent, the Conventional Finance Parties and (iii) in the case of the Investment Agent, the Islamic Finance Parties may, by giving 30 days' notice to that Agent and the Majority Participating Banks, the Majority Lenders or the Majority Participants (as applicable) (or any shorter notice determined by the Majority Participating Banks, Majority Lenders or Majority Participants (as applicable)) replace that Agent by appointing a successor Agent (acting through an office in the United Kingdom).
- (b) The Impaired Agent shall (at its own cost) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as the Global Facility Agent, the Conventional Facility Agent or the Investment Agent (as the case may be) under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Participating Banks, Majority Lenders or Majority Participants (as applicable) to the Impaired Agent. As from this date, the Impaired Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 22.13 (and any agency fees for the account of the Impaired Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

22.14 Confidentiality

- (a) An Agent (in acting as agent for the applicable Finance Parties) shall be regarded as acting through its respective agency or security agency or trustee division which, in each case, shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of an Agent it may be treated as confidential to that division or department and that Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, an Agent is not obliged to disclose to any person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of any contractual or fiduciary duty.



22.15 Relationship with the Participating Banks

- (a) Each Agent may treat each Participating Bank as a Participating Bank, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that Participating Bank to the contrary in accordance with the terms of this Agreement.
- (b) Any Participating Bank may by notice to the Global Facility Agent and the relevant Facility Representative appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Participating Bank under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 27.6 (Electronic communication)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Participating Bank for the purposes of Clause 27.2 (Addresses) and paragraph (a)(iii) of Clause 27.6 (Electronic communication) and the Global Facility Agent and the relevant Facility Representative shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Participating Bank.

22.16 Credit appraisal by the Participating Banks

Without affecting the responsibility of any Obligor or any other person for information supplied by it or on its behalf in connection with any Secured Debt Document, each Participating Bank and Hedging Bank confirms to the each Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Secured Debt Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Secured Debt Document and any other agreement, Security, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Secured Debt Document;
- (c) whether that Participating Bank has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Secured Debt Document, the transactions contemplated by the Secured Debt Documents or any other agreement, Security, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Secured Debt Document; and
- (d) the adequacy, accuracy and/or completeness of the Information Memorandum and any other information provided by the an Agent, any Party or by any other person under or in connection with any Secured Debt Document, the transactions contemplated by the Secured Debt Documents or any other agreement, Security, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Secured Debt Document.

22.17 Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Participating Bank, the Participating Bank of which it is an Affiliate) ceases to be a Participating Bank, the Global Facility Agent shall (in consultation with the Company) appoint another Participating Bank or an Affiliate of a Participating Bank to replace that Reference Bank.



20018GsPnWJqLRP6;

22.18 Deduction from amounts payable by the an Agent

If any Party owes an amount to an Agent under the Finance Documents that Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which that Agent would otherwise be obliged to make under the Finance Documents, and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

23. CONDUCT OF BUSINESS BY THE SECURED PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Secured Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Secured Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Secured Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

24. SHARING AMONG THE SECURED PARTIES**24.1 Payments to Secured Parties**

If a Finance Party (a **Recovering Creditor**) receives or recovers any amount from an Obligor other than (x) in accordance with Clause 25 (Payment Mechanics) or (y), in respect of a Hedging Bank only, a Permitted Hedging Payment, (a **Recovered Amount**) and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Creditor shall, within three Business Days, notify details of the receipt or recovery to the Global Facility Agent;
- (b) the Global Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Creditor would have been paid had the receipt or recovery been received or made by the Global Facility Agent and distributed in accordance with Clause 25 (Payment Mechanics), without taking account of any Tax which would be imposed on the Global Facility Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Creditor shall, within three Business Days of demand by the Global Facility Agent, pay to the Global Facility Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Global Facility Agent determines may be retained by the Recovering Creditor as its share of any payment to be made, in accordance with Clause 25.6 (Partial payments).

24.2 Redistribution of payments

The Global Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Secured Parties (other than the Recovering Creditor) (the **Sharing Creditors**) in accordance with Clause 25 (Payment Mechanics).

**24.3 Recovering Secured Party's rights**

On a distribution by the Global Facility Agent under Clause 24.2 (Redistribution of payments) of a payment received by a Recovering Creditor from an Obligor, as between the relevant Obligor and the Recovering Creditor, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

24.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Creditor becomes repayable and is repaid by that Recovering Creditor, then:

- (a) each Sharing Creditor shall, upon request of the Global Facility Agent, pay to the Global Facility Agent for the account of that Recovering Creditor an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Creditor for its proportion of any interest on the Sharing Payment which that Recovering Creditor is required to pay) (the **Redistributed Amount**); and
- (b) as between the relevant Obligor and each relevant Sharing Creditor, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

24.5 Exceptions

- (a) This Clause 24 shall not apply to the extent that the Recovering Creditor would not, after making any payment pursuant to this Clause 24, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Creditor is not obliged to share with any other Secured Party any amount which the Recovering Creditor has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified that other Secured Party of the legal or arbitration proceedings; and
 - (ii) that other Secured Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

**SECTION 10
ADMINISTRATION**

25. PAYMENT MECHANICS**25.1 Payments to the Global Facility Agent**

- (a) Subject to the Netting Letter, on each date on which an Obligor or a Participating Bank is required to make a payment under a Finance Document, that Obligor or Participating Bank shall make the same available to the Global Facility Agent or to the order of the Global Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Global Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.



20018GsPnWJqNKTgn

- (b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the Global Facility Agent specifies.

25.2 Distributions by the Global Facility Agent

Each payment received by the Global Facility Agent under the Finance Documents for another Party shall, subject to Clause 25.3 (Distributions to an Obligor) and Clause 25.4 (Clawback) be made available by the Global Facility Agent as soon as practicable after receipt to the following (in each case to the extent such party is entitled to receive payment in accordance with this Agreement):

- (a) each Administrative Party;
- (b) the Conventional Facility Agent for distribution to the Lenders in accordance with the Conventional Facility Agreement;
- (c) the Investment Agent for distribution to the Participants in accordance with the Investment Agency Agreement; and
- (d) each Hedging Bank,

in each case to such account as that Party may notify to the Global Facility Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency.

25.3 Distributions to an Obligor

The Global Facility Agent may (with the consent of an Obligor or in accordance with Clause 26 (Set-off)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

25.4 Clawback

- (a) Where a sum is to be paid to the Global Facility Agent under the Finance Documents for another Party, the Global Facility Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Global Facility Agent pays an amount to another Party and it proves to be the case that it had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid shall on demand refund the same to the Global Facility Agent, together with:
 - (i) in the case of any Party which is not an Islamic Finance Party, interest on that amount from the date of payment to the date of receipt by the Global Facility Agent, calculated by the Global Facility Agent to reflect its cost of funds; and
 - (ii) in the case of any Islamic Finance Party, an amount equal to the actual costs, losses and expenses incurred by the Global Facility Agent (excluding any cost of funds and opportunity loss), as calculated by the Global Facility Agent.



20018GsPnWJqNju61

25.5 Impaired Agent

- (a) If, at any time, the Global Facility Agent becomes an Impaired Agent, an Obligor or a Participating Bank which is required to make a payment under the Finance Documents to the Global Facility Agent in accordance with Clause 25.1 (Payments to the Global Facility Agent) may instead either pay that amount direct to the required recipient or pay that amount to an account (which must be Sharia compliant if the recipient is an Islamic Finance Party) held with an Acceptable Bank and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Participating Bank making the payment and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents. In each case such payments must be made on the due date for payment under the Finance Documents.
- (b) All interest or profit accrued on the amount standing to the credit of the trust account shall be for the benefit of the beneficiaries of that trust account pro rata to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 25.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Global Facility Agent in accordance with Clause 22.13 (Replacement of an Agent), each Party which has made a payment to a trust account in accordance with this Clause 25.5 shall give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Global Facility Agent for distribution in accordance with Clause 25.2 (Distributions by the Global Facility Agent).

25.6 Partial payments

- (a) If the Global Facility Agent receives a payment (other than by reason of receipt by TSMHL of Required Proceeds after the Acceleration Date) that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Global Facility Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:
- (i) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the Administrative Parties under the Finance Documents;
 - (ii) secondly, in or towards payment pro rata of any accrued interest, fee, profit or commission due but unpaid under the Finance Documents;
 - (iii) thirdly, in or towards payment pro rata of any principal or Cost Price elements of Deferred Sale Prices due but unpaid under the Finance Documents; and
 - (iv) fourthly, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.
- (b) If the Global Facility Agent receives a payment by reason of receipt by TSMHL of Required Proceeds after the Acceleration Date that is insufficient to discharge all the amounts then due and payable by an Obligor under the Secured Debt Documents, the Global Facility Agent shall apply that payment towards the obligations of that Obligor under the Secured Debt Documents in the following order:
- (i) first, in or towards payment pro rata of any unpaid fees, costs and expenses of the Administrative Parties under the Secured Debt Documents;



20018GsPnWJqPVj6*

- (ii) secondly, in or towards payment pro rata of:
 - (A) any periodical payments (not being payments as a result of termination or closing out) due but unpaid to a Hedging Bank under a Hedging Document; and
 - (B) any accrued interest, fee or commission and the Profit Amount element of any Deferred Sale Price due but unpaid under the Secured Debt Documents;
- (iii) thirdly, in or towards payment pro rata of:
 - (A) any payments as a result of termination or closing out due but unpaid to a Hedging Bank under a Hedging Document; and
 - (B) any principal and the Cost price element of any Deferred Sale Price due but unpaid under the Secured Debt Documents;
- (iv) fourthly, in or towards payment pro rata of any other sum due but unpaid under the Secured Debt Documents.
- (c) The Global Facility Agent shall, if so directed by the Majority Participating Banks, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (d) The Global Facility Agent shall, if directed by all the Participating Banks and each Hedging Bank, vary the order set in paragraphs (b)(ii) to (iv) above.
- (e) Paragraphs (a), (b) and (c) above will override any appropriation made by an Obligor.

25.7 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

25.8 Business Days

- (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under the Conventional Facility Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

25.9 Currency of account

- (a) Subject to paragraphs (b) to (e) below, Dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A payment or repayment of a Participation, Loan or Unpaid Sum or a part of a Participation, Loan or Unpaid Sum shall be made in the currency in which the Participation, Loan or Unpaid Sum is denominated on its due date.



20018GsPnWJqPt3gp

- (c) Each payment or repayment of interest in respect of a Loan or profit in respect of a Purchase Contract shall be made in the currency in which the sum in respect of which the interest or profit is payable was denominated when that interest was accrued or profit incurred.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than Dollars shall be paid in that other currency.
- (f) A payment of any sum due from an Obligor under any Hedging Document shall be made in the currency in which that sum is denominated on its due date.

25.10 Disruption to Payment Systems etc

If either the Global Facility Agent or the relevant Facility Representative determines (in its discretion) that a Disruption Event has occurred or the Global Facility Agent or the relevant Facility Representative is notified by the Company that a Disruption Event has occurred:

- (a) the Global Facility Agent or the relevant Facility Representative may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of a Facility as the Global Facility Agent or the relevant Facility Representative may deem necessary in the circumstances;
- (b) the Global Facility Agent or the relevant Facility Representative shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Global Facility Agent or the relevant Facility Representative may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Global Facility Agent or the relevant Facility Representative and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 32 (Amendments and Waivers);
- (e) the Global Facility Agent or the relevant Facility Representative shall not be liable for any damages, costs or losses whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Global Facility Agent or the relevant Facility Representative) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 25.10; and
- (f) the Global Facility Agent or the relevant Facility Representative (as applicable) shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.



26. SET-OFF

A Finance Party may set off any matured obligation due from an Obligor which has not been paid when due under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

27. NOTICES

27.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

27.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of each Obligor, that identified with its name below;
- (b) in the case of each Participating Bank, that notified in writing to the Global Facility Agent on or prior to the date on which it becomes a Party;
- (c) in the case of the Global Facility Agent, each Facility Representative, each Arranger and the Account Bank, that identified with its name below; and
- (d) in the case of each Hedging Bank, that notified in the relevant Accession Letter,

or any substitute address, fax number or department or officer as the Party may notify to the Global Facility Agent (or the Global Facility Agent or a Facility Representative may notify to the other Parties, if a change is made by the Global Facility Agent or a Facility Representative) by not less than five Business Days' notice.

27.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
 - (i) if sent by fax before 5.00 p.m. (local time in the place to which it is sent) on a working day in that place, when sent or, if sent by fax at any other time, at 9.00 a.m. (local time in the place to which it is sent) on the next working day in that place, provided, in each case, that the person sending the fax shall have received a transmission receipt; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,

and, if a particular department or officer is specified as part of its address details provided under Clause 27.2 (Addresses), if addressed to that department or officer. For this purpose, working days are days other than Saturdays, Sundays and bank holidays.



- (b) Any communication or document to be made or delivered to an Agent will be effective only when actually received by it and then only if expressly marked for the attention of the department or officer identified with its signature below (or any substitute department or officer as it shall specify for this purpose).
- (c) All notices to or from an Obligor shall be sent through the Global Facility Agent or if expressly provided, the relevant Facility Representative.
- (d) A notice from an Obligor to the Global Facility Agent is deemed to be given to each Facility Representative to whose Facility that notice relates and a notice from an Obligor to a Facility Representative is deemed to be given to the Global Facility Agent.

27.4 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 27.2 (Addresses) or changing its own address or fax number, the Global Facility Agent shall notify the other Parties.

27.5 Communication when Global Facility Agent is Impaired Agent

If an Agent is an Impaired Agent the Parties may, instead of communicating with each other through that Agent, communicate with each other directly and (while that Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by that Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

27.6 Electronic communication

- (a) Any communication to be made between an Agent and a Participating Bank or Obligor under or in connection with the Finance Documents may be made by electronic mail or other electronic means, if the relevant Agent and the relevant Participating Bank or Obligor:
 - (i) agree that, unless and until notified to the contrary, this is to be an accepted form of communication;
 - (ii) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
 - (iii) notify each other of any change to their address or any other such information supplied by them.
- (b) Any electronic communication made between an Agent and a Participating Bank or Obligor will be effective only when actually received in readable form and in the case of any electronic communication made by a Participating Bank to the an Agent only if it is addressed in such a manner as the relevant Agent shall specify for this purpose.

27.7 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:



- (i) in English; or
- (ii) if not in English, and if so required by the Global Facility Agent or the relevant Facility Representative, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

28. CALCULATIONS AND CERTIFICATES

28.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Secured Party are *prima facie* evidence of the matters to which they relate.

28.2 Certificates and Determinations

Any certification or determination by a Secured Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

28.3 Day count convention

- (a) Any interest, profit, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the London interbank market differs, in accordance with that market practice.
- (b) In respect of the Islamic Facility, while the Profit Amount relating to a Deferred Sale Price in a Purchase Contract is calculated based on the actual number of days elapsed between the Transaction Date and the first Deferred Payment Date and a year of 360 days and thereafter between Deferred Payment Dates, nevertheless once any Purchase Contract is executed, profit does not 'accrue' and there shall be no further increase in the Deferred Sale Price irrespective of the passage of time.

29. PARTIAL INVALIDITY

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

30. US BANKS

- (a) Notwithstanding any other provision in the Finance Documents, each Obligor hereby agrees that a Participating Bank (and each employee, representative, or other agent of that Participating Bank) may disclose to any and all persons, without limitation of any kind, the US tax treatment and US tax structure of the transactions contemplated by the Finance Documents and all materials of any kind (including opinions or other tax analyses) that are provided to that Participating Bank relating to such US tax treatment and US tax structure.
- (b) Each Obligor acknowledges that to the extent the Finance Documents or any transaction contemplated under the Finance Documents would constitute a "confidential transaction" that each Participating Bank intends to submit details of the transactions contemplated by the Finance Documents to the IRS or to maintain a list regarding details of such transactions for review by the IRS upon its request.



31. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy under the Finance Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

32. AMENDMENTS AND WAIVERS

32.1 Required consents

- (a) Subject to Clause 32.2 (Exceptions) any term of the Finance Documents may be amended or waived only with the consent of the Majority Participating Banks and the Company and any such amendment or waiver will be binding on all Parties.
- (b) The Global Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 32.

32.2 Exceptions

- (a) An amendment or waiver that has the effect of changing or which relates to:
 - (i) the definition of **Majority Participating Banks** in Clause 1.1 (Definitions);
 - (ii) an extension to the date of payment of any amount under the Finance Documents;
 - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, profit, fees or commission payable (it being agreed that a waiver (other than a waiver which stops default interest from accruing under Clause 4.4 (Interest on overdue amounts) of the Conventional Facility Agreement or a Late Payment Amount being payable under Clause 7 (Late Payments Amounts) of the Murabaha Agreement) of a Default would not constitute such a reduction);
 - (iv) the currency of payment of any amount under the Finance Documents;
 - (v) an increase in or an extension of any Commitment or the Total Commitments (other than pursuant to Clause 2.4 (Increase Commitments)) or the Availability Period or any requirement that a cancellation of Commitments reduces the Commitments of the Participating Banks rateably under the Facility;
 - (vi) a change to an Obligor;
 - (vii) any provision which expressly requires the consent of all the Participating Banks;
 - (viii) Clause 2.1 (Secured Parties' rights and obligations), Clause 19 (Changes to the Participating Banks), Clause 24 (Sharing among the Secured Parties) or this Clause 32;
 - (ix) Clause 5.2 (Change of Control) or Clause 5.3 (Mandatory prepayment) (other than an amendment or waiver which has the effect of changing any notice period for prepayment);



- (x) the manner in which the proceeds of the enforcement of any Security created pursuant to any Common Security Document are distributed;
- (xi) the order of priority or subordination under the Intercreditor Agreement;
- (xii) the nature or scope of the guarantee or indemnity granted under Clause 12.1 (Guarantee and indemnity);
- (xiii) the nature or scope of the Charged Assets except to the extent that it relates to the sale or disposal of a Charged Asset where that sale or disposal is expressly permitted under this Agreement or any other Finance Document;
- (xiv) the release of any Security created pursuant to any Common Security Document or of any Charged Asset, other than, in each case, as permitted by the Finance Documents;
- (xv) change the amount of or the method of calculation of each Deferred Sale Price, other than the provision of any rebate of a Profit Amount (which shall be upon the instruction of all the Participants).

shall not be made without the prior consent of all the Participating Banks.

- (b) An amendment or waiver which relates to the definition of Majority Lenders shall not be made without the prior consent of the Conventional Facility Agent (acting on the instructions of all the Lenders).
- (c) An amendment or waiver which relates to the definition of Majority Participants shall not be made without the prior consent of the Investment Agent (acting on the instructions of all the Participants).
- (d) An amendment or waiver which relates to the rights or obligations of the Global Facility Agent, a Facility Representative, the Account Bank, the Hedging Bank or an Arranger may not be effected without the consent of the Global Facility Agent, the relevant Facility Representative(s) the Account Bank, the Hedging Bank or as the case may be, the relevant Arranger(s).
- (e) Notwithstanding paragraph (a) above, a Fee Letter may be amended or waived with the agreement of each Finance Party that is a party to that Fee Letter and TSMHL.

32.3 Disenfranchisement of Defaulting Participating Banks

- (a) For so long as a Defaulting Participating Bank has any Available Commitment, in ascertaining the Majority Participating Banks (or the Majority Lenders or Majority Participants, as applicable) or whether any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Participating Bank's Commitments will be reduced by the amount of its Available Commitments.
- (b) For the purposes of this Clause 32.3, an Agent may assume that the following Participating Banks are Defaulting Participating Banks:
 - (i) any Participating Bank which has notified the Global Facility Agent that it has become a Defaulting Participating Bank;



- (ii) any Participating Bank in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (c) or (d) of the definition of Defaulting **Participating Bank** has occurred,

unless it has received notice to the contrary from the Participating Bank concerned (together with any supporting evidence reasonably requested by the Global Facility Agent) or the Global Facility Agent is otherwise aware that the Participating Bank has ceased to be a Defaulting Participating Bank.

32.4 Replacement of a Defaulting Participating Bank

- (a) The Company may, at any time a Participating Bank has become and continues to be a Defaulting Participating Bank, by giving 20 Business Days' prior written notice to the Global Facility Agent and such Participating Bank replace such Participating Bank by requiring such Participating Bank to (and such Participating Bank shall) transfer pursuant to Clause 19 (Changes to the Participating Banks) all (and not part only) of its rights and obligations under this Agreement to a Participating Bank or other bank, financial institution, trust, fund or other entity (a **Replacement Participating Bank**) selected by the Company, and which is acceptable to the Global Facility Agent, the relevant Facility Representative (acting reasonably), which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Participating Bank (including the assumption of the transferring Participating Bank's participations or unfunded participations (as the case may be) on the same basis as the transferring Participating Bank) for a purchase price in cash payable at the time of transfer which is either:
- (i) in the case of a Lender, in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents;
 - (ii) in the case of a Participant, in an amount equal to such Participant's participation in the outstanding Deferred Sale Prices; or
 - (iii) in an amount agreed between the Defaulting Participating Bank, the Replacement Participating Bank and the Company and which does not exceed the amount described in paragraph (i) above.
- (b) Any transfer of rights and obligations of a Defaulting Participating Bank pursuant to this Clause shall be subject to the following conditions:
- (i) the Company shall have no right to replace an Agent;
 - (ii) neither the an Agent nor the Defaulting Participating Bank shall have any obligation to the Company to find a Replacement Participating Bank;
 - (iii) the transfer must take place no later than 30 days after the notice referred to in paragraph (a) above; and
 - (iv) in no event shall the Defaulting Participating Bank be required to pay or surrender to the Replacement Participating Bank any of the fees received by the Defaulting Participating Bank pursuant to the Finance Documents.



33. CONFIDENTIALITY

33.1 Confidential Information

Each Secured Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 33.2 (Disclosure of Confidential Information) and Clause 33.3 (Disclosure to numbering service providers), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

33.2 Disclosure of Confidential Information

Without prejudice to any Secured Party's right to disclose Confidential Information relating to any Obligor whether under the common law or the Banking Act, Chapter 19 of the laws of Singapore (as amended or re-enacted from time to time, the **Banking Act**) or otherwise, any Secured Party, its officers (as defined in the Banking Act) and agents and all persons to whom Section 47 of the Banking Act applies may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, service providers, auditors, partners and Representatives such Confidential Information as that Secured Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
 - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or an Obligor and to any of that person's Affiliates, Related Funds, Representatives and professional advisers and service providers;
 - (iii) appointed by any Secured Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (b) of Clause 22.15 (Relationship with the Participating Banks));
 - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;



- (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
- (vi) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 19.8 (Security over Participating Banks' rights);
- (vii) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
- (viii) who is a Party;
- (ix) with the consent of the Company; or
- (x) to any Finance Party under and as defined in the Existing Facility Agreement or the Common Security Agent or any creditors or finance parties (howsoever described) in respect of any other Additional Debt, in each case, in connection with the Intercreditor Agreement,

in each case, such Confidential Information as that Secured Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
 - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;
 - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Secured Party, it is not practicable so to do in the circumstances; and
 - (D) in relation to paragraph (x) above, the person to whom the Confidential Information is to be given is bound by the requirements of confidentiality set out in the Intercreditor Agreement;
- (c) to any person appointed by that Secured Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide:



- (i) administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents;
- (ii) operational functions for a Secured Party; or
- (iii) administrative or technological services to a Secured Party in order to support the regular function of banking services,

such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive; and

- (d) to any rating agency, insurer or insurance broker of, or direct or indirect provider of credit protection to, that Secured Party or any affiliate of that Secured Party.

33.3 Disclosure to numbering service providers

- (a) Any Secured Party may disclose to any national or international numbering service provider appointed by that Secured Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligor the following information:
 - (i) names of the Obligor;
 - (ii) country of domicile of the Obligor;
 - (iii) place of incorporation of the Obligor;
 - (iv) date of this Agreement;
 - (v) the names of the Global Facility Agent each Facility Representative and each Arranger;
 - (vi) date of each amendment and restatement of this Agreement;
 - (vii) amount of Total Commitments;
 - (viii) currencies of each Facility;
 - (ix) type of each Facility;
 - (x) final maturity or termination date for each Facility;
 - (xi) changes to any of the information previously supplied pursuant to paragraphs (a)(i) to (x) above; and
 - (xii) such other information agreed between such Secured Party and the Company,to enable such numbering service provider to provide its usual syndicated loan numbering identification services.



- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligor by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) Each Obligor represents that none of the information set out in paragraphs (a)(i) to (xii) above is, nor will at any time be, unpublished price-sensitive information.
- (d) The Global Facility Agent shall notify the Company and the other Secured Parties of:
 - (i) the name of any numbering service provider appointed by the Global Facility Agent in respect of this Agreement, a Facility and/or one or more Obligors; and
 - (ii) the number or, as the case may be, numbers assigned to this Agreement, a Facility and/or one or more Obligors by such numbering service provider.

33.4 Entire agreement

This Clause 33 constitutes the entire agreement between the Parties in relation to the obligations of the Secured Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

33.5 Inside information

Each of the Secured Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Secured Parties undertakes not to use any Confidential Information for any unlawful purpose.

33.6 Notification of disclosure

Each of the Secured Parties agrees (to the extent permitted by law and regulation) to inform the Company:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 33.2 (Disclosure of Confidential Information) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 33.

33.7 Continuing obligations

The obligations in this Clause 33 are continuing and, in particular, shall survive and remain binding on each Secured Party for a period of 12 months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Secured Party otherwise ceases to be a Secured Party.



20018GsPnWJqYtq6B

34. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 11**GOVERNING LAW AND ENFORCEMENT****35. GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

36. ENFORCEMENT**36.1 Jurisdiction**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a **Dispute**).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 36.1 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

36.2 Service of process

Without prejudice to any other mode of service allowed under any relevant law, TSMHL and TSEHL:

- (a) irrevocably appoint the Company (and the Company hereby accepts its appointment) as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
- (b) agrees that failure by a process agent to notify TSMHL or TSEHL of the process will not invalidate the proceedings concerned.

36.3 Consent to Enforcement etc

Each Obligor irrevocably and generally consents in respect of any proceedings anywhere in connection with any Finance Document to the giving of any relief or the issue of any process in connection with those proceedings including, without limitation, the making, enforcement or execution against any assets whatsoever (irrespective of their use or intended use) of any order or judgment which may be made or given in those proceedings.



36.4 Waiver of consequential damages etc

- (a) Each Obligor irrevocably agrees that, in connection with the Finance Documents and the transactions contemplated thereby, no Finance Party nor any of their respective Affiliates, officers, employees or agents shall be liable to that Obligor (except to the extent of its own gross negligence or wilful misconduct) nor liable, on any theory of liability, for any special, indirect consequential or punitive damages and each Obligor agrees not to sue upon any such claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favour.
- (b) Any third party referred to in paragraph (a) above may enjoy the benefit of or enforce the terms of that paragraph in accordance with the provisions of the Third Parties Act.

36.5 Waiver of interest

The Islamic Finance Parties and the Obligors recognise that the receipt and payment of interest is not permitted under Sharia and accordingly agree that if any claims for amounts due under any Islamic Finance Document or this Agreement are made in a court of law and that court imposes an obligation to pay interest on the amounts being claimed, the Islamic Finance Parties and the Obligors hereby irrevocably and unconditionally expressly waive and reject any entitlement to recover such interest.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.



20018GsPnWk8xc@6;

SCHEDULE 1
ORIGINAL PARTIES
PART 1
THE ORIGINAL LENDERS

Name of Original Lender	Conventional Facility A Commitment (US\$)	Conventional Facility B Commitment (US\$)
Standard Chartered Bank	57,500,000	42,500,000
First Gulf Bank PJSC	86,250,000	63,750,000
Total	143,750,000	106,250,000



20018GsPnWk8%VS6q

PART 2
THE ORIGINAL PARTICIPANTS

Name of Original Participant	Islamic Facility A Commitment (US\$)	Islamic Facility A Commitment (US\$)
Standard Chartered Bank	57,500,000	42,500,000
First Gulf Bank PJSC	86,250,000	63,750,000
Total	143,750,000	106,250,000



SCHEDULE 2
CONDITIONS PRECEDENT
PART 1
CONDITIONS PRECEDENT TO UTILISATION

1. Company

- 1.1 A copy of the constitutional documents of the Company.
- 1.2 A copy of resolutions of the board of directors or equivalent body of the Company:
 - (a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
 - (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and Selection Notice or Transaction Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- 1.3 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.
- 1.4 A certificate of the Company (signed by a director) confirming that guaranteeing the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.
- 1.5 A certificate of an authorised signatory of the Company certifying that:
 - (a) all consents required under the Existing Facility Agreement in relation to the transactions contemplated by the Finance Documents have been obtained and are in full force and effect; and
 - (b) each copy document relating to it specified in this Part 1 of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2. TSEHL and TSMHL

- 2.1 A copy of the constitutional documents of each of TSMHL and TSEHL.
- 2.2 A copy of a resolution of the board of directors of each of TSMHL and TSEHL:
 - (a) approving the terms of, and the transactions contemplated by, the Finance Documents and resolving that it execute the Finance Documents to which it is a party;
 - (b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and



- (c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices (including, in relation to TSMHL, any Utilisation Request and Selection Notice or Transaction Request) to be signed and/or despatched by it under or in connection with the Finance Documents.
- 2.3 A copy of special resolutions of each of the shareholders of TSMHL and TSEHL approving the terms of, and the transactions contemplated by, the Finance Documents to which TSMHL or TSEHL (as applicable) is a party and resolving that TSMHL or TSEHL (as applicable) executes the Finance Documents to which it is a party.
- 2.4 A specimen of the signature of each person authorised by the resolution referred to in paragraphs 2.2 and 2.3 above.
- 2.5 A certificate of each of TSMHL and TSEHL (signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.
- 2.6 A certificate of an authorised signatory of each of TSMHL and TSEHL certifying that each copy document listed in this Part 1 of Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

3. Legal opinions

A legal opinion of each of:

- (a) Allen & Overy LLP, legal advisers to the Arrangers and the Global Facility Agent in England; and
- (b) Appleby, legal advisers to the Arrangers and the Global Facility Agent in Mauritius;
- (c) Walkers, legal advisers to the Arrangers and the Global Facility Agent in Jersey; and
- (d) Allen & Overy LLP, legal advisers to the Arrangers and the Global Facility Agent in the Netherlands, and each in a form and substance satisfactory to the Finance Parties.

4. Finance Documents

- (a) Each of the following documents duly executed by each party to it:
 - (i) this Agreement;
 - (ii) the Mandate Letter;
 - (iii) the Intercreditor Agreement;
 - (iv) each Fee Letter;
 - (v) the Conventional Facility Agreement;
 - (vi) the Investment Agency Agreement;



20018GsPnWk91=rgZ

- (vii) the Murabaha Agreement;
 - (viii) each Broker Document;
 - (ix) the Account Pledge (Collection Account);
 - (x) the Account Pledge (Proceeds Account);
 - (xi) the TSMHL Share Pledge;
 - (xii) the TSEHL Fixed and Floating Charge (TSMHL Shares);
 - (xiii) the TSMHL Floating Charge (Collection Account); and
 - (xiv) the TSMHL Floating Charge (Proceeds Account).
- (b) Simultaneous with the execution of the Account Pledge (Collection Account) and, in any event, no later than the date of the Account Pledge (Collection Account), TSMHL shall deliver or procure to be delivered to the Common Security Agent:
- (i) a “*Bordereau*” duly executed by TSMHL in the form set out in schedule 1 of the Account Pledge (Collection Account);
 - (ii) a copy of the “Notice of Pledge” in the form set out in schedule 2 of the Account Pledge (Collection Account), duly executed by TSMHL and served on the “Account Bank” (as defined in the Account Pledge (Collection Account)); and
 - (iii) an acknowledgement signed by the Account Bank in the form of “Acknowledgement” attached to the Notice of Pledge referred to above.
- (c) Simultaneous with the execution of the Account Pledge (Proceeds Account) and, in any event, no later than the date of the Account Pledge (Proceeds Account), TSMHL shall deliver or procure to be delivered to the Common Security Agent:
- (i) a “*Bordereau*” duly executed by TSMHL in the form set out in schedule 1 of the Account Pledge (Proceeds Account);
 - (ii) a copy of the “Notice of Pledge” in the form set out in schedule 2 of the Account Pledge (Collection Account), duly executed by TSMHL and served on the “Account Bank” (as defined in the Account Pledge (Proceeds Account)); and
 - (iii) an acknowledgement signed by the Account Bank in the form of “Acknowledgement” attached to the Notice of Pledge referred to above.
- (d) Simultaneous with the execution of the TSMHL Share Pledge and, in any event, by no later than the date of the TSMHL Share Pledge, TSEHL shall deposit with the Common Security Agent by way of security:
- (i) an undated power of attorney in the form of appendix 1 of the TSMHL Share Pledge;
 - (ii) an undated Transfer of Shares form duly signed by TSEHL in the form of appendix 2 of the TSMHL Share Pledge;



- (iii) the share certificate(s) representing the Shares (as defined in the TSMHL Share Pledge) comprised in the Collateral (as defined in the TSMHL Share Pledge) duly endorsed with the language set out in appendix 3 of the TSMHL Share Pledge, together with any other documents of title to any part of the Collateral;
- (iv) undated letters of resignation from all directors of TSMHL in the form of Appendix 4 of the TSMHL Share Pledge;
- (e) Simultaneous with the execution of the TSMHL Share Pledge and, in any event, by no later than the date of the TSMHL Share Pledge, TSMHL shall:
 - (i) hold meetings of the board of directors and meetings of the shareholders of TSMHL and pass the resolutions in the form attached as Appendix 6 of the TSMHL Share Pledge;
 - (ii) deliver or procure to be delivered to the Common Security Agent a letter acknowledging notice of the pledge in the form of Appendix 7 of the TSMHL Share Pledge, confirming that the TSMHL Share Pledge has been inscribed in its records and noted in TSMHL's register of members;
- (f) Simultaneous with the execution of the TSMHL Share Pledge, and, in any event, by no later than the date of the TSMHL Share Pledge, TSEHL and TSMHL shall:
 - (i) cause the "transfer in guarantee" in the form of appendix 5 of the TSMHL Share Pledge, making reference to:
 - (A) the TSMHL Share Pledge;
 - (B) the names of TSEHL and the Common Security Agent; and
 - (C) the amount of the debt secured,to be signed by TSEHL and the secretary of the TSMHL and delivered to the Common Security Agent and duly inscribed in the register of pledges of TSMHL; and
 - (ii) provide to the Common Security Agent and Pledgee a copy of the register of pledges of TSMHL confirming that the entry/inscription referred to above has been duly inscribed.
- (g) Simultaneous with the execution of the TSEHL Fixed and Floating Charge (TSMHL Shares), and, in any event, by no later than the date of the TSEHL Fixed and Floating Charge (TSMHL Shares), TSEHL shall deposit with the Common Security Agent all certificates or other documents of title or evidencing title in respect of each of the Relevant Shares (as defined in the TSEHL Fixed and Floating Charge (TSMHL Shares)) listed in schedule 1 of the TSEHL Fixed and Floating Charge (TSMHL Shares) and, where applicable, all other deliverables prescribed under the TSEHL Fixed and Floating Charge (TSMHL Shares).

5. Financial information

Certified copies of the Original Financial Statements.

6. Other documents and evidence

- 6.1 Evidence that the fees, costs and expenses then due from the Company pursuant to the Fee Letter and Clause 11 (Costs and Expenses) have been paid or will be paid by the first Distribution Date.



20018GsPnWJqd!S6

- 6.2 Evidence that each Fee Letter has been duly executed by the parties to it.
- 6.3 Simultaneous with the execution of the Common Security Documents referred to in paragraph 4 above, executed, dated and effective release documents relating to the release of Security created in respect of the Existing Facility Agreement.
- 6.4 Evidence satisfactory to the Global Facility Agent that each Participating Bank has carried out and is satisfied with the results of all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- 6.5 The Group Structure Chart.
- 6.6 A copy of the Scott Wilson Report.
- 6.7 A list of specimen signatures and contact details for each person who has signing rights in respect of the Proceeds Account.

**PART 2****CONDITIONS RELATING TO THE COMMON SECURITY DOCUMENTS****1. Common Security Documents****1.1 Account Pledge (Collection Account)**

- (a) Within 28 days of entry into the Account Pledge (Collection Account), TSMHL shall cause an entry evidencing the Account Pledge (Collection Account) to be made in the charges register of TSMHL.
- (b) Within 28 days of entry into the Account Pledge (Collection Account) TSMHL shall file with the Registrar of Companies in Mauritius a statement of the particulars of the pledge in compliance with section 127 of the Companies Act 2001. TSMHL shall promptly thereafter communicate to the Common Security Agent a copy of the filing duly certified by the Registrar of Companies.

1.2 Account Pledge (Proceeds Account)

- (a) Within 28 days of entry into the Account Pledge (Proceeds Account), TSMHL shall cause an entry evidencing the Account Pledge (Proceeds Account) to be made in the charges register of TSMHL.
- (b) Within 28 days of entry into the Account Pledge (Proceeds Account) TSMHL shall file with the Registrar of Companies in Mauritius a statement of the particulars of the pledge in compliance with section 127 of the Companies Act 2001. TSMHL shall promptly thereafter communicate to the Common Security Agent a copy of the filing duly certified by the Registrar of Companies.

1.3 TSMHL Share Pledge

- (a) Within 28 days of entry into the TSMHL Share Pledge, TSEHL shall cause an entry evidencing the TSMHL Share Pledge to be made in the charges register of TSEHL.
- (b) Within 28 days of entry into the TSMHL Share Pledge, TSEHL shall file with the Registrar of Companies in Mauritius a statement of the particulars of the pledge in compliance with section 127 of the Companies Act 2001. TSEHL shall promptly thereafter communicate to the Common Security Agent a copy of the filing duly certified by the Registrar of Companies.

1.4 TSEHL Fixed and Floating Charge (TSMHL Shares)

- (a) Within 28 days of entry into the TSEHL Fixed and Floating Charge (TSMHL Shares), TSEHL shall cause an entry evidencing the TSEHL Fixed and Floating Charge (TSMHL Shares) to be made in the charges register of the TSEHL.
- (b) By no later than 28 days after the execution of TSEHL Fixed and Floating Charge (TSMHL Shares), TSEHL shall cause the TSEHL Fixed and Floating Charge (TSMHL Shares) to be registered with the Registrar General of Mauritius and inscribed with the Registrar General/Mauritius Conservator of Mortgages and shall, following such inscription, deliver to the Common Security Agent an original of TSEHL Fixed and Floating Charge (TSMHL Shares) bearing the original stamp witnessing the registration of TSEHL Fixed and Floating Charge (TSMHL Shares) with the Registrar General and the inscription of the Charge in the register kept for that purpose by the Mauritius Conservator of Mortgages.



- (c) Within 28 days of entry into the TMSHL Share Pledge, TSEHL shall file with the Registrar of Companies in Mauritius a statement of the particulars of the TSEHL Fixed and Floating Charge (TSMHL Shares) in compliance with section 127 of the Companies Act 2001. TSEHL shall promptly thereafter communicate to the Common Security Agent a copy of the filing duly certified by the Registrar of Companies.

1.5 TSMHL Floating Charge (Collection Account)

- (a) Within 28 days of entry into the TSMHL Floating Charge (Collection Account), TSMHL shall cause an entry evidencing the TSMHL Floating Charge (Collection Account) to be made in the charges register of the TSMHL.
- (b) By no later than 28 days after the execution of TSMHL Floating Charge (Collection Account) TSMHL shall cause the TSMHL Floating Charge (Collection Account) to be registered with the Registrar General of Mauritius and inscribed with the Registrar General/Mauritius Conservator of Mortgages and shall, following such inscription, deliver to the Common Security Agent an original of TSMHL Floating Charge (Collection Account) bearing the original stamp witnessing the registration of TSMHL Floating Charge (Collection Account) with the Registrar General and the inscription of the Charge in the register kept for that purpose by the Mauritius Conservator of Mortgages.
- (c) Within 28 days of entry into the TSMHL Floating Charge (Collection Account), TSMHL shall file with the Registrar of Companies in Mauritius a statement of the particulars of TSMHL Floating Charge (Collection Account) in compliance with section 127 of the Companies Act 2001. TSMHL shall promptly thereafter communicate to the Common Security Agent a copy of the filing duly certified by the Registrar of Companies.

1.6 TSMHL Floating Charge (Proceeds Account)

- (a) Within 28 days of entry into the TSMHL Floating Charge (Proceeds Account), TSMHL shall cause an entry evidencing the TSMHL Floating Charge (Proceeds Account) to be made in the charges register of the TSMHL.
- (b) By no later than 28 days after the execution of TSMHL Floating Charge (Proceeds Account) TSMHL shall cause the TSMHL Floating Charge (Proceeds Account) to be registered with the Registrar General of Mauritius and inscribed with the Registrar General/Mauritius Conservator of Mortgages and shall, following such inscription, deliver to the Common Security Agent an original of TSMHL Floating Charge (Proceeds Account) bearing the original stamp witnessing the registration of TSMHL Floating Charge (Proceeds Account) with the Registrar General and the inscription of the Charge in the register kept for that purpose by the Mauritius Conservator of Mortgages.
- (c) Within 28 days of entry into the TSMHL Floating Charge (Proceeds Account), TSMHL shall file with the Registrar of Companies in Mauritius a statement of the particulars of TSMHL Floating Charge (Proceeds Account) in compliance with section 127 of the Companies Act 2001. TSMHL shall promptly thereafter communicate to the Common Security Agent a copy of the filing duly certified by the Registrar of Companies.



20018GsPnWK9aRGgr

2. Release of pledge documents

Simultaneous with the completion of all of the steps set out in paragraphs 1.4 to 1.6 above (inclusive), execution and delivery of all release documents relating to the release of:

- (a) the Account Pledge (Proceeds Account);
- (b) the Account Pledge (Collection Account); and
- (c) the TSMHL Share Pledge.



SCHEDULE 3
FORM OF TRANSFER CERTIFICATE

To: [•] (the **Global Facility Agent**)

To: [•] as [Conventional Facility Agent/Investment Agent]

From: [] (the **Existing Participating Bank**) and [] (the **New Participating Bank**)

Dated:

Vedanta Resources PLC – US\$500,000,000 Common Terms Agreement with a green shoe option to increase the facility amount by US\$250,000,000 dated [•] (the Agreement)

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.
2. We refer to Clause 19.5 (Procedure for transfer):
 - (a) The Existing Participating Bank and the New Participating Bank agree to the Existing Participating Bank transferring to the New Participating Bank by novation all or part of the Existing Participating Bank's rights and obligations referred to in the Schedule in accordance with Clause 19.5 (Procedure for transfer).
 - (b) The proposed Transfer Date is [].
 - (c) The Facility Office and address, fax number and attention details for notices of the New Participating Bank for the purposes of Clause 27.2 (Addresses) are set out in the Schedule.
 - (d) On the Transfer Date the New Participating Bank shall become a [Lender / Participant] under the Finance Documents and shall be bound by the terms of the Finance Documents as a [Lender / Participant].
3. The New Participating Bank expressly acknowledges the limitations on the Existing Participating Bank's obligations set out in paragraph (c) of Clause 19.4 (Limitation of responsibility of Existing Participating Banks).
4. The New Participating Bank confirms it is a **New Participating Bank** within the meaning of Clause 19.1 (Assignments and transfers by the Participating Banks).
5. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
6. This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.
7. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.



THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details for notices and account details for payments.]

[Existing Participating Bank]

[New Participating Bank]

By:

By:

This Transfer Certificate is accepted by the Global Facility Agent and the [Conventional Facility Agent/Investment Agent] and the Transfer Date is confirmed as [].

[]

By:



SCHEDULE 4
FORM OF ASSIGNMENT AGREEMENT

To: [•] as Global Facility Agent and Vedanta Resources PLC

To: [•] as [Conventional Facility Agent/Investment Agent]

From: [the *Existing Participating Bank*] (the **Existing Participating Bank**) and [the *New Participating Bank*] (the **New Participating Bank**)

Dated:

Vedanta Resources PLC – US\$500,000,000 Common Terms Agreement with a green shoe option to increase the facility amount by US\$250,000,000 dated [•] (the Agreement)

1. We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
2. We refer to Clause 19.6 (Procedure for assignment):
 - (a) The Existing Participating Bank assigns absolutely to the New Participating Bank all the rights of the Existing Participating Bank specified in the Schedule.
 - (b) The Existing Participating Bank is released from all the obligations of the Existing Participating Bank under the Finance Documents specified in the Schedule.
 - (c) The New Participating Bank becomes a Party as a Participating Bank and is bound by obligations equivalent to those from which the Existing Participating Bank is released under paragraph (b) above.
 - (d) On the Transfer Date the New Participating Bank shall become a [Lender / Participant] under the Finance Documents and shall be bound by the terms of the Finance Documents as a [Lender Participant].
3. The proposed Transfer Date is [].
4. The Facility Office and address, fax number and attention details for notices of the New Participating Bank for the purposes of Clause 27.2 (Addresses) are set out in the Schedule.
5. The New Participating Bank expressly acknowledges the limitations on the Existing Participating Bank’s obligations set out in paragraph (c) of Clause 19.4 (Limitation of responsibility of Existing Participating Banks).
6. This Assignment Agreement acts as notice to the Global Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 19.7 (Copy of Transfer Certificate or Assignment Agreement to Company), to the Company (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.



20018GsPnWJggfkG<

7. This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.
8. This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
9. This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.



THE SCHEDULE

Rights to be assigned and obligations to be released and undertaken

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Participating Bank]

[New Participating Bank]

By:

By:

This Assignment Agreement is accepted by the Global Facility Agent and the [Conventional Facility Agent/Investment Agent] and the Transfer Date is confirmed as [].

Signature of this Assignment Agreement by the Global Facility Agent constitutes confirmation by the Global Facility Agent of receipt of notice of the assignment referred to herein, which notice the Global Facility Agent receives on behalf of each Finance Party.

[•]

By:



20018GsPnWJqh05gR

SCHEDULE 5
FORM OF ACCESSION LETTER

To: [•] as Global Facility Agent
From: [Proposed Hedging Bank]

Dated: [•] 2014

Dear Sirs

Vedanta Resources PLC – US\$500,000,000 Common Terms Agreement with a green shoe option to increase the facility amount by US\$250,000,000 dated [•] (the Agreement)

1. We refer to the Agreement. This is an Accession Letter. Terms defined in the Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.
2. [Proposed Hedging Bank] agrees to become a Hedging Bank and to be bound by the terms of the Agreement as a Hedging Bank.
3. Details of the Hedging Document are as follows:
Date: []
Parties: [Proposed Hedging Bank], [Vedanta Resources PLC] and Twin Star Mauritius Holdings Ltd.
Terms: [Insert brief summary of type of contract].
4. This Accession Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Accession Letter has been delivered as a deed on the date stated at the beginning of this Accession Letter.

[Appropriate deed execution blocks to be included]

Vedanta Resources PLC

By: _____



[Proposed Hedging Bank]

By: _____

Form of acceptance

This Accession Letter is accepted by the Global Facility Agent and the accession of [Proposed Hedging Bank] as Hedging Bank under the Agreement is accepted.

[•] as Global Facility Agent



**SCHEDULE 6
FORM OF COMPLIANCE CERTIFICATE**

To: [•] as Global Facility Agent
 From: Vedanta Resources PLC
 Dated:
 Dear Sirs

**Vedanta Resources PLC – US\$500,000,000 Facility Agreement
dated [•] (the Agreement)**

We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

We confirm that:

- (a) the ratio of Total Net Borrowings as at the Test Date to EBITDA for the Relevant Period ending on the Test Date was [] to 1;
- (b) the ratio of Subsidiary Net Borrowings as at the Test Date to EBITDA for the Relevant Period ending on the Test Date was [] to 1;
- (c) the ratio of EBITDA for the Relevant Period ending on the Test Date to Net Interest Expense for the Relevant Period ending on the Test Date was [] to 1;
- (d) the ratio of Total Net Assets on the Test Date to Borrowings on the Test Date was [] to 1;
- (e) [the Material Subsidiaries are:
 - (i) [];
 - (ii) [] and
 - (iii) [].]
- (f) [We confirm that no Default is continuing.]*

Signed: _____
 Chief Financial Officer / Director
 Vedanta Resources PLC

Signed: _____
 Authorised signatory of
 Vedanta Resources PLC

* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.



SCHEDULE 7

VSAP AUDIT – SCOPE OF WORK

1. The audit should pick up on, and follow through on, both specific areas of concern identified in past and forthcoming Scott Wilson Reports as well as the spirit of these issues, such as management needs necessary to proactively address root causes of identified issues.
2. The audit will assess the approach, standards and procedures of the Group’s Sustainability Assurance Programme and review its general performance since inception.
3. The audit will interview the sustainability team, internal stakeholders and may interview relevant key external stakeholders in order to verify the performance, robustness, fitness for purpose and integrity of the Group’s Sustainability Assurance Programme.
4. It will identify system failures, errors, shortcomings for corrective action by the Group in the form of an agreed corrective action plan.



20018GsPnWKKBdM6g

SCHEDULE 8
FORM OF WITHDRAWAL INSTRUCTION

From: Twin Star Mauritius Holdings Ltd. as TSMHL
To: [Standard Chartered Bank (Mauritius) Limited] as Account Bank
Address: Units 6A & 6B, 6th Floor, Raffles Tower, Lot 19, Cybercity, Ebene, Mauritius
Fax: 230 466 5161
Email: MUPayment.Team@sc.com
Attention: Parweez Rajabally
Deena Shiwpursad

Dated:

Dear Sirs

**Vedanta Resources PLC – US\$500,000,000 Facility Agreement
dated [•] (the Agreement)**

1. We refer to the Agreement. This is a withdrawal Instruction.
2. We confirm that the withdrawals are in accordance with terms of the Finance Documents].
3. In accordance with Clause 17.2 (Accruals on credit balances and withdrawals) of the Agreement, we instruct you to withdraw monies from the [specify relevant Bank Account (account no. [•])] and apply such monies as set out below:

Currency: [•]
Amount: [•]
Payee: [•]
Correspondent Bank details: [•]
[Payee account details: Accountholder’s Name: [•]
Account No: [•]
Bank Name: [•]
Bank Address: [•]
SWIFT Code: [•]
Reference: [•]
Value Date: [•]



20018GsPnWKKLd>

4. This instruction is irrevocable.

Yours faithfully

For and on behalf of
Twin Star Mauritius Holdings Ltd.
Title:



20018GsPnWKK=1=6

SCHEDULE 9

FORM OF INCREASE PARTICIPATING BANK ACCESSION AGREEMENT

To: [•] as Global Facility Agent

To: [•] as [Conventional Facility Agent/Investment Agent]

From: Participating Bank (the **Increase Participating Bank**)

Dated:

Vedanta Resources PLC – US\$500,000,000 Common Terms Agreement with a green shoe option to increase the facility amount by US\$250,000,000 dated [•] (the Agreement)

1. We refer to the Agreement. This accession agreement (the **Accession Agreement**) shall take effect as an Increase Participating Bank Accession Agreement for the purpose of the Agreement. Terms defined in the Agreement have the same meaning in this Accession Agreement unless given a different meaning in this Accession Agreement.
2. We refer to Clause 2.4 (Increase Commitments) of the Agreement.
3. The Increase Participating Bank agrees to assume and will assume all of the obligations corresponding to the Increase Commitment in respect of [*insert facility*] specified in the Schedule (the **Increase Commitment**) as if it was an Original Participating Bank in respect of [Conventional/Islamic]Facility [A/B] under the Agreement.
4. The proposed date on which the increase in relation to the Increase Participating Bank and the Increase Commitment is to take effect (the **Commitment Increase Date**) is [].
5. On the Increase Date, the Increase Participating Bank becomes party to the Finance Documents as a [Lender/Participant] and shall be bound by the Finance Documents as a [Lender/Participant].
6. The Facility Office and address, fax number and attention details for notices to the Increase Participating Bank for the purposes of Clause 27.2 (Addresses) are set out in the Schedule.
7. This Accession Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Accession Agreement.
8. This Accession Agreement is a Finance Document.
9. This Accession Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Accession Agreement has been entered into on the date stated at the beginning of this Accession Agreement.

THE SCHEDULE

Increase Commitment/rights and obligations to be assumed by the Increase Participating Bank



[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Increase Participating Bank]	
By:	

This Agreement is accepted as an Increase Participating Bank Accession Agreement for the purposes of the Agreement by the Global Facility Agent and the [Conventional Facility Agent/Investment Agent] and the Increase Date is confirmed as [].

[•] as Global Facility Agent
By:
[•] as [Conventional Facility Agent/Investment Agent]
By:



SCHEDULE 10

FORM OF PERMITTED CAIRN DISPOSAL CERTIFICATE

To: [•] as Global Facility Agent

From: Vedanta Resources PLC

Dated:

Dear Sirs

Vedanta Resources PLC – US\$500,000,000 Common Terms Agreement with a green shoe option to increase the facility amount by US\$250,000,000 dated [•] (the Agreement)

We refer to the Agreement. This is a Permitted Cairn Disposal Certificate. Terms defined in the Agreement have the same meaning in this Permitted Cairn Disposal Certificate unless given a different meaning in this Permitted Cairn Disposal Certificate.

We confirm that:

- (a) the Cairn India Share Value at the Disposal Date is US\$[•], based on the following:
 - (i) the number of Cairn India Shares held by TSMHL is [•];
 - (ii) the volume weighted average price of Cairn India Shares traded on the stock exchanges operated by BSE Ltd and National Stock Exchange of India Limited during the five Trading Day period immediately preceding the date of calculation is [•]; and
 - (iii) the average of the exchange rates for each such Trading Day for the purchase of US\$ with INR as determined by reference to the daily reference rate published by the RBI for the purchase of US\$ with INR is [•];
- (b) the Common Secured Debt, as notified to us by the facility agents in respect of the Common Secured Debt, outstanding on the Disposal Date is US\$[•] and the basis of conversion of any Common Secured Debt not denominated in US Dollars into US Dollars for the purpose of this paragraph (b) is set out below:
[insert conversion mechanics and calculations]
- (c) the number of Cairn India Shares disposed of or to be disposed of on the Disposal Date is [•] (the Relevant Disposal);
- (d) the Required Proceeds received by TSMHL in respect of the Relevant Disposal are equal to US\$[•];
- (e) the portion of Required Proceeds that is proposed to be used in the mandatory prepayment of the principal amount outstanding of the Common Secured Debt in accordance with the Intercreditor Agreement is US\$[•];
[insert calculations showing the breakdown]
- (f) the Cairn India Share Value, after taking into account the Relevant Disposal, is US\$[•];



- (g) no Event of Default is continuing or will occur as a result of the Relevant Disposal; and
- (h) accordingly, the Permitted Cairn Disposal Test has been satisfied on the Disposal Date.

Signed:

Authorised signatory

Signed:

Authorised signatory



SCHEDULE 11

FORMS OF NOTIFIABLE DEBT TRANSFER TRANSACTION NOTICE

PART 1

FORM OF NOTICE ON ENTERING INTO NOTIFIABLE DEBT PURCHASE TRANSACTION

To: [] as Global Facility Agent

From: [The Lender]

Dated:

Vedanta Resources PLC – US\$500,000,000 Common Terms Agreement with a green shoe option to increase the facility amount by US\$250,000,000 dated [•] (the Facilities Agreement)

1. We refer to paragraph (b) of Clause 19.13 (Effects of a Debt Transfer Transaction) of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. We have entered into a Notifiable Debt Purchase Transaction.
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

Commitment	Amount of our Commitment to which Notifiable Debt Purchase Transaction relates

[Lender]

By:



20018GsPnWKK#986z

PART 2

FORM OF NOTICE ON TERMINATION OF NOTIFIABLE DEBT PURCHASE TRANSACTION

To: [] as Global Facility Agent

From: [The Lender]

Dated:

Vedanta Resources PLC – US\$500,000,000 Common Terms Agreement with a green shoe option to increase the facility amount by US\$250,000,000 dated [•] (the Facilities Agreement)

1. We refer to paragraph (c) of Clause 19.13 (Effects of a Debt Transfer Transaction) of the Facilities Agreement. Terms defined in the Facilities Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. A Notifiable Debt Purchase Transaction which we entered into and which we notified you of in a notice dated [•] has terminated.
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

Commitment	Amount of our Commitment to which Notifiable Debt Purchase Transaction relates

[Lender]

By:



SIGNATORIES

TSMHL

TWIN STAR MAURITIUS HOLDINGS LTD.

Address: C/o CIM CORPORATE SERVICES LTD

Les Cascades Building

Edith Cavell Street

Port Louis, Mauritius

Fax: +230 212 5265

Attention: Mr Gyaneshwarnath Gowrea or Mr Mohammad Akhtar Janally

Email: Emerald@cimglobalbusiness.com

By:

Name:

Title:



20018GsPnWJqsV76)

TSEHL

TWIN STAR ENERGY HOLDINGS LTD.

Address: C/o CIM CORPORATE SERVICES LTD

Les Cascades Building

Edith Cavell Street

Port Louis, Mauritius

Fax: +230 212 5265

Attention: Mr Gyaneshwarnath Gowrea or Mr Mohammad Akhtar Janally

Email: Emerald@cimglobalbusiness.com

By:

Name:

Title:



20018GsPnWJqt@r6t

The Company

VEDANTA RESOURCES PLC

Address: 5th Floor Hill House, 16 Berkeley Street, London W1J 8DZ

Fax: +44 207 491 8440

Attention: Deepak Kumar

Email: dk@vedantaresources.com

By:

Name:

Title:



20018GsPnWJqvYV6W

The Conventional Facility Arrangers

FIRST GULF BANK PJSC

By:

Name:

Title:



20018GsPnWJqvvvg^

VEDANTA LIMITED

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap

06-Aug-2015 14:19 EST

32971 EX4_41 175 1*

FORM 20-F

SNG

HTM IFV 0C

Page 1 of 1

The Conventional Facility Arrangers

STANDARD CHARTERED BANK

By:

Name:

Title:



20018GsPnWJqwGJ6A

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 176 1*
HTM IFV 0C

Page 1 of 1

The Islamic Facility Arrangers

FIRST GULF BANK PJSC

By:

Name:

Title:



The Islamic Facility Arrangers

STANDARD CHARTERED BANK

By:

Name:

Title:



20018GsPnWJqw&56p

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 178 1*

HTM IFV 0C

Page 1 of 1

The Original Lenders

FIRST GULF BANK PJSC

By:

Name:

Title:



20018GsPnWJqyap6b

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 179 1*

HTM IFV 0C

Page 1 of 1

The Original Lenders

STANDARD CHARTERED BANK

By:

Name:

Title:



20018GsPnWJqzj%gf

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 180 1*

HTM IFV 0C

Page 1 of 1

The Original Participants

FIRST GULF BANK PJSC

By:

Name:

Title:



20018GsPnWJq!Vtg8

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 181 1*
HTM IFV 0C

Page 1 of 1

The Original Participants

STANDARD CHARTERED BANK

By:

Name:

Title:



20018GsPnWJq@Cig

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 182 1*
HTM IFV 0C

Page 1 of 1

The Global Facility Agent

STANDARD CHARTERED BANK

Address: 5th Floor 1 Basinghall Avenue, London, EC2V 5DD

Fax: +44207 885 9728

Email: loansagencyuk@sc.com

Attention: Manager Asset Servicing

By:

Name:

Title:



20018GsPnWJq@#Yg=

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 183 1*

HTM IFV 0C

Page 1 of 1

The Investment Agent

STANDARD CHARTERED BANK

Address: 5th Floor 1 Basinghall Avenue, London, EC2V 5DD

Fax: +44207 885 9728

Email: loansagencyuk@sc.com

Attention: Manager Asset Servicing

By:

Name:

Title:



20018GsPnWJq\$wcb!

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7

HKR mapaa0ap
SNG

06-Aug-2015 14:19 EST

32971 EX4_41 184 1*
HTM IFV 0C

Page 1 of 1

The Conventional Facility Agent

STANDARD CHARTERED BANK

Address: 5th Floor 1 Basinghall Avenue, London, EC2V 5DD

Fax: +44207 885 9728

Email: loansagencyuk@sc.com

Attention: Manager Asset Servicing

By:

Name:

Title:



20018GsPnWJq%G#gj

The Account Bank

STANDARD CHARTERED BANK (MAURITIUS) LIMITED

Address: Units 6A & 6B, 6th Floor, Raffles Tower, Lot 19,
Cybercity, Ebene, Mauritius

Fax: +230 466 5161

Email: MUPayment.Team@sc.com

Attention: Parweez Rajabally / Deena Shiwpursad

By:

Name:

Title:



20018GsPjMvX@rgw!

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile

SG5214AM023466
11.7.8

HKR foed0sg

13-Aug-2015 09:41 EST

32971 EX4 42 1 4*

SNG

HTM ESS 0C

Page 1 of 1

Exhibit 4.42

Dated as of August 20, 2014

TWIN STAR MAURITIUS HOLDINGS LTD (as Borrower)

and

VEDANTA RESOURCES JERSEY II LIMITED
(as Lender)

LOAN AGREEMENT



20018GsPjMvY7G1w=

LOAN AGREEMENT made on **August 20, 2014**.

BETWEEN

- (1) **Twin Star Mauritius Holdings Ltd**, a company incorporated under the laws of Mauritius, whose registered office is at c/o CIM CORPORATE SERVICES LTD, Les Cascades Building, Edith Cavell Street Port Louis Mauritius (the **Borrower**) and
- (2) **Vedanta Resources Jersey II Limited**, a limited liability company incorporated in Jersey with its registered office at 47 Esplanade, St Helier, Jersey JE1 0BD (the **Lender**).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

Definitions

1.1 In this Agreement, except where the context otherwise requires:

Business Day means a day on which banks in India, Jersey, and London are generally open for the transaction of business of the nature contemplated by this Agreement;

Event of Default has the meaning given to it by clause 9;

Loan means the aggregate drawings under clause 4 being a maximum aggregate principal amount of **US\$ 100,000,000**;

Interest Rate has the meaning given to it by clause 5;

Subsidiary means, in relation to an undertaking (the **holding undertaking**), any other undertaking in which the holding undertaking (or persons acting on its or their behalf) for the time being directly or indirectly holds or controls either:

- (a) a majority of the voting rights exercisable at general meetings of the members of that undertaking on all, or substantially all, matters; or
- (b) the right to appoint or remove directors having a majority of the voting rights exercisable at meetings of the board of directors of that undertaking on all, or substantially all, matters,

and any undertaking which is a Subsidiary of another undertaking shall also be a Subsidiary of any further undertaking of which that other is a Subsidiary; and

Term means the period starting on the date of this Agreement and ending on 24th month anniversary or such later date as may be agreed by the parties.

Construction

1.2 References in this Agreement to “clauses” are references to clauses of this Agreement unless otherwise stated.

1.3 Headings are for ease of reference only and shall not affect the interpretation of this Agreement.



20018GsPjMvYC2BwK

2. LOAN

The Lender makes available to the Borrower this loan facility on the terms and subject to the conditions set out in this Agreement.

3. PURPOSE

3.1 The Borrower may use any and all money borrowed under this Agreement for general corporate purpose and funding requirements in its sole discretion.

3.2 The Lender is not obliged to monitor or verify how any amount advanced under this Agreement is used.

4. DRAWINGS

4.1 Subject to the provisions hereof, the Loan may be drawn in such amounts (each a *drawing*) and at such times during the Term as the Borrower and Lender may mutually determine provided that: (i) the outstanding principal amount of the Loan shall not exceed US\$ 100,000,000 as determined in accordance with this Agreement, at any time; and (ii) all drawings must be made in US Dollars.

4.2 When the Borrower wishes to make a drawing hereunder, it will give the Lender notice in writing, including by fax (or telephone to be immediately confirmed in writing), not later than 2 p.m. on the Business Day which is 2 Business Days prior to that on which the funds are required (or such lesser period as the Lender may agree) specifying the amount of the proposed drawing, the Business Day on which it is to be made and the bank account to which payment is to be made.

4.3 Any notice under clause 4.2 above will be irrevocable and oblige the Borrower to borrow the amount stated on the date stated and will constitute a representation that at the date thereof the representations and warranties set out in clause 8 are true and correct as though they had been made at such date and that no Event of Default, nor any event which with the giving of notice and/or the lapse of time would be an Event of Default, has occurred.

5. INTEREST

5.1 The aggregate outstanding amounts of the Loan from time to time will bear interest at the Interest Rate per annum from the date of the relevant drawing to the date on which it is repaid in full. Such interest shall accrue daily on the aggregate outstanding amount of the Loan from time to time on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. Unless otherwise agreed by the Lender, the Borrower shall on to the last day of the Term, pay interest on all amounts outstanding under this Agreement.

5.2 For the purpose of this Agreement, *Interest Rate* means LIBOR plus 301 bps.



20018GsPnWN=TTx6I

5.3 All interest payable under this clause 5 shall be transferred in same day funds on the day such interest is payable and otherwise pursuant to clause 7 of this Agreement.

5.4 An additional interest of 1.0% p.a. above the Interest Rate would be applicable and payable by the Borrower, from the relevant date of due payment to the date on which it is repaid in full, in case of any default in payment of any principle amounts due hereunder. Such default interest shall be payable on demand.

6. REPAYMENT

6.1 Subject to the provisions hereof, the Borrower may on giving not less than ten (10) day's irrevocable written notice (or such shorter period as may be mutually agreed) to the Lender, and if all necessary regulatory approvals are obtained (if any) prepay without any premium or penalty all or any part of any outstanding amounts (whether of principal or interest).

6.2 Subject to clauses 6.3, 6.6,9 and 10, the Borrower shall repay the whole of the Loan then outstanding (together with all accrued interest due hereunder) on the last day of the Term.

6.3 If the Borrower shall cease to be a Subsidiary of a holding undertaking of which the Lender is also a Subsidiary, the Lender may, by notice in writing, declare that the Loan be repayable forthwith, whereupon any and all of the Lender's obligations shall be cancelled forthwith and all amounts outstanding under this Agreement shall become immediately due and payable together with accrued interest thereon and any other amounts payable under this Agreement.

6.4 All payments due under this clause 6 shall be transferred in same day funds pursuant to clause 7 of this Agreement.

6.5 Subject to and in accordance with clause 4, the Borrower may not re-draw any amount of the Loan which has been repaid or prepaid.

6.6 The Loan/Credit Facility is a demand credit and the Borrower will repay the then unpaid principal amount of all Loans and all accrued interest thereon within 5 Business Days of a written demand by the Lender at any time, and notwithstanding any other provision of this Agreement the Lender reserves the right to demand such payment under this Agreement at any time in its sole discretion.

7. PAYMENTS

7.1 All payments due to be made by the Borrower hereunder shall be made in US Dollars, and, in any event, shall be made not later than 3 pm (London time) on the relevant day to such bank account as the Lender may specify in writing for this purpose.

7.2 Any sum due for payment hereunder on a day which is not a Business Day will be paid on the next succeeding Business Day or, if that succeeding Business Day falls in the following calendar month, on the preceding Business Day.



7.3 The Borrower shall make all payments to be made by it without any deduction or withholding for or on account of tax (a **Tax Deduction**), unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due from the Borrower shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

8. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

8.1 The Borrower represents and warrants as follows:

- (a) all necessary corporate and other action has been taken to authorise it to enter into this Agreement and perform the transactions contemplated in it; and
- (b) no limit on the borrowing powers of the Borrower or its directors will be exceeded as a result of the disbursement of the Loan made pursuant to this Agreement, and this Agreement when accepted by the Borrower will constitute valid, binding and enforceable obligations on its part; and
- (c) No Event of Default as defined in clause 9 has occurred.

8.2 The Borrower undertakes to deliver to the Lender on the date hereof a certified copy of a resolution of the Borrower's board of directors authorising entry into and performance of this Agreement.

9. EVENTS OF DEFAULT:

If:

- (a) the Borrower fails to pay any amount due under this Agreement on the due date; or except for breach as a result of technical or administrative error as long as amounts paid within three (3) Business Days
- (b) the Borrower fails to observe or perform any of its obligations under this Agreement or under any undertaking or arrangements entered into in connection therewith, other than an obligation of the type referred to in clause 9(a) above and, in the case of a failure that is capable of remedy, the Lender does not determine within 21 days after the earlier of: (i) the Borrower becoming aware of such breach; and (ii) the Lender notifying the Borrower of the default and the remedy required, that it has been remedied to the Lender's satisfaction; or
- (c) either (i) any other present or future indebtedness of the Borrower or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity (otherwise than at the option of the Borrower or such Subsidiary, as the case may be) by reason of any actual or potential default, event of default or similar event (howsoever described); or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period originally provided for; or (iii) the Borrower or any of its Subsidiaries fails to pay when due (or within any applicable grace period originally provided for) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees or indemnities in respect of which any one or more of the events mentioned above in this clause 9(c) has or have occurred equals or exceeds US\$75,000,000 in aggregate; or



20018GsPnWN=bs%6a

- (d) an order is made or an effective resolution passed for winding up or an administration order is made in relation to the Borrower or any of its Subsidiaries (except, in the case of a Subsidiary, a winding up for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Lender, or a members' voluntary winding up in connection with the transfer of all or the major part of the business, undertaking and assets of either such Subsidiary to the Borrower or another Subsidiary of the Borrower); or
- (e) the Borrower or any Subsidiary stops or threatens to stop payment generally or ceases or threatens to cease to carry on its business or a substantial part of its business (except, in the case of a Subsidiary, a cessation or threatened cessation for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Lender, or in connection with the transfer of all or the major part of the business, undertaking and assets of any such Subsidiary to the Borrower or another Subsidiary of the Borrower); or
- (f) an encumbrancer takes possession or an administrative or other receiver is appointed of the whole or any material part of the undertaking or assets of the Borrower or any Subsidiary or if a distress, execution, or any similar proceeding is levied or enforced upon or sued out against a material part of the undertaking or assets of the Borrower or any Subsidiary and is not discharged within 28 days or such longer period as the Lender may agree; or
- (g) any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Borrower or any Subsidiary and the creditors of any of them generally (or any of such creditors) is entered into or made (except a composition, scheme of arrangement, compromise or other similar arrangement of the purpose of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Lender); or
- (h) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in clauses 9(d) to 9(g);

(each an **Event of Default**), the Lender may serve an immediate notice of default and may simultaneously declare that any and all of the obligations of the Lender hereunder be cancelled forthwith whereupon the same shall be so cancelled forthwith and all amounts outstanding under this Agreement shall become immediately due and payable whereupon they shall become so due and payable together with accrued interest thereon and any other amounts payable under this Agreement.

**10. ILLEGALITY**

10.1 If any change in or introduction of any applicable law, regulation or treaty, or any change in the interpretation or application thereof, shall make it unlawful hereunder for the Lender to make available or fund or maintain the Loan, the Lender shall give notice thereof to the Borrower, whereupon the Borrower will repay all amounts outstanding under this Agreement together with accrued interest thereon and any other amounts payable to the Lender hereunder within such period as may be permitted by such law, regulation or treaty, or the change in the interpretation or application thereof, or, if no such period is stated therein, forthwith.

10.2 If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

11. NO SET-OFF

The Borrower waives any right of set-off, lien or counterclaim which it might have against any assets of the Lender except as expressly provided for in this Agreement

12. CURRENCY INDEMNITY

12.1 If any sum due from the Borrower in respect of the Loan or any order or judgment given or made in relation thereto has to be converted from the currency (the *first currency*) in which the same is payable under this Agreement or such order or judgment into another currency (the *second currency*) for the purpose of (a) making or filing a claim or proof against the Borrower, (b) obtaining an order or judgment in any court or other tribunal, or (c) enforcing any order or judgment given or made in relation to the Agreement, the Borrower shall indemnify the Lender on an after tax basis, at the Lender's request to the Borrower, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Lender may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

12.2 This indemnity constitutes a separate and independent obligation of the Borrower and shall give rise to a separate and independent cause of action.

13. NOTICES

All notices pursuant to this Agreement shall be given in writing, addressed as indicated below or to such other address as a party may have previously designated by notice to the other. Notices shall be effective upon receipt.



If to the Borrower:

Twin Star Mauritius Holdings Ltd
C/o CIM CORPORATE SERVICES LTD
Les Cascades Building, Edith Cavell Street
Port Louis Mauritius
For the attention of: Mr Akhtar

If to the Lender:

Vedonta Resources Jersey II Limited
47 Esplanade, St Helier, Jersey JE1 0BD
For the attention of: Mr Deepak Kumar
Email: dk@vedantaresources.com

14. GOVERNING LAW AND JURISDICTION

14.1 This Agreement and any disputes or claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with laws of English and Wales.

14.2 Any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims), including any question regarding the existence, scope, breach, termination or validity of this Agreement or this clause (a *Dispute*), shall be referred to and finally resolved by the courts of England which shall have non-exclusive jurisdiction.

15. WAIVERS

No neglect, delay or indulgence on the part of the parties to this Agreement in enforcing any term or condition of this Agreement or any of their rights or remedies under this Agreement shall be construed as a waiver of any term or condition of this Agreement or of any of their rights or remedies under this Agreement. No waiver by the Lender shall be effective unless it is in writing.

16. VARIATION

A variation of any of the terms to this Agreement shall not be valid unless it is in writing and signed by the parties hereto.

17. AMENDMENT AND ENFORCEMENT EXPENSES

17.1 The Borrower shall indemnify and reimburse the Lender on demand for all reasonable expenses, including fees and expenses of legal counsel, incurred in connection with (a) any Event of Default, or (b) the preservation or enforcement of any right of the Lender under this Agreement.



20018GsPnWN=e5Y60

17.2 The Borrower shall indemnify and refund to the Lender any registration tax, stamp duty or similar tax required to be paid in any jurisdiction in connection with the execution of, or the preservation or enforcement of any rights under, this Agreement.

18. COUNTERPARTS

This Agreement may be executed in separate counterparts and by each party separately on a separate counterpart, and each such counterpart, when so executed, shall be an original. Such counterparts shall together constitute one and the same instrument.

19. ASSIGNMENT

This Agreement may not be assigned by any party in whole or in part without the prior written consent of the other party.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of any person which exists or is available apart from that Act

21. WHOLE AGREEMENT

21.1 This Agreement, and any documents referred to in it, constitute the whole agreement between the parties and supersede any previous arrangement, understanding or agreement between them relating to the subject matter they cover.

21.2 Nothing in this clause 21 operates to limit or exclude any liability for fraud.

IN WITNESS whereof the parties have executed this Agreement the day and year first above written.

Signed by
For and on behalf of
Twin Star Mauritius Holdings Ltd

)
)
)

Signed by
For and on behalf of
Vedanta Resources Jersey II Limited

)
)
)



Exhibit 4.96

ADDENDUM

SERVICE AGREEMENT

SESA STERLITE LIMITED

AND

DINDAYAL JALAN

Sesa Sterlite Limited (Formerly known as Sesa Goa Limited)
Registered Office: Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa) - 403 001
T +91-832 246 0600 **F** +91-832 246 0690 www.sesasterlite.com
CIN: L13209GA1965PLC000044



This Addendum No. 1 to the Service Agreement dated 1st April, 2014 entered by and between Sesa Sterlite Limited (hereinafter referred to as "the Company") and Dindayal Jalan is necessitated to incorporate the reappointment of Mr. Dindayal Jalan as a "**Whole Time Director and Chief Financial Officer**" of the Company for the period October 01, 2014 to September 30, 2016 on remuneration as recommended by the Managerial Remuneration Committee by its Meeting dated September 05, 2014 and approved by the shareholders vide postal ballot results declared on October 11, 2014.

NOW THEREFORE in view of the above, Mr. Dindayal Jalan, the Whole Time Director and CFO of the Company shall in consideration of his services to the Company be entitled to receive remuneration by way of salary, allowances, Bonus and perquisites as set out below:-

Remuneration effective from October 01, 2014

<u>Components</u>	<u>Amount</u>
Fixed Pay	Effective 1 st October 2014 Fixed pay will be Rs 300 lacs to Rs 500 lacs pa (with such annual/special increments as may be decided by the Board or any Committee thereof in its absolute discretion from time to time)
Annual Bonus / Performance Pay	Upto a 150% of Fixed pay subject to achievement of performance targets. Annual Bonus scheme in line with company policy.
Stock Options	In line with Performance Share Plan scheme with value of grant upto 150% of fixed pay.
Additional HRA	Rs 9 Lacs pa or as approved by the Board or Committee from time to time will be paid till he is posted in New Delhi
Medical Reimbursement, Car Benefit & Club Membership Fees, Personal Accident/ Mediciam Policy	As per company policy.
Minimum Remuneration	In case of absence or inadequacy of profits in any financial year, the Company shall pay Mr. DD Jalan remuneration by way of salary and perquisites as decided by the Board or any Committee thereof from time to time as minimum remuneration, with the approval of Central Government, if necessary

Sesa Sterlite Limited (Formerly known as Sesa Goa Limited)
Registered Office: Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa) - 403 001
T +91-832 246 0600 **F** +91-832 246 0690 www.sesasterlite.com
CIN: L13209GA1965PLC000044



20018GsPjMv=R28Qg

All other terms and conditions of the Service Agreement dated 1st April, 2014 shall remain valid and unaltered.

The parties referred above have agreed that this Addendum No. 1 to the said Service Agreement dated 1st April, 2014 shall form an integral part of the Agreement.

IN WITNESS WHEREOF the Company has been executed on the day and year first herein above written.

Signed by the above named Whole Time Director
and CFO, **MR. DD JALAN**

Signed by **Mr. THOMAS ALBANESE** for on
behalf of Sesa Sterlite Limited

IN WITNESSES:

1. RAJIV CHOUBEY
CS & AVP Legal
Sesa Sterlite Ltd. /s/ Rajiv Choubey

2. KAVITHA PILLAI
Sesa Sterlite Ltd /s/ Kavitha Pillai

Sesa Sterlite Limited (Formerly known as Sesa Goa Limited)
Registered Office: Sesa Ghor, 20 EDC Complex, Patto, Panaji (Goa) - 403 001
T +91-832 246 0600 **F** +91-832 246 0690 www.sesasterlite.com
CIN: L13209GA1965PLC000044



Exhibit 8.1

Subsidiaries of Vedanta Limited

S. No	Name of the Company	Country of Incorporation
1	Cairn Energy Australia Pty Limited	Australia
2	Cairn Energy India Pty Limited	Australia
3	Copper Mines of Tasmania Pty Limited	Australia
4	Thalanga Copper Mines Pty Limited	Australia
5	Bharat Aluminium Company Limited	India
6	Cairn India Limited	India
7	Hindustan Zinc Limited	India
8	Malco Energy Limited (formerly Vedanta Aluminium Limited)	India
9	Maritime Ventures Private Limited	India
10	Paradip Multi Cargo Berth Private Limited	India
11	Sesa Mining Corporation Limited ('SMCL')	India
12	Sesa Resources Limited ('SRL')	India
13	Sterlite Infra Limited	India
14	Sterlite Ports Limited	India
15	Talwandi Sabo Power Limited	India
16	Vizag General Cargo Berth Private Limited	India
17	Killoran Lisheen Finance Limited	Ireland
18	Killoran Lisheen Mining Limited	Ireland
19	Lisheen Milling Limited	Ireland
20	Vedanta Exploration Ireland Limited	Ireland
21	Vedanta Lisheen Holdings Limited	Ireland
22	Vedanta Lisheen Mining Limited	Ireland
23	Lisheen Mine Partnership ⁽¹⁾	Ireland
24	Cairn India Holdings Limited	Jersey
25	Western Cluster Limited	Liberia
26	Bloom Fountain Limited ('BFL')	Mauritius
27	CIG Mauritius Holdings Private Limited	Mauritius
28	CIG Mauritius Private Limited	Mauritius
29	THL Zinc Ltd	Mauritius
30	THL Zinc Ventures Ltd	Mauritius
31	Twin Energy Holdings Limited ('TEHL')	Mauritius
32	Twin Star Mauritius Holdings Limited ('TMHL')	Mauritius
33	Amica Guesthouse (Proprietary) Limited	Namibia
34	Namzinc (Proprietary) Limited	Namibia
35	Rosh Pinah Health Care (Proprietary) Limited	Namibia
36	Skorpion Mining Company (Proprietary) Limited	Namibia
37	Skorpion Zinc (Proprietary) Limited	Namibia
38	THL Zinc Namibia Holdings (Proprietary) Limited	Namibia
39	Lakomasko B.V.	Netherlands
40	Monte Cello B.V.	Netherlands
41	THL Zinc Holding B.V.	Netherlands
42	Black Mountain Mining (Proprietary) Limited	South Africa
43	Cairn South Africa (Proprietary) Limited	South Africa
44	Pecvest 17 Proprietary Limited	South Africa
45	Cairn Lanka (Pvt) Ltd	Sri Lanka
46	Fujairah Gold FZC	UAE
47	Cairn Energy Discovery Limited	United Kingdom
48	Cairn Energy Gujarat Block 1 Limited	United Kingdom
49	Cairn Energy Holdings Limited	United Kingdom
50	Cairn Energy Hydrocarbons Ltd	United Kingdom
51	Cairn Exploration (No. 2) Limited	United Kingdom
52	Cairn Exploration (No. 7) Limited	United Kingdom
53	Cairn Exploration (No. 6) Limited	United Kingdom
54	Sterlite (USA) Inc.	USA

(1) Entities registered as other than corporate entity.



Exhibit 11.3

SESA STERLITE LIMITED

CODE OF BUSINESS CONDUCT AND ETHICS

Document Name	Code of Business Conduct and Ethics
Company	Sesa Sterlite Limited
Prepared by	Corporate Secretarial
Version & Last Updated on	October, 2014



20018GsPnWrgCwP6;

Contents

1. HOW WE WORK	3
2. SESA STERLITE LIMITED CODE OF BUSINESS CONDUCT	4
3. COMPLIANCE WITH LAWS AND REGULATIONS	7
4. HEALTH, SAFETY AND ENVIRONMENT	10
5. COMPLIANCE WITH INSIDER TRADING LAWS	10
6. WHISTLE BLOWER POLICY	11
7. CORPORATE OPPORTUNITIES	15
8. COMPETITION AND FAIR DEALING	16
9. CONFLICTS OF INTEREST	18
10. GIFTS AND ENTERTAINMENT	21
11. PROTECTION AND USE OF COMPANY ASSETS	22
12. INFORMATION MANAGEMENT	22
13. EXTERNAL COMMUNICATIONS	24
14. WAIVERS OF THE CODE	27



1. HOW WE WORK

Uncompromising business ethics are an integral part of the Company's values and of our way of doing business. The manner in which we conduct ourselves day to day with our colleagues, our customers, our shareholders, our competitors, our neighbouring communities and our suppliers forms the basis of our reputation as an ethical group. Our customers and other stakeholders expect us to maintain the highest ethical standards, to fulfill our commitments and to act with complete integrity towards all our commitments. We must endeavor to live up to our reputation and stakeholder expectations by making sure that our actions and policies are not only legal, but also in line with the highest level of business ethics and personal integrity.

Our Values

Entrepreneurship

At Sesa Sterlite Limited, our people are our most important assets. We actively encourage their development and support them in pursuing their goals.

Growth

Our organic growth pipeline is unrivalled by consistently exceeding expectations and working towards bettering our products and services.

Excellence

Our primary focus is delivering value of the highest standard to our stakeholders. We are constantly motivated on improving our costs and standards of production in each of our businesses through a culture of best practice benchmarking.

Trust

We actively foster a culture of mutual trust in our interactions with our stakeholders and encourage an open dialogue which ensures mutual respect.

Sustainability

Our sustainability philosophy is centered on contributing towards the social and economic welfare of the communities where we work and to protect and minimise the damage to the environment. We aim on achieving excellence in health, safety and environmental standards and practices.

Navin Agarwal
Chairman, Sesa Sterlite Limited
October 29, 2014

Tom Albanese
CEO, Sesa Sterlite Limited
October 29, 2014



2. SESA STERLITE LIMITED CODE OF BUSINESS CONDUCT

The Sesa Sterlite Limited Code of Business Conduct & Ethics ('Code of Conduct' or 'COC') contains general guidelines for conducting the business of the Company, consistent with the highest standards of business ethics. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations.

This Code applies to all directors, officers and employees of the Company and its subsidiaries (which, unless the context otherwise requires, are collectively referred to as the "Company" in this Code). We refer to all persons covered by this Code, including directors, officers and employees, as "Company employees" or simply "employees." We also refer to our Chief Executive Officer, our Chief Financial Officer and our principal accounting officers and controllers as our "principal financial officers." The Code also covers the 'Duties of Independent Directors' as annexed in Annexure-1 to this Code and as prescribed in Schedule-IV to the Companies Act, 2013.

The Code expresses the principles of our business ethics and is intended to assist all employees in meeting the high standards of personal and professional integrity required of them. Strict adherence to the provisions of this Code is a condition of employment.

The Code is an important part of the Company's Mission & Values, where we highlight principles and standards for our global business conduct. The Company expects all its employees to uphold the highest standards of ethical behavior and integrity. We believe that ethical and economic values are interdependent and that the business community must always strive to operate within the accepted norms established by national and international authorities.

The Code guides our behavior and helps us to promote:

- Honest and ethical conduct and the ethical handling of conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to relevant authorities and in other public communications;
- Compliance with applicable governmental laws, rules and regulations;
- The prompt internal reporting to an appropriate person or persons identified in this Code;
- Conduct and Behaviour of employees towards women employees. Employees are expected to respect women professionals and employees and not to sexual or otherwise harass them by their conduct. This is covered in detail under the 'Sexual Harassment Prohibition Policy' of the Company.
- Accountability for adherence to this Code.



20018GsPnWN=m69g:

High business ethics and integrity by letter and spirit ensures our credibility. The Company demands the highest standards in carrying out its business activities.

The Company and its employees must conform to the Code. All Company managers should take an active role in implementation and ensuring that the Code is communicated and kept alive under all circumstances.

The Company and its employees shall conform to the relevant laws and regulations of the countries in which they operate and fulfill their obligations in a reliable manner. They must insist on honesty and fairness in all aspects of their business and expect the same from their partners. In any situation not governed by statute or explicit regulations, or where the law is ambiguous or conflicting, the Company's affairs will be conducted in accordance with its high standard of business practice.

Breaches of the law, regulations or the Company's standards are not justified by the pursuit of profit and activities are not made acceptable merely by the practice of competitors or others in the market. The Company shall also responsibly comply with the business principles guiding its activities and relationships worldwide.

Guidelines

- Apply "zero tolerance" in assuring strict adherence to local and international laws and regulations as well as to the Company's ethical standards.
- Ensure all Company business transactions are fully and fairly recorded according to the Company's accounting principles.
- Ensure continuous training and awareness for employees on how to handle ethical issues, as well as timely advice and guidance.
- Regularly monitor ethical conduct and ensure that accessible systems are in place for employees or others to report potential violations.

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company's ethical standards, seek help. We encourage you to contact your supervisor for help first.

If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Secretarial/Legal Department. You may also seek help from or submit information to the Company by writing to the Company at the email address sgl.whistleblower@vedanta.co.in. You may remain anonymous and will not be required to reveal your identity in your communication to the Company.



20018GsPnWNa14@6!

Violating the Code

It is Company policy that any employee who violates this Code will be subject to appropriate discipline, which may include termination of employment. This determination will be based upon the facts and circumstances of each particular situation. An employee accused of violating this Code will be given an opportunity to present his or her version of the events at issue prior to any determination of appropriate discipline. Employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms.

The Company may also face substantial fines and penalties and many incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Reporting Violations of the Code

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with the policies governing the Company's business dealings. Compliances, both personal and by subordinates, will be a factor in periodic performance appraisals.

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company. If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Secretarial / Legal Department, which will work with you and your supervisor to investigate your concern.

If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Secretarial / Legal Department directly. You may also report known or suspected violations of the Code to the Company at the email address "sgl.whistleblower@vedanta.co.in." Employees submitting this information need not leave their name or other personal information and reasonable efforts will be used to conduct the investigation that follows from the report from an employee in a manner that protects the confidentiality and anonymity of the employee submitting the report.

All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Secretarial / Legal Department and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern.

In addition, the Company's Audit Committee has adopted specific "whistleblowing" policies and procedures relating to the complaint and investigation procedures for accounting, internal accounting controls, fraud or accounting matters. You may contact the Secretarial / Legal Department for a copy of these policies and procedures.



Policy against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

3. COMPLIANCE WITH LAWS AND REGULATIONS

Each employee has an obligation to comply with all laws, rules and regulations applicable to the Company's operations. These include, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices (including the Foreign Corrupt Practices Act, see below), offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets.

You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Legal Department.

Human Rights

At Sesa Sterlite Limited, upholding people's fundamental rights is central in our everyday business operations. At a minimum Sesa Sterlite Limited complies with all applicable local, state and national laws regarding human rights and workers' rights where the company does business.

All our businesses are compliant with applicable regulations, strive to uphold all labour rights and are aligned with national and international regulations. All employees are required to comply with our Human Rights Policy.

The company's human rights policy is aligned to the UN Guiding Principles on business and human rights and includes a ban on child or forced labour – either directly or through contract labour.

Anti-Bribery and Corruption

The Company and its employees shall not offer or provide an undue monetary or other advantage to any person or persons, including public officials, customers or employees, in violation of laws and the officials' legal duties in order to obtain or retain business.

Bribery is the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.



20018GsPnWNajz6?

The UK Bribery Act (“UKBA”) prohibits company and its associated persons from offering, promising or giving any financial or other advantage to bring about the improper performance by another person of a relevant function or activity, to influence a foreign public official in performance of his or her official functions with an intention to obtain or retain business or an advantage in the conduct of business. Further, receipt of bribe is also covered by the act and is an offence under it. Stated more concisely the UKBA prohibits payment and receipt of bribes directly or indirectly through associated person.

A “public official” includes anyone, whether elected or appointed, who performs public functions in any branch of national, local or municipal government anywhere in the world. It includes officials holding a legislative, administrative or judicial position of any kind. It also covers a person who exercises a public function, such as professionals working for public health agencies and officers in state owned enterprises”

“Facilitation payments are small or minor payments made to secure or speed up routine legal government actions”. Facilitation payments are bribes and prohibited under the UK Bribery Act.

“Associated Persons means anyone who is engaged or paid to represent any entity in the Group and includes agents, representatives, intermediaries, introducers, sponsors, consultants, contractors and advisers or anyone else who acts on behalf of the organisation whose ability to represent such entity is established or implied by the terms of their arrangement”.

Employees shall not offer or provide an undue monetary or Facilitation payments, other advantage to any person or persons, including public officials, customers or employees, any Associated Persons, in violation of laws and the officials’ legal duties in order to obtain or retain business.

Agreements with consultants, brokers, sponsors, agents or other intermediaries shall not be used to channel payments to any person or persons, including public officials, customers or employees, and thereby circumvent the Group’s policies regarding bribery and corruption.

Fraud and Money Laundering

Sesa Sterlite Limited is committed to the elimination of fraud, to the rigorous investigation of any suspected cases of fraud and, where fraud or another criminal act is proven, to ensure that wrongdoers are appropriately dealt with.

Sesa Sterlite Limited also complies with the applicable money laundering regulations in each jurisdiction in which it operates and will co-operate fully with any investigation conducted by regulatory authorities involving potential money laundering by an employee, officer or director of the Group.



Political Contributions

No funds or assets of the Group may be contributed to any political party or organisation or to any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by applicable law and has been authorised by the Chairman or the Board of Directors.

In addition, neither the Company nor any of its subsidiaries may under any circumstances make donations or contributions to political organisations in the United Kingdom, United States or European Union. Should any such donations be contemplated by the Board of Directors, shareholder approval would be sought in advance.

Fraud

The Company is committed to the elimination of fraud, to the rigorous investigation of any suspected cases of fraud and, where fraud or another criminal act is proven, to ensure that wrongdoers are appropriately dealt with.

Intermediaries

Agreements with consultants, brokers, sponsors, agents or other intermediaries shall not be used to channel payments to any person or persons, including public officials or customer employees, and thereby circumvent the Company's policies regarding bribery and corruption.

U.S. Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the "FCPA") prohibits the Company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickback or other inducements to foreign officials.

This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.



4. HEALTH, SAFETY AND ENVIRONMENT

The health and safety of our employees and any other person who may be affected by the Company's operations is of paramount importance. The company is committed to using international standards on health and safety and to ensuring a 'zero harm' environment for our employees and contractors.

The key health and safety challenges our business faces are understood and the business approach to safety is tailored according to the challenges posed by the operations linked to extraction and processing, and the geographies in which they are situated.

The company is committed to ensure complying with international best practices, with our processes mapped against international standards such as the IFC's Performance Standards which are applied to the entire lifecycle of all our operations.

The Company and its employees shall act positively to prevent injury, ill health, damage and loss arising from its operations as well as to comply with all regulatory or other legal requirements pertaining to safety, health and the environment.

All employees are required to be aware of health, safety and environmental issues and to be familiar with applicable laws and the Company's policies applicable to their areas of business/work.

5. COMPLIANCE WITH INSIDER TRADING LAWS

The Company has an insider trading policy, which may be obtained from the Secretarial / Legal Department. The following is a summary of some of the general principles relevant to insider trading, and should be read in conjunction with the aforementioned specific policy.

Company employees are prohibited from trading in the shares or other securities of the Company while in possession of material, nonpublic information about Company.

In addition, Company employees are prohibited from recommending, "tipping" or suggesting that anyone else buy or sell shares or other securities of the Company on the basis of material, nonpublic information.

Company employees who obtain material nonpublic information about another company in the course of their employment are prohibited from trading in the shares or securities of the other company while in possession of such information or "tipping" others to trade on the basis of such information.

Violation of insider trading laws can result in severe fines and criminal penalties, as well as disciplinary action by the Company, up to and including termination of employment.



20018GsPnWNkKx96U

Information is 'non-public' if it has not been made generally available to the public by means of a press release or other means of widespread distribution. Information is "material" if a reasonable investor would consider it important in a decision to buy, hold or sell shares or other securities.

As a rule of thumb, any information that would affect the value of shares or other securities should be considered material. Examples of information that is generally considered "material" include:

- a) Financial results or forecasts, or any information that indicates a company's financial results may exceed or fall short of forecasts or expectations;
- b) Important new products or services;
- c) Pending or contemplated acquisitions or dispositions, including mergers, tender offers or joint venture proposals;
- d) Possible management changes or changes of control;
- e) Pending or contemplated public or private sales of debt or equity securities;
- f) Acquisition or loss of a significant customer or contract;
- g) Significant write-offs;
- h) Initiation or settlement of significant litigation; and
- i) Changes in the Company's auditors or a notification from its auditors that the Company may no longer rely on the auditor's report.
- j) Information should be considered non-public if it has not been made generally available to the public for a reasonable period of time. Whenever there is any doubt whether information concerning a company is material or non-public, do not trade in the securities of such company.
- k) Questionable trading by members of your immediate family or by members of your personal household can, additionally, be your responsibility and give rise to legal and Company-imposed sanctions.

The laws against insider trading are specific and complex. Any questions about information you may possess or about any dealings you have had in the Company's shares or other securities should be promptly brought to the attention of the Secretarial / Legal Department.

6. WHISTLE BLOWER POLICY

Complaint and Investigation Procedures for Accounting, Internal Accounting Controls, Fraud or Auditing Matters

The following procedures have been adopted by the Audit Committee of Sesa Sterlite Limited ('Company') to govern the receipt, retention, and treatment of complaints regarding the Company's accounting, internal accounting controls or auditing matters, and to protect the confidential, anonymous reporting of employee concerns regarding questionable accounting or auditing matters.



These policies and procedures apply to and are available to all employees of the Company and its subsidiaries and all external stakeholders.

A) POLICY

It is the policy of the Company to treat complaints about accounting, internal accounting controls, auditing matters, or questionable financial practices (“Accounting Complaints”) seriously and expeditiously.

Employees will be given the opportunity to submit for review by the Company confidential and anonymous Accounting Complaints, including without limitation, the following:

- Fraud against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements to the Securities and Exchange Board of India (the “SEBI”), the U.S. Securities and Exchange Commission (the “SEC”), the relevant stock exchanges, any other relevant authority or members of the investing public;
- Violations of any rules and regulations applicable to the Company and related to accounting, internal accounting controls and auditing matters;
- Intentional error or fraud in the preparation, review or audit of any financial statement of the Company; and
- Significant deficiencies in or intentional noncompliance with the Company’s internal accounting controls.

If requested by the employee, the Company will protect the confidentiality and anonymity of the employee to the fullest extent possible, consistent with the need to conduct an adequate review. Vendors, customers, business partners and other parties external to the Company will also be given the opportunity to submit Accounting Complaints; however, the Company is not obligated to keep Accounting Complaints from non-employees confidential or to maintain the anonymity of non-employees.

Accounting Complaints will be reviewed under Audit Committee direction and oversight by the Company’s in-house general counsel (“General Counsel”), Internal Audit Manager or such other persons as the Audit Committee or General Counsel determines to be appropriate.

The Company will abide by all laws that prohibit retaliation against employees who lawfully submit complaints under these procedures. In the event that the Company contracts with a third party to handle complaints or any part of the complaint process, the third party will comply with these policies and procedures.



20018GsPnWNaXBNgR

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act 2013, and the Rules prescribed is implemented through the Whistle Blower Policy of the Company will provide adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee, in appropriate or exceptional cases.

B) PROCEDURES**Complaints and the Investigation Procedures**

The following procedures have been adopted by the Audit Committee of Sesa Sterlite Limited (the “Company”) to govern the receipt, retention, and treatment of Complaints and to protect the confidential, anonymous reporting of the same.

These policies and procedures apply to and are available to all employees of the Company, its subsidiaries and all external stakeholders.

C) POLICY

Employees have the opportunity to submit / report ‘Complaints’ pertaining to the following areas such as:

- i. Fraud (an act of willful misrepresentation which would affect the interests of the concerned) against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements to the Securities and Exchange Board of India (the “SEBI”), the U.S. Securities and Exchange Commission (the “SEC”), the relevant stock exchanges, any other relevant authority or members of the investing public.
- ii. Violations of any rules and regulations applicable to the Company and related to accounting, internal accounting controls and auditing matters
- iii. Intentional error or fraud in the preparation, review or audit of any financial statement of the Company
- iv. Any violations to the Company’s ethical business practices as specified in the Company’s Code of Conduct policy
- v. Any other event which would affect the interests of the business

The Company will protect the confidentiality and anonymity of the complainant to the fullest extent possible with an objective to conduct an adequate review.

External stakeholders such as vendors, customers, business partners etc. have the opportunity to submit ‘Complaints’; however, the Company is not obligated to keep ‘Complaints’ from non-employees confidential or to maintain the anonymity of non-employees.



We encourage individuals sending 'Complaints' / raising any matter to identify themselves instead of sending anonymous 'Complaints' as it will assist in an effective complaint review process.

Post review, if the 'Complaint' is found to be have been made with mala fide intention, stringent action will be taken against the complainant. We encourage employees to report genuine 'Complaints' and those submitted in good faith.

D) PROCEDURES

Receipts of Complaints

All the 'Complaints' under this policy should be reported to the Group Head – Management Assurance, who is independent of operating management and businesses. The contact details are as follows:

Group Head – Management Assurance,
Vedanta, 75 Nehru Road
Vile Parle (E), Mumbai 400 099
Tel No. +91- 22 - 66461000
Fax No. +91- 22 – 66461450

'Complaints' can also be sent to the designated E-Mail ID: sgl.whistleblower@vedanta.co.in; the custodian of E-Mail ID will be Group Head – Management Assurance.

If a 'Complaint' is received by any other executive of the company, the same should be forwarded to the Group Head – Management Assurance at the above address.

Treatment of Complaints

1. Head - Management Assurance shall review the 'Complaint', and may investigate it himself or may assign another employee, any committee, outside counsel, advisor, expert or third party service provider to investigate, or assist in investigating the 'Complaint'. Head - Management Assurance may direct that any individual assigned to investigate a 'Complaint' work at the direction of or in conjunction with Head - Management Assurance or any other attorney in the course of the investigation.
2. The person/persons against or in relation to whom the 'Complaint' is made shall cooperate with the investigator and have the right to provide their inputs during the investigation
3. At least once in every six months and whenever else as deemed necessary, Head - Management Assurance shall submit a report to the Audit Committee and any other member of Company management that the Audit Committee directs to receive such report, that summarizes each 'Complaint' made within the last 12 months and shows specifically: (a) the complainant (unless anonymous, in which case the report will so indicate), (b) a description of the substance of the 'Complaint', (c) the status of the investigation, (d) any conclusions reached by the investigator, and (e) findings and recommendations.



20018GsPnWNagYa6d

Access to Reports and Records and Disclosure of Investigation Results

All reports and records associated with ‘Complaints’ are considered confidential information and access will be restricted to members of the Audit Committee, Group Head – Management Assurance and any other person as permitted by the Group Head – Management Assurance.

‘Complaints’ and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

Retention of Records

All documents relating to such ‘Complaint’s made through the procedures outlined above shall be retained for at least five years from the date of the ‘Complaint’, after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry, or investigation, in which case the information will be retained for the duration of that litigation, inquiry, or investigation and therefore as necessary.

Amendment to the policy

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever and the same will be posted on the company website.

7. CORPORATE OPPORTUNITIES

As an employee of the Company, you have an obligation to advance the Company’s interests when the opportunity to do so arises.

If you discover or are presented with a business opportunity through the use of corporate property, information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity.

No employee may use corporate property, information or his or her position with the Company for personal gain or for any other person or entity’s gain, and no employee should compete with the Company or deprive the Company of any business opportunity or benefit which could be construed as related to any existing or reasonably anticipated future activity of the Company.



20018GsPnWNakkj6j

Employees who learn of such opportunity through their association with the Company may not disclose it to a third party or invest in the opportunity without first offering it to the Company.

Employees are prohibited from:

- (1) Taking for themselves personally opportunities that are discovered through the use of the Company’s property, information or position;
- (2) Using Company’s property, information or position for personal gain; or
- (3) Competing with the Company.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue.

Your supervisor will contact the Secretarial / Legal Department and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity.

If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

8. COMPETITION AND FAIR DEALING

All employees are obligated to deal fairly with fellow employees and with the Company’s customers, suppliers, competitors and other third parties. Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation or any other unfair-dealing practice.

Relationships with Customers

Our business success depends upon our ability to foster lasting customer relationships. The Company is committed to dealing with customers fairly, honestly and with integrity. The Company believes in exercising due care and diligence in establishing business relations with its customers and counter parties.

All employees must adhere to the key principle of customer identification. The identity of every customer must be established from a reliable identifying source or materials or documents.

Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.



- Employees should not refuse to sell, service, or maintain products the Company has produced simply because a customer is buying products from another supplier.
- Customer entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for, customer purchase decisions.
- Please see “Gifts and Entertainment” below for additional guidelines in this area.

Relationships with Suppliers

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service and reputation, among other factors.

The Company has high stakes in the procurement of goods and services. We recognize that we need to manage this expenditure from social, ethical and environmental perspective by ensuring that our suppliers meet our high standards for responsible behavior. To achieve this aim, social, ethical and environmental considerations will become an integral part of how we evaluate and select our suppliers.

There are two areas of focus for procurement activity:

Ethics

Our procurement processes aims to surface ethical issues. Where serious ethical issues are identified, supplier will be excluded from doing business with us.

Environment

Our procurement process will ensure that we take all possible steps to make sure our suppliers do not unnecessarily impact the environment in the way they produce, consume and dispose of materials.

We aim actively to ensure that due regard is given to each of these issues in every managed procurement by Sesa Sterlite Limited.

Employees dealing with suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, their objective assessment of the supplier’s products and prices.

Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see ‘Gifts and Entertainment’ below for additional guidelines in this area.



Relationships with Competitors

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including federal and state antitrust laws.

Such actions include misappropriation and/or misuse of a competitor's confidential information or making false statements about the competitor's business and business practices.

The Company and its employees shall under no circumstances engage in any anti-competitive practices such as illegal fixing of prices, sharing of markets or other actions which prevent, restrict or distort competition in violation of applicable anti-trust laws.

Relationships with stakeholders

Entity's ability to conduct business is directly affected by government decision making, and it seeks to have open and constructive relationships with governments.

If you have contact with government officials during your work, or are asked to provide information in connection with a government or regulatory agency enquiry or investigation, you must make sure that any information you provide is truthful and accurate, and that company's legitimate interests are protected

Always be truthful, accurate, cooperative and courteous when dealing with government or regulatory agency officials. Notify and seek advice from your Legal representative if you receive a non-routine request from a government or regulatory agency official. Stand firm against possible corruption. Never offer anything of value to obtain an actual or perceived improper advantage.

9. CONFLICTS OF INTEREST

An employee's primary employment obligation is to the Company. The Company's employees shall avoid entering into any situation in which their personal or financial interests may conflict with those of the Company.

General Principles

Business decisions and actions must be based on the best interests of the Company, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect our independent and sound judgment on behalf of the Company.

General guidelines to help employees better understand several of the most common examples of situations that may cause a conflict of interest are listed below. However, employees are required to disclose to the respective principal financial officers any situation that may be, or appears to be, a conflict of interest. When in doubt, it is best to disclose.



The Company expects from its employees a sound level of allegiance to the Company. This includes adherence to the noncompeting ethics by persons possessing significant confidential information.

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole.

You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- **Outside Employment.** No employee should be employed by, serve as a director of, or receive payments for services to a company that is a material customer, supplier, distributor or competitor of the Company without the advance approval of the chairman of the board (the "Chairman") or the board of directors (the "Board"). Any outside activity must be strictly separated from employment by the Company and should not harm the Company's interests, the business of the Company or job performance at the Company.
- **Improper Personal Benefits.** No employee should seek or accept any material (as to him or her) payment, personal benefits or favors because of his or her position with the Company which might reasonably be believed to influence business transactions or which are not within the bounds of customary business hospitality. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- **Financial Interests.** Employees may not allow their investments to influence, or appear to influence, their independent judgment on behalf of the Company. The appearance of a conflict of interest is most likely to arise if an employee has an investment in a competitor, supplier, customer or distributor and his decision may have a business impact on this outside party. No employee should have a significant financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company. A "significant financial interest" means (i) ownership of greater than 1% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee.
- **Loans or Other Financial Transactions.** No employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions.



- Service on Boards and Committees. No employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee's objectivity in making decisions on behalf of the Company.

For purposes of this Code, "family members" include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption. Employees may not seek to obtain special treatment from the Company for family members or friends or for businesses in which family members or friends have an interest.

For purposes of this Code, a company is a "material" customer if the company has made payments to the Company in the past year in excess of US\$1,000,000 or 2% of the customer's gross revenues, whichever is greater.

A company is a 'material' supplier if the company has received payments from the Company in the past year in excess of US\$1,000,000 or 2% of the supplier's gross revenues, whichever is greater.

A company is a 'material' competitor if the company competes in the Company's line of business and has annual gross revenues from such line of business in excess of US\$1,000,000.

If you are uncertain whether a particular company is a material customer, supplier or competitor, please contact the Secretarial / Legal Department for assistance.

Disclosure of Conflicts of Interest

The Company requires that employees disclose any situations that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it to your supervisor or the Secretarial / Legal Department.

Your supervisor and the Secretarial / Legal Department will work with you to determine whether you have a conflict of interest and, if so, how best to address it. Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in "Waivers of the Code" above.



Senior officers must disclose to the board of directors any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

10. GIFTS AND ENTERTAINMENT

Gifts

As part of our overriding philosophy and good governance, Sesa Sterlite Limited discourages all its team members from receiving gifts except those of insignificant commercial value. Team members include all employees/retainers/advisors etc. of the company and all its subsidiaries.

Individuals should make every effort to refuse or return gifts having commercial value. Under exceptional circumstances if gifts are to be accepted then the same should be reported to the immediate superior and deposited with the Company Secretary. Perishable gifts items may be distributed in office. Company Secretary should circulate details of such gifts to the Company CEO/ Unit Head on a bi-monthly basis.

- a) Offering gifts is a legitimate contribution to building good business relationships. It is important, however, that gifts never unduly influence business decision making or cause others to perceive an undue influence.
- b) It is prohibited to offer loans, cash or personal cheques, gifts that may be illegal (anything offered to a government official in breach of local or international bribery laws) and gifts of an inappropriate nature. The test to be applied while giving gifts is whether they could be intended, or even be reasonably interpreted, as a reward or encouragement or inducement for a favor or for preferential treatment. If the answer is yes, the gifts are prohibited.
- c) Never personally pay for a gift in order to avoid complying with entity's code of conduct
- d) Never offer gifts from any entity involved in a bid or tender with entity.

Entertainment

Bona fide hospitality and promotional, or other business expenditure which seeks to improve the image of a commercial organisation, better to present products and services, or establish cordial relations, is recognised as an established and important part of doing business.

It is your responsibility to use good judgement in this area. As a general rule, you may give or receive entertainment to or from customers or suppliers only if the entertainment would not be viewed as an inducement to or reward for any particular business decision.



Entertainment expenses should be properly accounted for on expense reports. This policy should be following in letter and spirit.

For further guidance you should contact the Company Secretary / HR Head.

11. PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability.

The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property.
- Report the actual or suspected theft, damage or misuse of Company property to a supervisor.
- Use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes.
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others.
- Use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems.

Company property also includes all written communications. Employees and other users of this property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.

12. INFORMATION MANAGEMENT

Employees have access to a variety of confidential information while employed at the Company. An employee is required to keep confidential or not to disclose or use the confidential information belonging to the Company or belonging to a third party which has been received by the Company pursuant to a confidentiality agreement or received by the Company in circumstances where it is clear or evident that the information is proprietary and confidential.



Furthermore, employees shall comply with the terms of all confidentiality or other agreements relating to information received from third parties. The foregoing shall not apply where the disclosure is made with the written consent of the Company or where law requires the disclosure.

Such confidential information must be given up to the Company when the employee leaves the Company's employment.

Confidential information includes all information that is internally generated by the Company concerning the business of the Company. It may also include information obtained from sources outside the Company, including information about other companies or their securities.

Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers.

The following is a non-exclusive list of confidential information:

- (a) The financial and sales results of the Company, before they are in the public domain.
- (b) Trade secrets, including any business or technical information, such as formulae, recipes, process, research programs or information that is valuable because it is not generally known.
- (c) Any invention or process developed by an employee using the Company's facilities or trade secret information resulting from any work for the Company, or relating to the Company's business.
- (d) Proprietary information such as customer sales lists and customers' confidential information.
- (e) Any transaction that the Company is or may be considered which had not been publicly disclosed.

Employees have a duty to safeguard all confidential information of the Company or third parties with which the Company conducts business, except when disclosure is authorized or legally mandated.

You should consider all information, from whatever source, to be confidential until it has been made available to the general public for a reasonable period of time.

Employees should not discuss confidential information with anyone outside the Company.



Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Legal Department.

An employee's obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

Safeguarding Confidential Information

Care must be taken to safeguard confidential information. Accordingly, the following measures should be adhered to:

- The Company's employees should conduct their business and social activities so as not to risk inadvertent disclosure of confidential information. For example, when not in use, confidential information should be secretly stored. Also, review of confidential documents or discussion of confidential subjects in public places (e.g., airplanes, trains, taxis, etc.) should be conducted so as to prevent overhearing or other access by unauthorized persons.
- Within the Company's offices, confidential matters should not be discussed within hearing range of visitors or others not working on such matters.
- Confidential matters should not be discussed with other employees not working on such matters or with friends or relatives including those living in the same household as a Company employee.

13. EXTERNAL COMMUNICATIONS

The Company places high value on responsible communication strategies as it is watched by the world at large – competitors, customers, investors, media, public, regulators and other stakeholders. Every information which is shared, planned or otherwise, about the activities of Sesa Sterlite Limited influences the company's overall image. Managing the communication which reaches the public, especially the financial and investing community as well as the media, is therefore important. The company wants to be seen to communicate the right messages at the right times in an integrated, consistent and positive manner.

Accuracy of Company Records

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and guide our business decision-making and strategic planning.

Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.



As a public company we are subject to various securities laws, regulations and reporting obligations. All Company business transactions must be fully and fairly recorded in accordance with the Company's accounting principles and other appropriate requirements. Improper or fraudulent documentation or reporting is contrary to the requirements and the Company's philosophy and Code.

Both applicable law and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations.

In addition, applicable law requires the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls.

Employees are prohibited from (1) falsifying records or accounts subject to the above requirements and (2) making any materially false, misleading, or incomplete statement to an accountant in connection with an audit or any public filing with the relevant stock exchanges.

These provisions are intended to discourage officers, directors, and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

All Company records must be complete, accurate and reliable in all material respects.

Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited.

You are responsible for understanding and complying with our record keeping policy. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

Please ask your supervisor if you have any questions.

Communicating with Media:

As per the Company's Code of Conduct only Business Units PR Heads are authorised to interact with media organizations, oversee drafting, coordination of media releases and statements, coordination of interviews, media kits and background material.

The Communications Policy stipulates that all matters relating to external communication and media are under the direction of the Group Communications Council and identifies authorized spokespersons who may interact with the media. No employees, other than authorized spokespersons, may respond to the media.



To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be directed to the Head – Group Communications.

The Group Communications, Investor Relations, Secretarial & Legal Department will work with you and the appropriate personnel to evaluate and coordinate a response to the request.

Selective Disclosure

The Company prohibits any employee privy to confidential information from communicating such information to anyone else, unless it is necessary to do so in the course of business. If you are in doubt about the extent of information that you can communicate, please consult your supervisor or the head of your operating unit.

Efforts are to be made to limit access to such confidential information to only those who need to know the information and such persons should be advised to keep the information confidential.

If an employee should become aware of any matter which may be Material Information which may not already be known to the Company, he/she should bring it to the attention of his manager so that if necessary the Council can be made aware of it.

Any employee who is privy to Material Information must be considered to be an Employee Insider and therefore subject to the Company’s Insider Trading Prohibition Policy.

Outside parties including our consultants, advisors and suppliers should be made to enter into confidentiality agreements.

They should obtain prior written permission before disclosing any information related to the Company or individual subsidiaries. Such outsiders may not trade in our Securities until the information is publicly disclosed.

Prevention of Selective Disclosure

Preventing selective disclosure is necessary to comply with applicable laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it.



20018GsPnWNb67xg

'Selective disclosure' occurs when any person provides potentially market-moving information to selected persons before the news is available to the investing public generally.

Selective disclosure is a crime under United States law and the penalties for violating the law are severe.

The following guidelines have been established to avoid improper selective disclosure. Every officer, director and employee is required to follow these procedures:

- All contact by the Company with investment analysts, the press and/or members of the media shall be made through the Managing Director and CEO, Chief Financial Officer or persons designated by them (collectively, the "Media Contacts").
- Other than the Media Contacts, no officer, director or employee shall provide any information regarding the Company or its business to any investment analyst or member of the press or media.
- All inquiries from third parties, such as industry analysts or members of the media, about the Company or its business should be directed to the Managing Director and CEO, Chief Financial Officer or other appropriate person designated by them. All presentations to the investment community regarding the Company will be made under the direction of a Media Contact.
- Other than the Media Contacts, any officer, director or employee who is asked a question regarding the Company or its business by a member of the press or media shall respond with "No comment" and forward the inquiry to a Media Contact.

These procedures do not apply to the routine process of making previously released information regarding the Company available upon inquiries made by investors, investment analysts and members of the media.

Any inquiry by governmental or regulatory authorities, including the relevant stock exchanges, could substantially damage the Company's reputation.

Please contact the Secretarial / Legal Department if you have any questions about the scope or application of the Company's policies regarding selective disclosure.

14. WAIVERS OF THE CODE

Waivers of this Code for employees may be made only by an executive officer of the Company. Any waiver of this Code for our directors, executive officers or other principal financial officers may be made only by our Board of Directors and will be disclosed to the public as required by applicable law or stock exchange regulation.



Conclusion

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Secretarial / Legal Department or submit your questions to the Company at the email address "sgl.whistleblower@vedanta.co.in."

We expect all Company employees, to adhere to these standards.

This Code shall be our "code of ethics" within the meaning of Clause 49 of the listing Agreement of the Indian stock exchanges, as well as Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy.

We reserve the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.



20018GsPnWNbBmvgS

Annexure-1**Duties of Independent Director**

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.



20018GsPnWJ=Ug%gS

Exhibit 11.4

Vedanta Limited
(Formerly known as Sesa Sterlite Ltd./ Sesa Goa Ltd.)

CODE OF BUSINESS CONDUCT AND ETHICS

Document Name **Code of Business Conduct and Ethics**
Company **Vedanta Limited**
Prepared by **Corporate Secretarial**
Version & Last Updated on **July 29, 2015**



Contents

1. HOW WE WORK	3
2. VEDANTA LIMITED CODE OF BUSINESS CONDUCT	5
3. COMPLIANCE WITH LAWS AND REGULATIONS	8
4. HEALTH, SAFETY AND ENVIRONMENT	11
5. COMPLIANCE WITH INSIDER TRADING LAWS	11
6. WHISTLE BLOWER POLICY	13
7. CORPORATE OPPORTUNITIES	17
8. COMPETITION AND FAIR DEALING	18
9. CONFLICTS OF INTEREST	20
10. GIFTS AND ENTERTAINMENT	23
11. PROTECTION AND USE OF COMPANY ASSETS	24
12. INFORMATION MANAGEMENT	25
13. EXTERNAL COMMUNICATIONS	26
14. CORPORATE SOCIAL RESPONSIBILITY	30
15. WAIVERS OF THE CODE	30



1. HOW WE WORK

Uncompromising business ethics are an integral part of the Company's values and of our way of doing business. The manner in which we conduct ourselves day to day with our colleagues, our customers, our shareholders, our competitors, our neighbouring communities and our suppliers, forms the basis of our reputation as an ethical Group. Our customers and other stakeholders expect us to maintain the highest ethical standards, to fulfill our commitments and to act with complete integrity towards all our commitments. We must endeavor to live up to our reputation and stakeholder expectations by making sure that our actions and policies are not only legal, but also in line with the highest levels of business ethics and personal integrity.

Vedanta - Core Values

Trust /Entrepreneurship / Innovation /Excellence / Integrity /Respect/Care

Trust: We actively foster a culture of mutual trust in our interactions with our stakeholders and encourage an open dialogue which ensures mutual respect.

Entrepreneurship: At Vedanta, our people are our most important assets. We actively encourage their development and support them in pursuing their goals.

Innovation: We embrace a conducive environment for encouraging innovation that leads to a Zero harm environment and exemplifying optimal utilization of natural resources, improved efficiencies and recoveries of by-products.

Excellence: Our primary focus is delivering value of the highest standard to our stakeholders. We are constantly motivated on improving our costs and improving our quality of production in each of our business through a culture of best practice benchmarking.

Integrity: We place utmost importance to engaging ethically and transparently with all our stakeholders, taking accountability of our actions to maintain the highest standards of professionalism and complying with international policies and procedures.

Respect: We lay consistent emphasis on Human Rights, respect the principle of free, prior, informed consent, while our engagements with stakeholders give local communities the opportunity to voice their opinions and concerns.

Care: As we continue to grow, we are committed to the triple bottom line of People, Planet and Prosperity to create a sustainable future in a zero harm environment for our communities.



20018GsPnWJ=Yvww6Y

Vedanta - Core Purposes

Vedanta is a globally diversified natural resources company with low cost operations. We empower our people to drive excellence and innovation to create value for our stakeholders. We demonstrate world-class standards of governance, safety, sustainability and social responsibility.

Navin Agarwal
Chairman, Vedanta Limited
July 29, 2015

Tom Albanese
CEO, Vedanta Limited
July 29, 2015



2. VEDANTA LIMITED CODE OF BUSINESS CONDUCT

The Vedanta Limited Code of Business Conduct & Ethics ('Code of Conduct' or 'COC') contains general guidelines for conducting the business of the Company, consistent with the highest standards of business ethics. This Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations.

This Code applies to all directors, officers and employees of the Company and its subsidiaries (which, unless the context otherwise requires, are collectively referred to in this code as the "Company"). We refer to all persons covered by this Code, including directors, officers and employees, as "Company employees" or simply "employees." We also refer to our Chief Executive Officer, our Chief Financial Officer and our principal accounting officers and controllers as our "principal financial officers." The Code also covers the 'Duties of Independent Directors' as annexed in Annexure-1 to this Code and as prescribed in Schedule -IV to the Companies Act, 2013.

The Code expresses the principles of our business ethics and is intended to assist all employees in meeting the high standards of personal and professional integrity required of them. Strict adherence to the provisions of this Code is a condition of employment.

The Code is an important part of the Company's Mission & Values, where we highlight principles and standards for our global business conduct. The Company expects all its employees to uphold the highest standards of ethical behavior and integrity. We believe that ethical and economic values are interdependent and that the business community must always strive to operate within the accepted norms established by national and international authorities.

The Code guides our behavior and helps us to promote:

- Honest and ethical conduct and the ethical handling of conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with or submits to relevant authorities and in other public communications;
- Compliance with applicable governmental laws, rules and regulations;
- Prompt internal reporting to an appropriate person or persons identified in this Code;
- Conduct and Behaviour of employees towards women employees. Employees are expected to respect women professionals and employees and not to sexual or otherwise harass them by their conduct. This is covered in detail under the 'Sexual Harassment Prohibition Policy' of the Company.
- Accountability for adherence to this Code.



High business ethics and integrity by letter and spirit ensures our credibility. The Company demands the highest standards in carrying out its business activities.

The Company and its employees must conform to the Code. All Company managers should take an active role in implementation and ensuring that the Code is communicated and kept alive under all circumstances.

The Company and its employees shall conform to the relevant laws and regulations of the countries in which they operate and fulfill their obligations in a reliable manner. They must insist on honesty and fairness in all aspects of their business and expect the same from their partners. In any situation not governed by statute or explicit regulations, or where the law is ambiguous or conflicting, the Company's affairs will be conducted in accordance with its high standard of business practice.

Breaches of the law, regulations or the Company's standards are not justified by the pursuit of profit and activities are not made acceptable merely by the practice of competitors or others in the market. The Company shall also responsibly comply with the business principles guiding its activities and relationships worldwide.

Guidelines

- Apply "zero tolerance" in assuring strict adherence to local and international laws and regulations as well as to the Company's ethical standards.
- Ensure all Company business transactions are fully and fairly recorded according to the Company's accounting principles.
- Ensure continuous training and awareness for employees on how to handle ethical issues, as well as timely advice and guidance.
- Regularly monitor ethical conduct and ensure that accessible systems are in place for employees or others to report potential violations.

Seeking Help and Information

This Code is not intended to be a comprehensive rulebook and cannot address every situation that you may face. If you feel uncomfortable about a situation or have any doubts about whether it is consistent with the Company's ethical standards, seek help. We encourage you to contact your supervisor for help first.

If your supervisor cannot answer your question or if you do not feel comfortable contacting your supervisor, contact the Secretarial/Legal Department. You may also seek help from or submit information to the Company by writing to the Company at the email address sgl.whistleblower@vedanta.co.in. You may remain anonymous and will not be required to reveal your identity in your communication to the Company.



20018GsPnWJ=iB1gq

Violating the Code

It is Company policy that any employee who violates this Code will be subject to appropriate discipline, which may include termination of employment. This determination will be based upon the facts and circumstances of each particular situation. An employee accused of violating this Code will be given an opportunity to present his or her version of the events at issue prior to any determination of appropriate discipline. Employees who violate the law or this Code may expose themselves to substantial civil damages, criminal fines and prison terms.

The Company may also face substantial fines and penalties and many incur damage to its reputation and standing in the community. Your conduct as a representative of the Company, if it does not comply with the law or with this Code, can result in serious consequences for both you and the Company.

Reporting Violations of the Code

Each employee is responsible for ensuring that his or her conduct and the conduct of anyone reporting to the employee fully comply with the policies governing the Company's business dealings. Compliances, both personal and by subordinates, will be a factor in periodic performance appraisals.

All employees have a duty to report any known or suspected violation of this Code, including any violation of the laws, rules, regulations or policies that apply to the Company. If you know of or suspect a violation of this Code, immediately report the conduct to your supervisor. Your supervisor will contact the Secretarial / Legal Department, which will work with you and your supervisor to investigate your concern.

If you do not feel comfortable reporting the conduct to your supervisor or you do not get a satisfactory response, you may contact the Secretarial / Legal Department directly. You may also report known or suspected violations of the Code to the Company at the email address "sgl.whistleblower@vedanta.co.in." Employees submitting this information need not leave their name or other personal information and reasonable efforts will be used to conduct the investigation that follows from the report from an employee in a manner that protects the confidentiality and anonymity of the employee submitting the report.

All reports of known or suspected violations of the law or this Code will be handled sensitively and with discretion. Your supervisor, the Secretarial / Legal Department and the Company will protect your confidentiality to the extent possible, consistent with law and the Company's need to investigate your concern.

In addition, the Company's Audit Committee has adopted specific "whistleblowing" policies and procedures relating to the complaint and investigation procedures for accounting, internal accounting controls, fraud or accounting matters. You may contact the Secretarial / Legal Department for a copy of these policies and procedures.



Policy against Retaliation

The Company prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. Any reprisal or retaliation against an employee because the employee, in good faith, sought help or filed a report will be subject to disciplinary action, including potential termination of employment.

3. COMPLIANCE WITH LAWS AND REGULATIONS

Each employee has an obligation to comply with all laws, rules and regulations applicable to the Company’s operations. These include, without limitation, laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, illegal political contributions, antitrust prohibitions, foreign corrupt practices (including the Foreign Corrupt Practices Act, see below), offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information or misuse of corporate assets.

You are expected to understand and comply with all laws, rules and regulations that apply to your job position. If any doubt exists about whether a course of action is lawful, you should seek advice from your supervisor or the Legal Department.

Human Rights

At Vedanta Limited, upholding people’s fundamental rights is central in our everyday business operations. At a minimum Vedanta Limited complies with all applicable local, state and national laws regarding human rights and workers’ rights where the Company does business.

All our businesses are compliant with applicable regulations, strive to uphold all labour rights and are aligned with national and international regulations. All employees are required to comply with our Human Rights Policy.

The Company’s Human Rights Policy is aligned to the UN Guiding Principles on business and human rights and includes a ban on child or forced labour – either directly or through contract labour.

Anti-Bribery and Corruption

The Company and its employees shall not offer or provide an undue monetary or other advantage to any person or persons, including public officials, customers or employees, in violation of laws and the officials’ legal duties in order to obtain or retain business.



Bribery is the offer, promise, giving, demanding or acceptance of an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

The UK Bribery Act (“UKBA”) prohibits company and its associated persons from offering, promising or giving any financial or other advantage to bring about the improper performance by another person of a relevant function or activity, to influence a foreign public official in performance of his or her official functions with an intention to obtain or retain business or an advantage in the conduct of business. Further, receipt of bribe is also covered by the act and is an offence under it. Stated more concisely the UKBA prohibits payment and receipt of bribes directly or indirectly through associated person.

A “public official” includes anyone, whether elected or appointed, who performs public functions in any branch of national, local or municipal government anywhere in the world. It includes officials holding a legislative, administrative or judicial position of any kind. It also covers a person who exercises a public function, such as professionals working for public health agencies and officers in state owned enterprises”

U.S. Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (the “FCPA”) prohibits the company and its employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any governmental official, political party, candidate for political office or official of a public international organization. Stated more concisely, the FCPA prohibits the payment of bribes, kickback or other inducements to foreign officials.

This prohibition also extends to payments to a sales representative or agent if there is reason to believe that the payment will be used indirectly for a prohibited payment to foreign officials. Violation of the FCPA is a crime that can result in severe fines and criminal penalties, as well as disciplinary action by the company, up to and including termination of employment.

Please note that even Facilitation payments i.e. small or minor payments (whether in cash or as favours or benefits) made to secure or speed up routine legal government actions. Facilitation payments are considered bribes and prohibited under the UK Bribery Act. Therefore prohibited under this code too.

Therefore it is important for employees to note that the code prohibits any undue monetary or Facilitation payments, other advantage to any person or persons, including public officials, customers or employees, any Associated Persons, in violation of laws and the officials’ legal duties in order to obtain or retain business.



Please also note that agreements with consultants, brokers, sponsors, agents or other intermediaries must not be used to channel payments to any person or persons, including public officials, customers or employees, to circumvent the Group's policies regarding bribery and corruption.

Fraud and Money Laundering

Vedanta Limited is committed to the elimination of fraud, to the rigorous investigation of any suspected cases of fraud and, where fraud or another criminal act is proven, to ensure that wrongdoers are appropriately dealt with.

Vedanta Limited also complies with the applicable money laundering regulations in each jurisdiction in which it operates and will cooperate fully with any investigation conducted by regulatory authorities involving potential money laundering by an employee, officer or director of the Group.

The Company is committed to the elimination of fraud, to the rigorous investigation of any suspected cases of fraud and, where fraud or another criminal act is proven, to ensure that wrongdoers are appropriately dealt with.

Political Contributions and Religious affiliations

The Company respects the right of every employee to have political and religious beliefs and affiliations that are legal and permitted by law. However, all political and religious issues are personal in nature and cannot be done in office time, on office premises or involve office colleagues'

You must not:

- Use Company's time, money or resources to support or encourage political activities.
- Solicit contributions for any religious or political activity or conduct any such activity in the office premises. However, offices may celebrate a few well known festivals like Christmas, Diwali etc. or in which all employees are invited to participate.
- Contribute Company funds for any political purpose without authority from the board.
- Seek public elated office without prior permission
- Undertake or participate in any political or religious propaganda within the office premises.
- Join or be a member of any banned or extremist outfit.

Specifically no funds or assets of the Group may be contributed to any political party or organization or to any individual who either holds public office or is a candidate for public office except where such a contribution is permitted by applicable law and has been authorised by the Chairman or the Board of Directors.



In addition, neither the Company nor any of its subsidiaries may under any circumstances make donations or contributions to political organizations in the United Kingdom, United States or European Union. Should any such donations be contemplated by the Board of Directors, shareholder approval would be sought in advance.

4. HEALTH, SAFETY AND ENVIRONMENT

The health and safety of our employees and any other person who may be affected by the Company's operations is of paramount importance. The Company is committed to using international standards on health and safety and to ensuring a 'zero harm' environment for our employees and contractors.

The key health and safety challenges our business faces are understood and the business approach to safety is tailored according to the challenges posed by the operations linked to extraction and processing, and the geographies in which they are situated.

The Company is committed to ensure complying with international best practices, with our processes mapped against international standards such as the IFC's Performance Standards which are applied to the entire lifecycle of all our operations.

The Company and its employees shall act positively to prevent injury, ill health, damage and loss arising from its operations as well as to comply with all regulatory or other legal requirements pertaining to safety, health and the environment.

All employees are required to be aware of health, safety and environmental issues and to be familiar with applicable laws and the Company's policies applicable to their areas of business/work and importantly be alert to report any unsafe or illegal activity that may jeopardize the safety and health of others at the work place.

5. COMPLIANCE WITH INSIDER TRADING LAWS

The Company has an insider trading policy, which may be obtained from the Secretarial / Legal Department. The following is a summary of some of the general principles relevant to insider trading, and should be read in conjunction with the aforementioned specific policy.

Company employees are prohibited from trading in the shares or other securities of the Company while in possession of material, nonpublic information about the Company.



In addition, Company employees are prohibited from recommending, “tipping” or suggesting that anyone else buy or sell shares or other securities of the Company on the basis of material, nonpublic information.

Company employees who obtain material nonpublic information about another company in the course of their employment are prohibited from trading in the shares or securities of the other company while in possession of such information or “tipping” others to trade on the basis of such information.

Violation of insider trading laws can result in severe fines and criminal prosecution by the SEBI and disciplinary action by the Company, up to and including termination of employment.

Information is ‘non-public’ if it has not been made generally available to the public by means of a press release or other means of widespread distribution. Information is “material” if a reasonable investor would consider it important in a decision to buy, hold or sell shares or other securities.

As a rule of thumb, any information that would affect the value of shares or other securities should be considered material. Examples of information that is generally considered “material” include:

- a) Financial results or forecasts, or any information that indicates a company’s financial results may exceed or fall short of forecasts or expectations;
- b) Important new products or services;
- c) Pending or contemplated acquisitions or dispositions, including mergers, tender offers or joint venture proposals;
- d) Possible management changes or changes of control;
- e) Pending or contemplated public or private sales of debt or equity securities;
- f) Acquisition or loss of a significant customer or contract;
- g) Significant write-offs;
- h) Initiation or settlement of significant litigation; and
- i) Changes in the company’s auditors or a notification from its auditors that the company may no longer rely on the auditor’s report.
- j) Information should be considered non-public if it has not been made generally available to the public for a reasonable period of time. Whenever there is any doubt whether information concerning a company is material or non-public, do not trade in the securities of such company.
- k) Questionable trading by members of your immediate family or by members of your personal household can, additionally, be your responsibility and give rise to legal and Company-imposed sanctions.



The golden rules are:

- Maintain strict confidentiality of the information and refrain from dealing in the company’s securities for the entire relevant period.
- Not discuss or disclose any confidential information to any person under any circumstances since such person may misuse the information to deal in the company shares.
- Honor the “Silent period” as announced by the company every quarter and at other times.
- Report any breach that you are aware of promptly to the company secretary.
- Read and strictly comply with the company’s policy and the regulations on Insider Trading including obtaining prior approval for trading when required and disclosing trading forthwith to the Company Secretarial department.

6. WHISTLE BLOWER POLICY

Complaint and Investigation Procedures for Accounting, Internal Accounting Controls, Fraud or Auditing Matters

The following procedures have been adopted by the Audit Committee of Vedanta Limited (‘Company’) to govern the receipt, retention, and treatment of complaints regarding the Company’s accounting, internal accounting controls or auditing matters, and to protect the confidential, anonymous reporting of employee concerns regarding questionable accounting or auditing matters.

These policies and procedures apply to and are available to all employees of the Company and its subsidiaries, Directors and all external stakeholders.

A) POLICY

It is the policy of the Company to treat complaints about accounting, internal accounting controls, auditing matters, or questionable financial practices (“Accounting Complaints”) seriously and expeditiously.

Employees will be given the opportunity to submit for review by the Company confidential and anonymous Accounting Complaints, including without limitation, the following:

- Fraud against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements to the Securities and Exchange Board of India (the “SEBI”), the U.S. Securities and Exchange Commission (the “SEC”), the relevant stock exchanges, any other relevant authority or members of the investing public;
- Violations of any rules and regulations applicable to the Company and related to accounting, internal accounting controls and auditing matters;



- Intentional error or fraud in the preparation, review or audit of any financial statement of the Company; and
- Significant deficiencies in or intentional noncompliance with the Company's internal accounting controls.

If requested by the employee, the Company will protect the confidentiality and anonymity of the employee to the fullest extent possible, consistent with the need to conduct an adequate review. Vendors, customers, business partners and other parties external to the Company will also be given the opportunity to submit Accounting Complaints; however, the Company is not obligated to keep Accounting Complaints from non-employees confidential or to maintain the anonymity of non-employees.

Accounting Complaints will be reviewed under Audit Committee direction and oversight by the Company's in-house general counsel ("General Counsel"), Internal Audit Manager or such other persons as the Audit Committee or General Counsel determines to be appropriate.

The Company will abide by all laws that prohibit retaliation against employees who lawfully submit complaints under these procedures. In the event that the Company contracts with a third party to handle complaints or any part of the complaint process, the third party will comply with these policies and procedures.

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act 2013, and the Rules prescribed is implemented through the Whistle Blower Policy of the Company will provide adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee, in appropriate or exceptional cases.

B) PROCEDURES

Complaints and the Investigation Procedures

The following procedures have been adopted by the Audit Committee of Vedanta Limited (the "Company") to govern the receipt, retention, and treatment of Complaints and to protect the confidential, anonymous reporting of the same.

These policies and procedures apply to and are available to all employees of the Company, its subsidiaries and all external stakeholders.

C) POLICY

Employees have the opportunity to submit / report 'Complaints' pertaining to the following areas such as:

- i. Fraud (an act of willful misrepresentation which would affect the interests of the concerned) against investors, securities fraud, mail or wire fraud, bank fraud, or fraudulent statements to the Securities and Exchange Board of India (the "SEBI"), the U.S. Securities and Exchange Commission (the "SEC"), the relevant stock exchanges, any other relevant authority or members of the investing public.



20018GsPnWJgoxfgS

- ii. Violations of any rules and regulations applicable to the Company and related to accounting, internal accounting controls and auditing matters
- iii. Intentional error or fraud in the preparation, review or audit of any financial statement of the Company
- iv. Any violations to the Company's ethical business practices as specified in the Company's Code of Conduct policy
- v. Any other event which would affect the interests of the business

The Company will protect the confidentiality and anonymity of the complainant to the fullest extent possible with an objective to conduct an adequate review.

External stakeholders such as vendors, customers, business partners etc. have the opportunity to submit 'Complaints'; however, the Company is not obligated to keep 'Complaints' from non-employees confidential or to maintain the anonymity of non-employees.

We encourage individuals sending 'Complaints' / raising any matter to identify themselves instead of sending anonymous 'Complaints' as it will assist in an effective complaint review process.

Post review, if the 'Complaint' is found to be have been made with mala fide intention, stringent action will be taken against the complainant. We encourage employees to report genuine 'Complaints' and those submitted in good faith.

D) PROCEDURES

Receipts of Complaints

All the 'Complaints' under this policy should be reported to the Group Head – Management Assurance, who is independent of operating management and businesses. The contact details are as follows:

Group Head – Management Assurance,
Vedanta, 75 Nehru Road
Vile Parle (E), Mumbai 400 099
Tel No. +91- 22 - 66461000
Fax No. +91- 22 – 66461450

'Complaints' can also be sent to the designated E-Mail ID: sgl.whistleblower@vedanta.co.in; the custodian of E-Mail ID will be Group Head – Management Assurance.



Complaints can also be registered on the web based portal (www.vedanta.ethicspoint.com) managed by Ethics Point or by calling on a toll free number (details provided on the portal).

If a 'Complaint' is received by any other executive of the Company, the same should be forwarded to the Group Head – Management Assurance at the above address.

Treatment of Complaints

1. Head - Management Assurance shall review the 'Complaint', and may investigate it himself or may assign another employee, any committee, outside counsel, advisor, expert or third party service provider to investigate, or assist in investigating the 'Complaint'. Head - Management Assurance may direct that any individual assigned to investigate a 'Complaint' work at the direction of or in conjunction with Head - Management Assurance or any other attorney in the course of the investigation.
2. The person/persons against or in relation to whom the 'Complaint' is made shall cooperate with the investigator and have the right to provide their inputs during the investigation
3. At least once in every six months and whenever else as deemed necessary, Head -Management Assurance shall submit a report to the Audit Committee and any other member of Company management that the Audit Committee directs to receive such report, that summarizes each 'Complaint' made within the last 12 months and shows specifically: (a) the complainant (unless anonymous, in which case the report will so indicate), (b) a description of the substance of the 'Complaint', (c) the status of the investigation, (d) any conclusions reached by the investigator, and (e) findings and recommendations.

Access to Reports and Records and Disclosure of Investigation Results

All reports and records associated with 'Complaints' are considered confidential information and access will be restricted to members of the Audit Committee, Group Head – Management Assurance and any other person as permitted by the Group Head – Management Assurance.

'Complaints' and any resulting investigations, reports or resulting actions will generally not be disclosed to the public except as required by any legal requirements or regulations or by any corporate policy in place at that time.

Retention of Records

All documents relating to such 'Complaint's made through the procedures outlined above shall be retained for at least five years from the date of the 'Complaint', after which the information may be destroyed unless the information may be relevant to any pending or potential litigation, inquiry, or investigation, in which case the information will be retained for the duration of that litigation, inquiry, or investigation and therefore as necessary.



20018GsPnWJa1P0g0

Amendment to the policy

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever and the same will be posted on the Company's website.

7. CORPORATE OPPORTUNITIES

As an employee of the Company, you have an obligation to advance the Company's interests when the opportunity to do so arises.

If you discover or are presented with a business opportunity through the use of corporate property, information or because of your position with the Company, you should first present the business opportunity to the Company before pursuing the opportunity in your individual capacity.

No employee may use corporate property, information or his or her position with the Company for personal gain or for any other person or entity's gain, and no employee should compete with the Company or deprive the Company of any business opportunity or benefit which could be construed as related to any existing or reasonably anticipated future activity of the Company.

Employees who learn of such opportunity through their association with the Company may not disclose it to a third party or invest in the opportunity without first offering it to the Company.

Employees are prohibited from:

- (1) Taking for themselves personally opportunities that are discovered through the use of the Company's property, information or position;
- (2) Using Company's property, information or position for personal gain; or
- (3) Competing with the Company.

You should disclose to your supervisor the terms and conditions of each business opportunity covered by this Code that you wish to pursue.

Your supervisor will contact the Secretarial / Legal Department and the appropriate management personnel to determine whether the Company wishes to pursue the business opportunity.



If the Company waives its right to pursue the business opportunity, you may pursue the business opportunity on the same terms and conditions as originally proposed and consistent with the other ethical guidelines set forth in this Code.

8. COMPETITION AND FAIR DEALING

All employees are obligated to deal fairly with fellow employees and with the Company's customers, suppliers, competitors and other third parties. Employees should not take unfair advantage of anyone through manipulation, concealment, and abuse of privileged information, misrepresentation or any other unfair-dealing practice.

As an Employee, you must not:

- Directly deal with, contact or engage with competitors that may create a potential conflict with the provisions of competition law.
- Share or part with company specific information in an industry forum or enter into agreements with competitors on any matter unless you have consulted with the legal department in advance.
- Enter into agreements that may be constructed as abuse of dominance or restrictive trade practices such as price fixation, exclusive tie in arrangements, limiting the supply of goods or services, collusive bid rigging or predatory pricing.

Compliance with all applicable laws and regulations is an absolute must and non-negotiable. The Company has a zero tolerance policy for breach of regulations and rules and expects every employee not only to be fully aware of all applicable laws but also to comply with the same in letter and spirit.

Relationships with Customers

Our business success depends upon our ability to foster lasting customer relationships. The Company is committed to dealing with customers fairly, honestly and with integrity.

The Company believes in exercising due care and diligence in establishing business relations with its customers and counter parties.

All employees must adhere to the key principle of customer identification. The identity of every customer must be established from a reliable identifying source or materials or documents.

Specifically, you should keep the following guidelines in mind when dealing with customers:

- Information we supply to customers should be accurate and complete to the best of our knowledge. Employees should not deliberately misrepresent information to customers.



- Employees should not refuse to sell, service, or maintain products the Company has produced simply because a customer is buying products from another supplier.
- Customer entertainment should not exceed reasonable and customary business practice. Employees should not provide entertainment or other benefits that could be viewed as an inducement to or a reward for, customer purchase decisions.
- Please see “Gifts and Entertainment” below for additional guidelines in this area.

Relationships with Suppliers

The Company deals fairly and honestly with its suppliers. This means that our relationships with suppliers are based on price, quality, service and reputation, among other factors.

The Company has high stakes in the procurement of goods and services. We recognize that we need to manage this expenditure from social, ethical and environmental perspective by ensuring that our suppliers meet our high standards for responsible behavior. To achieve this aim, social, ethical and environmental considerations will become an integral part of how we evaluate and select our suppliers.

There are two areas of focus for procurement activity:

Ethics

Our procurement processes aims to surface ethical issues. Where serious ethical issues are identified, supplier will be excluded from doing business with us.

Environment

Our procurement process will ensure that we take all possible steps to make sure our suppliers do not unnecessarily impact the environment in the way they produce, consume and dispose of materials.

We aim actively to ensure that due regard is given to each of these issues in every managed procurement by Vedanta Limited.

Employees dealing with suppliers should carefully guard their objectivity. Specifically, no employee should accept or solicit any personal benefit from a supplier or potential supplier that might compromise, or appear to compromise, their objective assessment of the supplier’s products and prices.



Employees can give or accept promotional items of nominal value or moderately scaled entertainment within the limits of responsible and customary business practice. Please see ‘Gifts and Entertainment’ below for additional guidelines in this area.

Relationships with Competitors

The Company is committed to free and open competition in the marketplace. Employees should avoid actions that would be contrary to laws governing competitive practices in the marketplace, including federal and state antitrust laws.

Such actions include misappropriation and/or misuse of a competitor’s confidential information or making false statements about the competitor’s business and business practices.

The Company and its employees shall under no circumstances engage in any anti-competitive practices such as illegal fixing of prices, sharing of markets or other actions which prevent, restrict or distort competition in violation of applicable anti-trust laws.

Relationships with stakeholders

Entity’s ability to conduct business is directly affected by government decision making, and it seeks to have open and constructive relationships with governments.

If you have contact with government officials during your work, or are asked to provide information in connection with a government or regulatory agency enquiry or investigation, you must make sure that any information you provide is truthful and accurate, and that Company’s legitimate interests are protected

Always be truthful, accurate, cooperative and courteous when dealing with government or regulatory agency officials. Notify and seek advice from your Legal representative if you receive a non-routine request from a government or regulatory agency official Stand firm against possible corruption. Never offer anything of value to obtain an actual or perceived improper advantage.

9. CONFLICTS OF INTEREST

An employee’s primary employment obligation is to the Company. The Company’s employees shall avoid entering into any situation in which their personal or financial interests may conflict with those of the Company.

General Principles

Business decisions and actions must be based on the best interests of the Company, and must not be motivated by personal considerations or relationships. Relationships with prospective or existing suppliers, contractors, customers, competitors or regulators must not affect our independent and sound judgment on behalf of the Company.



General guidelines to help employees better understand several of the most common examples of situations that may cause a conflict of interest are listed below. However, employees are required to disclose to the respective principal financial officers any situation that may be, or appears to be, a conflict of interest. When in doubt, it is best to disclose.

The Company expects from its employees a sound level of allegiance to the Company. This includes adherence to the noncompeting ethics by persons possessing significant confidential information.

Identifying Potential Conflicts of Interest

A conflict of interest can occur when an employee's private interest interferes, or appears to interfere, with the interests of the Company as a whole.

You should avoid any private interest that influences your ability to act in the interests of the Company or that makes it difficult to perform your work objectively and effectively.

Identifying potential conflicts of interest may not always be clear-cut. The following situations are examples of conflicts of interest:

- **Outside Employment.** No employee should be employed by, serve as a director of, or receive payments for services to a company that is a material customer, supplier, distributor or competitor of the Company without the advance approval of the Chairman of the Board (the "Chairman") or the Board of Directors (the "Board"). Any outside activity must be strictly separated from employment by the Company and should not harm the Company's interests, the business of the Company or job performance at the Company.
- **Improper Personal Benefits.** No employee should seek or accept any material (as to him or her) payment, personal benefits or favors because of his or her position with the Company which might reasonably be believed to influence business transactions or which are not within the bounds of customary business hospitality. Please see "Gifts and Entertainment" below for additional guidelines in this area.
- **Financial Interests.** Employees may not allow their investments to influence, or appear to influence, their independent judgment on behalf of the Company. The appearance of a conflict of interest is most likely to arise if an employee has an investment in a competitor, supplier, customer or distributor and his decision may have a business impact on this outside party. No employee should have a significant financial interest (ownership or otherwise) in any company that is a material customer, supplier or competitor of the Company. A "significant financial interest" means (i) ownership of greater than 1% of the equity of a material customer, supplier or competitor or (ii) an investment in a material customer, supplier or competitor that represents more than 5% of the total assets of the employee.



- Loans or Other Financial Transactions. No employee should obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with banks, brokerage firms or other financial institutions.
- Service on Boards and Committees. No employee should serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests reasonably would be expected to conflict with those of the Company.
- Actions of Family Members. The actions of family members outside the workplace may also give rise to the conflicts of interest described above because they may influence an employee's objectivity in making decisions on behalf of the Company.

For purposes of this Code, "family members" include your spouse or life-partner, brothers, sisters and parents, in-laws and children whether such relationships are by blood or adoption. Employees may not seek to obtain special treatment from the Company for family members or friends or for businesses in which family members or friends have an interest.

For purposes of this Code, a company is a "material" customer if the company has made payments to the Company in the past year in excess of US\$1,000,000 or 2% of the customer's gross revenues, whichever is greater.

A company is a 'material' supplier if the company has received payments from the Company in the past year in excess of US\$1,000,000 or 2% of the supplier's gross revenues, whichever is greater.

A company is a 'material' competitor if the company competes in the Company's line of business and has annual gross revenues from such line of business in excess of US\$1,000,000.

If you are uncertain whether a particular company is a material customer, supplier or competitor, please contact the Secretarial / Legal Department for assistance.

Disclosure of Conflicts of Interest

The Company requires that employees disclose any situations that reasonably would be expected to give rise to a conflict of interest. If you suspect that you have a conflict of interest, or something that others could reasonably perceive as a conflict of interest, you must report it to your supervisor or the Secretarial / Legal Department.

Your supervisor and the Secretarial / Legal Department will work with you to determine whether you have a conflict of interest and, if so, how best to address it.



Although conflicts of interest are not automatically prohibited, they are not desirable and may only be waived as described in "Waivers of the Code" above.

Senior officers must disclose to the board of directors any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

10. GIFTS AND ENTERTAINMENT

Gifts

Generally it is not acceptable to exchange gifts with business partners/customers and authorities since this may imply influence or the potential to influence in favour of the employee/Company and compromise objectivity in decision making.

However the Company recognizes that it may be customary to receive and give nominal gifts to our business partners and colleagues on special occasions like marriages, celebrations etc. as long as such gift is within the norms of the Company's gift policy and is not meant to influence decision making in any manner. Likewise entertainment incidental to normal course of business that is normal is also permitted.

Individuals should make every effort to refuse or return gifts having commercial value. Under exceptional circumstances if gifts are to be accepted then the same should be reported to the immediate superior and deposited with the Company Secretary. Perishable gift items may be distributed in office. Company Secretary should circulate details of such gifts to the Company CEO/ Unit Head on a bi-monthly basis.

- a) It is prohibited to offer loans, cash or personal cheques, gifts that may be illegal (anything offered to a government official in breach of local or international bribery laws) and gifts of an inappropriate nature. The test to be applied while giving gifts is whether they could be intended, or even be reasonably interpreted, as a reward or encouragement or inducement for a favor or for preferential treatment. If the answer is yes, the gifts are prohibited.
- b) Never personally pay for a gift in order to avoid complying with entity's code of conduct
- c) Never offer gifts from any entity involved in a bid or tender with entity.

Entertainment

Bona fide hospitality and promotional, or other business expenditure which seeks to improve the image of a commercial organization, better to present products and services, or establish cordial relations, is recognized as an established and important part of doing business.



It is your responsibility to use good judgment in this area. As a general rule, you may give or receive entertainment to or from customers or suppliers only if the entertainment would not be viewed as an inducement to or reward for any particular business decision. Therefore the sums informed in this regard must be nominal.

Entertainment expenses should be properly accounted for on expense reports. This policy should be following in letter and spirit.

For further guidance you should contact the Company Secretary / HR Head.

11. PROTECTION AND USE OF COMPANY ASSETS

Employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company's profitability.

The use of Company funds or assets, whether or not for personal gain, for any unlawful or improper purpose is prohibited.

To ensure the protection and proper use of the Company's assets, each employee should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property.
- Report the actual or suspected theft, damage or misuse of Company property to a supervisor.
- Use the Company's telephone system, other electronic communication services, written materials and other property primarily for business-related purposes.
- Safeguard all electronic programs, data, communications and written materials from inadvertent access by others.
- Use Company property only for legitimate business purposes, as authorized in connection with your job responsibilities.

Employees should be aware that Company property includes all data and communications transmitted or received to or by, or contained in, the Company's electronic or telephonic systems.

Company property also includes all written communications. Employees and other users of this property should have no expectation of privacy with respect to these communications and data. To the extent permitted by law, the Company has the ability, and reserves the right, to monitor all electronic and telephonic communication. These communications may also be subject to disclosure to law enforcement or government officials.



12. INFORMATION MANAGEMENT

Employees have access to a variety of confidential information while employed at the Company. An employee is required to keep confidential or not to disclose or use the confidential information belonging to the Company or belonging to a third party which has been received by the Company pursuant to a confidentiality agreement or received by the Company in circumstances where it is clear or evident that the information is proprietary and confidential.

Furthermore, employees shall comply with the terms of all confidentiality or other agreements relating to information received from third parties. The foregoing shall not apply where the disclosure is made with the written consent of the Company or where law requires the disclosure.

Such confidential information must be given up to the Company when the employee leaves the Company's employment.

Confidential information includes all information that is internally generated by the Company concerning the business of the Company. It may also include information obtained from sources outside the Company, including information about other companies or their securities.

Confidential information includes all non-public information that might be of use to competitors, or, if disclosed, harmful to the Company or its customers.

The following is a non-exclusive list of confidential information:

- (a) The financial and sales results of the Company, before they are in the public domain.
- (b) Trade secrets, including any business or technical information, such as formulae, recipes, process, research programs or information that is valuable because it is not generally known.
- (c) Any invention or process developed by an employee using the Company's facilities or trade secret information resulting from any work for the Company, or relating to the Company's business.
- (d) Proprietary information such as customer sales lists and customers' confidential information.
- (e) Any transaction that the Company is or may be considered which had not been publicly disclosed.

Employees have a duty to safeguard all confidential information of the Company or third parties with which the Company conducts business, except when disclosure is authorized or legally mandated.



20018GsPnWJachS6~

You should consider all information, from whatever source, to be confidential until it has been made available to the general public for a reasonable period of time. Employees should not discuss confidential information with anyone outside the Company.

Any questions or concerns regarding whether disclosure of Company information is legally mandated should be promptly referred to the Legal Department.

An employee's obligation to protect confidential information continues after he or she leaves the Company. Unauthorized disclosure of confidential information could cause competitive harm to the Company or its customers and could result in legal liability to you and the Company.

Safeguarding Confidential Information

Care must be taken to safeguard confidential information. Accordingly, the following measures should be adhered to:

- The Company's employees should conduct their business and social activities so as not to risk inadvertent disclosure of confidential information. For example, when not in use, confidential information should be secretly stored. Also, review of confidential documents or discussion of confidential subjects in public places (e.g., airplanes, trains, taxis, etc.) should be conducted so as to prevent overhearing or other access by unauthorized persons.
- Within the Company's offices, confidential matters should not be discussed within hearing range of visitors or others not working on such matters.
- Confidential matters should not be discussed with other employees not working on such matters or with friends or relatives including those living in the same household as a Company employee.

13. EXTERNAL COMMUNICATIONS

The Company places high value on responsible communication strategies as it is watched by the world at large – competitors, customers, investors, media, public, regulators and other stakeholders. Every information which is shared, planned or otherwise, about the activities of Vedanta Limited influences the Company's overall image. Managing the communication which reaches the public, especially the financial and investing community as well as the media, is therefore important. The Company wants to be seen to communicate the right messages at the right times in an integrated, consistent and positive manner.



Accuracy of Company Records

Accurate and reliable records are crucial to our business. Our records are the basis of our earnings statements, financial reports and other disclosures to the public and guide our business decision-making and strategic planning.

Company records include booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of our business.

As a public company we are subject to various securities laws, regulations and reporting obligations. All Company's business transactions must be fully and fairly recorded in accordance with the Company's accounting principles and other appropriate requirements. Improper or fraudulent documentation or reporting is contrary to the requirements and the Company's philosophy and Code.

Both applicable law and our policies require the disclosure of accurate and complete information regarding the Company's business, financial condition and results of operations.

In addition, applicable law requires the Company to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls.

Employees are prohibited from (1) falsifying records or accounts subject to the above requirements and (2) making any materially false, misleading, or incomplete statement to an accountant in connection with an audit or any public filing with the relevant stock exchanges.

These provisions are intended to discourage officers, directors, and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

All Company records must be complete, accurate and reliable in all material respects.

Undisclosed or unrecorded funds, payments or receipts are inconsistent with our business practices and are prohibited.

You are responsible for understanding and complying with our record keeping policy. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

Please ask your supervisor if you have any questions.

**Communicating with Media:**

As per the Company's Code of Conduct only Business Units PR Heads are authorised to interact with media organizations, oversee drafting, coordination of media releases and statements, coordination of interviews, media kits and background material.

The Communications Policy stipulates that all matters relating to external communication and media are under the direction of the Group Communications Council and identifies authorized spokespersons that may interact with the media. No employees, other than authorized spokespersons, may respond to the media.

To ensure compliance with this policy, all news media or other public requests for information regarding the Company should be directed to the Head – Group Communications.

The Group Communications, Investor Relations, Secretarial & Legal Department will work with you and the appropriate personnel to evaluate and coordinate a response to the request.

Selective Disclosure

The Company prohibits any employee privy to confidential information from communicating such information to anyone else, unless it is necessary to do so in the course of business. If you are in doubt about the extent of information that you can communicate, please consult your supervisor or the head of your operating unit.

Efforts are to be made to limit access to such confidential information to only those who need to know the information and such persons should be advised to keep the information confidential.

If an employee should become aware of any matter which may be Material Information which may not already be known to the Company, he/she should bring it to the attention of his manager so that if necessary the Council can be made aware of it.

Any employee who is privy to Material Information must be considered to be an Employee Insider and therefore subject to the Company's Insider Trading Prohibition Policy.

Outside parties including our consultants, advisors and suppliers should be made to enter into confidentiality agreements.

They should obtain prior written permission before disclosing any information related to the Company or individual subsidiaries. Such outsiders may not trade in our Securities until the information is publicly disclosed.



20018GsPnWJah606<

Prevention of Selective Disclosure

Preventing selective disclosure is necessary to comply with applicable laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with it.

‘Selective disclosure’ occurs when any person provides potentially market-moving information to selected persons before the news is available to the investing public generally.

Selective disclosure is a crime under United States law and the penalties for violating the law are severe.

The following guidelines have been established to avoid improper selective disclosure.

Every officer, director and employee is required to follow these procedures:

- All contact by the Company with investment analysts, the press and/or members of the media shall be made through the Managing Director and CEO, Chief Financial Officer or persons designated by them (collectively, the “Media Contacts”).
- Other than the Media Contacts, no officer, director or employee shall provide any information regarding the Company or its business to any investment analyst or member of the press or media.
- All inquiries from third parties, such as industry analysts or members of the media, about the Company or its business should be directed to the Managing Director and CEO, Chief Financial Officer or other appropriate person designated by them. All presentations to the investment community regarding the Company will be made under the direction of a Media Contact.
- Other than the Media Contacts, any officer, director or employee who is asked a question regarding the Company or its business by a member of the press or media shall respond with “No comment” and forward the inquiry to a Media Contact.

These procedures do not apply to the routine process of making previously released information regarding the Company available upon inquiries made by investors, investment analysts and members of the media.

Any inquiry by governmental or regulatory authorities, including the relevant stock exchanges, could substantially damage the Company’s reputation.

Please contact the Secretarial / Legal Department if you have any questions about the scope or application of the Company’s policies regarding selective disclosure.



20018GsPnWJaiHfgU

14. CORPORATE SOCIAL RESPONSIBILITY

We have an obligation to the communities in which we operate to help in whatever way we can to improve the quality of life for all. The Company is committed to voluntary and affirmative action to support the economically weaker sections and the Communities where we operate.

15. WAIVERS OF THE CODE

Waivers of this Code for employees may be made only by an executive officer of the Company. Any waiver of this Code for our directors, executive officers or other principal financial officers may be made only by our Board of Directors and will be disclosed to the public as required by applicable law or stock exchange regulation.

Conclusion

This Code of Business Conduct and Ethics contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If you have any questions about these guidelines, please contact your supervisor or the Secretarial / Legal Department or submit your questions to the Company at the email address "sgl.whistleblower@vedanta.co.in."

We expect all Company employees, to adhere to these standards.

This Code shall be our "code of ethics" within the meaning of Clause 49 of the listing Agreement of the Indian stock exchanges, as well as Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder.

This Code and the matters contained herein are neither a contract of employment nor a guarantee of continuing Company policy.

We reserve the right to amend, supplement or discontinue this Code and the matters addressed herein, without prior notice, at any time.



20018GsPnWJk9k6w

Annexure-1
Duties of Independent Director

The independent directors shall—

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.



20018GsPnWJF@el6l

VEDANTA LIMITED
FORM 20-F

RR Donnelley ProFile hkrdoc1
11.7.8

HKR pf_rend
SNG

06-Aug-2015 13:24 EST

32971 EX11_5 1 4*

HTM ESS 0C

Page 1 of 1

Exhibit 11.5

Vedanta Limited

Antitrust Guidance Notes



Contents

Introduction

Overview of Antitrust laws

1 Anti-Competitive Agreements

1.1 Relationship with Competitors

1.1.1 Price fixing

1.1.2 Division of territories/Market Sharing & Allocation of customers

1.1.3 Group boycott

1.1.4 Limitation of production

1.1.5 Cartelization and Bid rigging

1.1.6 Joint purchasing

1.1.7 Joint commercialisation

1.1.8 Exchange of information

1.1.9 Site visits at Competitors business

Guidance Note: Do's and Don'ts' with Competitors

1.2 Relations with suppliers & distributors

1.2.1 Tie-in agreement

1.2.2 Exclusive supply agreement:

1.2.3 Exclusive distribution agreement

1.2.4 Resale price agreements

Guidance Note: Do's and Don'ts' with suppliers & distributors

1.3 Behaviour at trade associations' meeting

Guidance Note: Do's and Don'ts' at trade associations' meeting

1.4 Benchmarking

Guidance Note: Do's and Don'ts' on Benchmarking



20018GsPnWJ0l#@gP

- 2. Abuse of Dominance**
 - 2.1 Definition of relevant market under Antitrust Laws**
 - 2.2 Examples of Abusive conduct**
 - 2.2.1 Excessive pricing**
 - 2.2.2 Loyalty rebates**
 - 2.2.3 Predatory Pricing**
 - 2.2.4 Discrimination in prices or other trading conditions**
 - 2.2.5 Refusal to supply**
 - 2.2.6 One-sided agreements**
 - Guidance Note: Do's and Don'ts' on Abuse of Dominance**
- 3. Language used in internal document and outside communication**
 - 3.1 Red flag words/phrases**
- 4. Regulatory Approvals by Antitrust Authorities in case of M & A**
 - 4.1 Non-compete clauses**
 - Guidance Note: Do's and Don'ts' on M& A activities**
- 5. Compliance Monitoring Mechanism**
 - 5.1 Reporting Channels**
 - 5.2 Reporting to the Compliance Hotline**



20018GsPnWJGRtN60

Introduction:

Antitrust Guidance Notes (**Guidance Notes**) contains the guidance on the Vedanta Group's (the **Group**) commitment for antitrust law compliance. The purpose of these Guidance Notes is to set out the Group's commitment for compliance with antitrust law and to provide basic guidance to all the Group's employees, wherever located, with regard to antitrust law and to assist them in complying with it. As the Group is operating in a highly competitive environment where respective antitrust laws play an increasingly important role, the Group, hereby would like to emphasize its objective of integrity and compliance towards antitrust laws. The Group is committed to the preservation of vigorous, healthy and fair competition and to complying with relevant antitrust legislation.

Antitrust laws guard against anti-competitive agreements and the abuse of dominant power. Non-compliance with applicable national antitrust laws can have unfavourable consequences for the financial condition, reputation and viability of the group.

The Group's employees and business partners (e.g. suppliers, consultants, advisers or any other form of service providers) should feel personally responsible for the strict application of the Guidance Notes throughout the Group at all times and in all countries where the Group operates, especially with the nature and seriousness of the risks likely to result from any infringement to antitrust legislation.

Companies that infringe antitrust law can face significant fines. For instance, the European Commission and Competition Commission of India can impose fines of up to 10% of the consolidated total turnover of the Group. Companies may be sued for damages by those who can demonstrate that they have sustained losses as a result of anti-competitive practices. Any contractual provision which infringes antitrust laws is generally void and cannot be enforced in the courts. Moreover, the entire contract could also be invalidated in certain circumstances and jurisdictions. Apart from monetary risk, infringement of antitrust laws is more and more perceived by the stakeholders as unethical behaviour, which can seriously impact the image and reputation of the group, and also affect its ability to convince that it observes highest standards of corporate governance. The antitrust authorities have in recent times also held directors, senior management and other officials of companies liable for violating antitrust laws when they found that employees have connived with the company to commit anti-competitive activities.

Considering the high risk involved in non-compliance and high standards of commitment for antitrust compliance as stated in the Guidance Notes of the Group, compliance with antitrust laws by the Group implies compliance by all employees with highest standard. However the Guidance Note is specifically targeted at those employees who are or may become involved with antitrust law in the course of their professional duty. It is compulsory for all employees to read and understand the Guidance Notes carefully and ensure to comply fully with antitrust laws. The Guidance Notes are aimed at raising all employees' level of awareness of antitrust rules, but cannot answer all questions. That is why it is suggested to seek advice from the respective Compliance Officer (**Compliance Officer**) of the Group's company (**Company**), every time in need of any further information.



Overview of Antitrust laws

Despite a lack of uniformity, especially when it comes to procedural aspects, there is a growing trend towards harmonization of antitrust legislation in all countries where the market economy and free competition have been adopted as the best model for economic development.

Antitrust law generally is based on three underlying concepts:

- the prohibition of anticompetitive agreements and concerted practices;
- the prohibition of abuse of a dominant position or of substantial market power; and
- the assessment of acquisitions and joint ventures to prevent the creation of dominant positions or the reduction of competition

These Guidance Notes provides comprehensive guidance on above-mentioned concepts, however, these are not exhaustive and situations which are not covered herein under may also arise. Therefore, any doubt should immediately be directed to the respective Compliance Officer of the Company.

1. Anti-Competitive Agreements

For antitrust law purposes, the term “agreement” has a very wide meaning and includes all kinds of collusive arrangements and understandings between two (or more) competitors, written and/or unwritten. Antitrust law prohibits agreements or concerted practices between market players that have as their object or effect to restrict competition. The prohibition of “restrictive agreements” must be interpreted widely. The concept of “agreement” in antitrust law includes formal as well as informal agreements, written and oral agreements, explicit or implicit deals or understandings. The actual form of the agreement is irrelevant, as soon as there is a “meeting of the minds”, an agreement exists.

A concerted practice is a form of coordination between market players which, without having reached the stage where an agreement has been concluded, knowingly substitute practical cooperation between them for the risks of competition. Especially exchanges of confidential information between competitors are often found to qualify as a concerted practice.

As soon as an agreement has the object of restricting competition, antitrust law applies. The agreement does not need to be implemented first in order to be prohibited. If an agreement was reached, and the parties would individually decide not to implement the agreement, they could still be fined for their agreement. The opposite also applies. If the parties’ intent were not at all aimed at restricting competition, but the agreement would have a restrictive effect of competition, the agreement would equally be prohibited and the companies might be punished.

Any contact between competitors may give rise to concern from an antitrust law perspective. Antitrust authorities will always be suspicious about the real intentions for competitors to meet. As a result, all employees should be careful when meeting competitors, also on informal occasions, and wonder whether the purposes for meeting are allowed from an antitrust law perspective. If there is any doubt about this issue, employee should contact to the respective Compliance Officer of the Company.

1.1 Relationship with Competitors

Any agreement to maintain prices, restrict supply to raise prices, allocate market amongst industry players (whether oral or written) formal or informal is anti-competitive and all employees must refrain from conniving in any such activities. A brief introduction is given to all these types of agreements for general understanding, any doubt/query regarding these practices must be shared with concerned Compliance Officer of the Company.



1.1.1 Price fixing

In all antitrust law regimes, it is illegal for competitors to agree, whether directly or indirectly (for example through distributors), the price level at which their products will be sold to third parties. Agreements or understandings that affect prices indirectly, such as on rebates or discounts, pricing methods, costs and terms of payment, are also considered illegal under antitrust law.

1.1.2 Division of territories/market sharing & allocation of customers

It is illegal under antitrust law for competitors to allocate territories to each other and/or to agree not to compete in such territories. Market sharing or market division agreements may be either to share markets geographically or in respect of consumers or particular categories of consumers or types of goods or services in any other way. Competitors are not allowed to agree to divide customers between them in the markets in which they compete, or where they could be expected to compete.

1.1.3 Group boycott

It is illegal for competitors to agree to boycott a particular customer or supplier or class of customers or suppliers. "Boycott" here means any concerted action or agreement between two or more competitors not to sell to or buy from a particular customer or supplier, or class thereof. This type of decision can be also taken by a trade association (**Trade Association**) while adopting an anti-competitive decision against any particular or class of member or non-member.

Although the Company is free in general to decide not to do business with a supplier, customer or competitor, these decisions carry antitrust risks when they are made jointly by two or more companies. Employees should avoid the following types of agreements, which may be viewed as illegal boycotts:

- An agreement among competitors not to do business with particular suppliers or customers.
- An agreement among certain competitors not to collaborate or do business with other competitors.
- An agreement to the request of two or more customers, or two or more suppliers, not to do business with competitors of the companies making the request.

A boycott can be based on an absolute refusal to do business with the targeted companies, or on a willingness to do business with them only on certain conditions. Some agreements of this type can be legal, but employees should not enter or discuss any of these agreements without first consulting the Compliance Officer of the Company.

1.1.4 Limitation of production

Agreements that limit or control production, supply, markets, technical development investment or provision of services are also considered to be anticompetitive. It is illegal for competing companies to agree to stop production, or to limit this to a certain level, rather than allowing normal competitive forces to determine their independent production decisions.



1.1.5 Cartelization & Bid rigging

Cartels are agreements among competitors to fix prices, restrict output, and allocate markets, rig bids and so on. All cartels are illegal, whether the agreement is written or oral, expressly made or implied. Cartels are the most serious form of antitrust violation. Participation in a cartel can lead to severe penalties, including imprisonment of the employees involved.

Agreements or understandings between competitors regarding prices or terms and conditions to be submitted in response to a bid request are generally prohibited. This includes agreeing not to bid. Generally, there are two common forms of bid-rigging, one in which firms agree to submit common bids and the other where bids are submitted in such a way that each firm wins an agreed number or value of contracts.

1.1.6 Joint purchasing

Joint purchasing agreements between individual competitors may restrict competition and therefore be prohibited when they limit the parties' freedom and/or prevent other suppliers from supplying them to a substantial extent. Moreover, collective purchasing agreements may lead to a substantial purchasing power, which may be interpreted as a collective dominant position of the joint buyers

1.1.7 Joint commercialisation

Agreements between competitors to jointly sell, distribute or promote their products may raise antitrust law concerns where such agreements limit the individual participants in their freedom to determine their own commercial policy and to advertise individually.

1.1.8 Exchange of information

In general it is illegal for competing companies to exchange information which may influence the independent determination of their individual commercial policy, such as information regarding sales quantities, prices, cost structure, discounts and other trading conditions, or information relating to their individual customers and/or suppliers.

1.1.9 Site visits at competitors business

Site visits by or to competitors run the risk of violating antitrust laws. They should be kept to a minimum and limited to health, safety, environmental and similar operational initiatives and should not result in disclosing or obtaining commercially sensitive information. If competitor personnel discuss commercially sensitive information or ask questions about commercially sensitive information, bring the conversation to an end and report the incident to Compliance Officer of the Company.

Guidance Note: Do's and Don'ts' with Competitors

Always

- Avoid contact with competitors unless having a legitimate reason for it
- Maintain the record of purposes of any meetings with competitors.
- Avoid any discussion regarding confidential information or business secrets with competitors
- If a competitor starts discussing any of the items listed under "Do Not" below, always mention that you cannot discuss such matters, terminate the conversation, keep an accurate file note of this and of what was said, and inform Legal and compliance team of your company.



- Remember that a competitor is not a legitimate source of competitive intelligence.
- Maintain Vedanta’s independence of judgement in pricing, marketing and selling of any product. Avoid any action which could imply any coordination with competitors

Never

- Discuss or agree to price fixing, timing of pricing changes, distribution practices, terms of sales or other terms and conditions on which your company does business
- Discuss or agree to restrictions concerning markets (by location or customer) or marketing schedules
- Discuss or agree on joint action designed to fix or manipulate the evolution of market shares artificially
- Discuss or fix quotas on output or sales (limitation of or agreement on capacities for example)
- Discuss or agree to the boycotting of any customers, competitors or suppliers
- Discuss or agree to limit or control any investment or technical development
- Receive from a customer, detailed information about a competitor’s offer/bid unless the structure of the bidding process and information is open and accessible to all participants
- Ask a competitor to indicate its sales/purchase or policies or technology processes
- Directly or indirectly disclose to or exchange any commercially sensitive information with competitors, unless the same has been specifically approved by Compliance Officer.
- Use a trade publication or a journalist as an indirect means of passing commercially sensitive information to competitors.
- Allow access to, seek access from or discuss confidential or other unpublished business information (such as prices; surcharges; costs of production or distribution; profitability; strategy, business and marketing plans; product development plans; information on customers).

1.2 Relations with suppliers & distributors

Unlike agreements with competitors, many agreements with customers/suppliers are necessary and entirely appropriate in the course of day-to-day business. Vertical agreements are agreements between persons at different levels of the production chain such as an agreement between a manufacturer and a distributor. Any agreement amongst enterprises or persons at different stages or levels of the production chain in different markets, in respect of production, supply, distribution, storage, sale or price of, or trade in goods or provision of services, including tie-in arrangement, exclusive supply agreement, exclusive distribution agreement, refusal to deal, resale price maintenance, may be an agreement in contravention of antitrust law if such agreement causes or is likely to cause an appreciable adverse effect on competition in a relevant market.

1.2.1 Tie-in agreement

Tie-in agreements have been defined as including any agreement requiring a purchaser of goods (called tying product), as a condition of such purchase, to purchase some other goods (called tied product). Generally, employee should not enter into commercial relations conditional upon the acceptance of unrelated additional services, without proper economic justification.



1.2.2 Exclusive supply agreement

Any agreement restricting in any manner, the purchase from acquiring or otherwise dealing in any good other than those of the seller or any other person may raise antitrust concerns. Exclusive supply dealing agreements may be anti-competitive if they block or create barriers to entry by not permitting other manufacturers to enter the market.

1.2.3 Exclusive distribution agreement

Any agreement or limit, restrict or otherwise withhold the output or supply of any goods or allocate any area or market for the disposal or sale of goods may create antitrust law issue fall within the category of exclusive distribution agreements. Normally, unsolicited/passive sales by exclusive distributor out of their assigned territory should not be prohibited.

1.2.4 Resale price agreements

Resale price of maintenance,, includes an agreement to sell goods on condition that the prices to be charged on the resale by the purchaser shall be the prices stipulated by the seller unless it is clearly stated that prices lower than those prices may be charged. The use of threats, intimidation, warnings, monitoring penalties, delay or suspension of deliveries as a means of fixing the resale price should not adopted.

1.2.5 One-sided agreements

Agreements entered by the Company where it has superior bargaining power and is able to dictate terms that are overwhelmingly one-sided are considered to be as anti-competitive.

Guidance Note: Do's and Don'ts' with suppliers & customers

Always

- Consider recommending a resale price (it should be unilaterally suggested with no effect of a fixed or minimum price as a result of pressure or incentives).
- Justify the objective purpose of choosing exclusive distribution as your sales method.
- Sell two products together as a package, only if the customer can also get them separately.

Never

- Fix the resale price/ profit margin of a product with your distributor.
- Prevent your distributor from reselling your product in a given territory.
- Prohibit unsolicited/passive sales by exclusive distributors out of their assigned territory.
- Execute exclusive agreements (to buy, sell or limit the territory) of a long duration (to be determined based on local legislation and subject to circumstantial analysis) when you have a relatively large market share.
- Make entering into commercial relations conditional upon the acceptance of unrelated additional services, without justification.
- Directly or indirectly attempt to obtain information about competitors, from your customers or suppliers.
- Obtain competitors' information on their current or future price, profit margins or costs, bids, market share, distribution practices, terms of sales, specific customers or vendors.



- Act in a manner that unfairly favours or benefits one customer over another.
- Do not receive from a supplier detailed information about its offer to a competitor of the Company.
- Require from your customers to purchase one (less desirable) product in order to obtain another (more desirable) product.
- Use one-sided clause in the agreements

1.3 Behavior at trade associations' meetings

Various companies under the Group are members of many trade associations. These associations can be effective in gathering and disseminating appropriate information as well as in representing the industry to the public, government officials and agencies.

It is perfectly legitimate for employees to participate in trade associations, such activities are not allowed to go beyond such legitimate purpose and notably should not be used as a forum for illegal collusion between competitors, for example by facilitating price fixing, market and customer allocation arrangements.

Any decisions of associations of companies which have the object or effect to restrict competition are equally prohibited. Antitrust authorities are normally suspicious about such "official" meetings with competitors. In order to deal with those suspicions, Trade Association should have a competition compliance policy which it strictly adheres to.

Guidance Note: Do's and Don'ts' at trade associations' meeting

Always

- Stay SOLID if discussions stray into risk areas:
 - State – that you cannot discuss such matters
 - Object – and if meeting is formal, ask for your objection to be minuted
 - Leave meeting if discussion continues and if meeting is formal, ask for your departure to be minuted
 - Inform the law department of the discussion
 - Document the meeting, discussions and your response
- Prior approval should be taken before joining any trade association and before accepting any decision making position in such organization.
- An agenda should be circulated well in advance of any meeting and that agenda should not have any anti-competitive issues to be discussed and that agenda is strictly complied with.
- Minutes should be recorded and distributed.
- Keep distance from any decision (to be) taken by the trade association which may violate antitrust laws. If it continues, leave the meeting (do not accept any documentation) and make sure that your action is recorded
- Same principles should be applied in discussions outside the formal trade association meeting (e.g., during lunches or dinners).
- Carefully share non-commercially sensitive information about a customer or supplier, such as its credit rating or health & safety record. However, Vedanta must unilaterally decide whether to deal with such a customer/supplier;
- Attend only meetings of legitimate trade and professional associations held for proper business or professional purposes.

**Never**

- Participate in trade association gatherings where there is exchange of Commercially Sensitive Information.
- Issue advice to the members on any Commercially Sensitive Issues, such as price, technology and cost factors.
- Follow any decision taken by a trade association which may infringe on antitrust laws
- Agree, or even discuss, with a competitor to submit a “complementary bid” (i.e., a bid that does not fulfil requirements of a tender);
- Agree to restrict or increase production, including levels of production, manufacturing processes and/or supply of services;
- Share technological solutions for specific projects / purchasing/sales strategy, including whether to purchase/sell products or systems from a particular supplier/to a particular customer, or at which conditions;
- Agree to impose a collective boycott of a supplier or customer or a competitor without a legitimate reason.

“**Commercially Sensitive Information**” is information that can influence a commercial decision or strategy of the Group or its competitor, and includes information about past, current or future:

- Pricing elements (e.g., discounts, calculation methods), planned price changes;
- Sales/purchase revenue, volumes, territories, order position, customer lists, agreements, terms of sale;
- Offers, bids planned /made (technical specifications and Terms & Conditions);
- Cost structures (R&D, production & distribution), profit margins, capacity utilization, output;
- R&D plans & their results.

“**Information is not commercially sensitive**” if:

- It does not relate to parameters of competition;
- It is in the public domain;
- It is historic (information older than 1 year – use your discretion); or
- It is sufficiently aggregated to lose its sensitivity.

1.4 Benchmarking:

Obtaining information about competition may also have anti-competitive effects; it may enable the companies to better understand where they can improve follow prices and other business practices.

Guidance Note: Do’s and Don’ts’ on Benchmarking**Always**

- Obtain information from public sources or from independent third parties
- Normally try to obtain historical data only (i.e. data which is at least 12 months old)
- Conduct a benchmarking exercise with ‘sister’ companies/divisions/units
- Conduct benchmarking exercise which is unilateral, i.e., where the Company itself or with help of an independent consultant - without receiving any information from industry parties - compares its performance to that of other industry players using Competitive Intelligence;
- Conduct benchmarking exercise with companies which are not competitors of Vedanta entities;



- Conduct benchmarking exercise with competitors only if it relates to data which is not commercially sensitive, for e.g., human resource management, staffing, etc.
- Have a legitimate detailed benchmarking work plan
- Benchmarking exercises involving competitors must be approved by the compliance officer and be conducted according to a written benchmarking plan drafted specifically.
- Benchmarking exercises must be limited to technical aspects of the business, unless approved by the Compliance Officer.

Never

- Try to obtain information directly from competitor
- Conduct internal benchmarking if it is not based on public information without checking with Legal and Compliance team of your company.
- Conduct benchmarking without involving an independent organisation, if possible
- Make any direct contact with competitors during or in relation to an internal benchmarking exercise
- Discuss the results of an internal benchmarking exercise with other participants or competitors.

2 Abuse of Dominance:

A company has a dominant position if it enjoys a position of economic strength (and market power) which enables it to prevent effective competition and to behave independently of its competitors, customers, and consumers to an appreciable extent. The position starts to be assessed taking into account the company's market share. Very large market shares, maintained stable for a long time can be considered as evidence for the existence of a dominant position. In practice, a company is unlikely to be individually dominant if its market share is below a certain percentage.

However, the criterion for dominance is qualitative rather than quantitative. It is not strictly concerned with a specific market share in relevant market. However, dominance is presumed by most antitrust authorities where a market share of 50% or more exists on a given relevant market. It is important to keep in mind that, being dominant is not at all problematic under antitrust law; only the abuse of a dominant position on a given relevant market is prohibited.

2.1 Relevant market under antitrust law:

A relevant market definition under antitrust law has a product/services and geographical dimension. The relevant product/service market is understood as a market comprising "all those products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of the products' characteristics, their prices and their intended use".

The relevant geographic market is defined as comprising "the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous and which can be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas".

The main purpose of market definition is to identify in a systematic way the competitive constraints that the companies involved face.



2.2 Examples of Abuse of Dominance behaviour

Most of the abusive practices relate to pricing policy of a dominant company.

A dominant's company's pricing may neither be excessive, predatory nor discriminatory. Rebates and discounts also can constitute an issue where a dominant position is reinforced by a particular scheme. Other types of behaviour can also constitute an abuse, for instance tying or bundling (packaged selling of unconnected products) and under specific circumstances, a refusal to supply may also be abusive.

2.2.1 Excessive pricing

A dominant firm can abuse its position by charging excessive/unfair prices under antitrust law, when its pricing policy has no reasonable relation to the economic value of the product and this can be determined by a twofold test: (i) the price-cost margin is excessive and (ii) the price imposed is either unfair in itself or when compared to competing products.

2.2.2 Loyalty rebates

A dominant firm should engage in reduction schemes which enhance loyalty. Discounts may be granted, but they should always be based on efficiency gains and linked to identifiable cost savings such as on volume. In particular, fidelity rebates, i.e. rebates conditional on the customer purchasing all or a large portion of its requirements from the supplier over a certain period are unlawful. These rebates restrict the customer from switching to alternative suppliers and as a result, are able to foreclose competing suppliers from the opportunity to make sales to those customers bound.

Target rebates, i.e. rebates that are conditional upon the distributor reaching certain targets, are in most instances unlawful for dominant firms. The same applies for discount schemes making reference to market share targets or market share minima. Non-written, non-transparent or subjective rebate schemes may be unlawful under antitrust law.

2.2.3 Predatory Pricing

Predatory pricing refers to a practice of a dominant firm of driving rivals out of business by selling at a price below the cost of production. It is a commercial strategy by which a dominant firm first lowers its price to a level which will ultimately force its rivals out of the market. When the latter have been successfully expelled, the company can raise the prices again and reap the rewards.

2.2.4 Discrimination in prices or other trading conditions

It is illegal for a company having a dominant position in the relevant market to enforce different prices or other trading conditions upon different customers in similar situations, or discriminatory licensing conditions, without objective justification.

Differentiation may be permissible if it is justified on objective grounds. For example, a lower price may be warranted where a distributor performs additional services not provided by other distributors or where larger volumes are purchased.

2.2.5 Refusal to supply

In general, there is no absolute obligation to supply, particularly where it concerns a potential customer with whom there has been no previous trading relationship. However, under antitrust law a dominant company is required to have some reasonable and fair commercial reason for cutting off or reducing supplies to an existing customer. Objective justifications might include real concerns about the customer's creditworthiness or a shortage of the relevant product.



Guidance Note: Do’s and Don’ts’ on Abuse of Dominance

Always

- Treat similar customers and distributors consistently and without any discrimination and any changes in this policy should have proper economic justification.
- Ensure that refusal to supply is discussed in advance with the legal department and record the business reasons – justifiable reasons such as concerns about creditworthiness or shortage of product.
- Provide quantity rebates, which reflect cost savings in economies of scale, and are available to all buyers and without any restriction on buyer’s choice of supplier.

Never

- Grant discounts rebates or fidelity bonuses only after consulting with Business Owner/Compliance officer.
- Pricing should not give a false impression of excessive or predation in market.
- Unreasonably and without any commercial reason cut off or reduce supplies to an existing customer/supplier.
- Agree to refuse to deal based on discussions or agreements with competitors.
- Do not apply different discounts / rebates for different customers unless it is economically justifiable.
- Grant loyalty rebates or discounts which have the effect of tying a customer to a supplier or any rebates which are based on the percentage of its requirements purchased by a customer.

3. Language used in internal document and outside

Even if a company is in full compliance with antitrust laws, its oral and written communications may still suggest otherwise. In reality, that perfectly legal behaviour can become suspect, simply because of a poor choice of words. Discussing the legality of certain behaviour in writing is inadvisable for the same reasons; while the author may be wrong in suggesting that certain behavior may not be allowed, it nevertheless raises the attention of the antitrust authority. Be careful with the language you choose in your documents and outside communication. If your text could be misinterpreted, give more contexts and/or use clearer language. Consider how documents could be read by other employees, competitors and antitrust law authorities.

3.1 Red flag words/phrases

The following are examples of terms and phrases which should be avoided in any communication, correspondence or agreement relating to Vedanta group’s activities as they could create an unwarranted inference of anticompetitive behavior or intent:

- | | |
|----------------------------------------------------------|--------------------------------------|
| - Dominant/dominate the market | - A “right” margin |
| - Fix prices/control prices | - Control/stabilize the market |
| - Prevent imports | - Divide/partition the market |
| - Reserve a market | - Reasonable competition; no cowboys |
| - Share the market/coordinate prices | - Drive out of the market |
| - Smash/crush the competition | - Eradicate competition |
| - Eliminate from the market | - Boycott |
| - Destroy this document/delete this e-mail after reading | |
| - “Our” market | |



4. Regulatory Approvals by Antitrust Authorities in case of M & A

Acquisitions of assets or equity from another company may violate the antitrust laws if the effect of the acquisition could impair competition. Parties to transactions that meet certain financial thresholds, regardless of the deal's effect on competition, must give prior notice to respective antitrust authority.

To ensure the Company's compliance with this notice requirement, employees must consult to the respective Compliance Officer of the Company, before reaching an agreement on a transaction that would result in the acquisition by the Company (or by any affiliate) of either assets, equity or a combination.

The failure to file a required notice with the antitrust agencies can have serious consequences. The parties can be:

- Fined per day for each day that they proceed without filing.
- Required to undo their transaction.
- Forced to delay closing until they have made a filing and the specified waiting period has expired.

The company's corporate transaction must also avoid "gun jumping" (that is, taking substantial steps to coordinate or integrate their activities before the required waiting period has expired). Standard contractual provisions that require a target to preserve its assets and operations until closing usually raise no issues. However, when the acquiring party exercises significant influence over the management of the target, or where the parties coordinate their business activities, the antitrust authority may conclude that the parties are enjoying the benefits of their transaction prematurely and seek to impose fines.

4.1 Non-compete clauses

Non-compete clauses are justified, if such provisions:

- are for limited time periods, when the transfer of the business includes the transfer of customer loyalty in the form of both goodwill and know-how and up to two years, when only goodwill is transferred;
- have a clearly prescribed limited geographic scope;
- remain limited to products forming the economic activity of the business transferred; and
- do not extend to a prohibition of holding shares purely for financial investment purposes - the investments can be limited, where the shareholding, directly or indirectly, leads to any management functions or any material influence in the competing company.

Guidance Note: Do's and Don'ts' on M&A

Always

- Submit Merger filings before the regulatory antitrust authorities (where required)
- Consult Business Owner/Compliance officer before finalizing any M& A activities.
- Do proper antitrust due diligence before starting M& A activities.



- Operate as separate entities and continue to compete until the transaction is complete.
- Do mention any reasons why pre-merger coordination between merging entities is necessary.
- The Company may make unilateral decisions regarding the future of the merged entity and internally do what is necessary to carry out those decisions.
- The Company and its merging entity can jointly plan for the consolidation.
- Share balance sheets, income statements, and tax returns, current and projected sales revenues, lists of current products, manufacturing operations,
- Share general information regarding existing joint ventures or similar relationships with third parties (giving due consideration to confidentiality obligations).

Never

- Complete an M&A transaction without doing approaching the concerned antitrust authorities for their clearance.
- Discuss commercially sensitive information n/ related to any other entity besides the entities involved in the merger transaction.
- Establish joint product development teams or co-mingle personnel until the merger is complete unless a strong justification for the same is available.
- Dictate to the merging entity the prices and terms of trade to be offered by it to its customers, or what customers it may not approach.
- Limit the merging entity's participation in trade shows and other business development opportunities.
- Agree upon prices, sales terms, customers, and sales territories prior to closing of the merger.

5. Regulatory Compliance Monitoring Mechanism

It is the obligation of every employee to strictly comply with the applicable antitrust laws. In order to ensure and monitor compliance, following monitoring mechanism has adopted.

5.1 Reporting Channels

To fulfil the Group's commitment to comply with antitrust law, all employees have an obligation to report any of the following:

- A violation of the law.
- Conduct that might be a violation of the law.
- Questionable conduct that might indicate a violation.

A report may be made to any of the following:

- An employee's supervisor, unless the employee suspects that the supervisor has participated in or condoned the violation.
- A member of the Law Department.
- The Compliance Hotline.

5.2 Reporting to the Compliance Hotline

The Compliance Hotline is a service that any employee can contact to report any violation or potential violation of the law. Employees can also use the Compliance Hotline to seek any guidance on legal and ethical compliance. The Compliance Hotline can be contacted through one of the following channels:

Telephone (India) +91- 22 - 66461000

Email: sgl.whistleblower@vedanta.co.in

Your reports to the Compliance Hotline will be confidential, if you so request.



Exhibit 12.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Tom Albanese, certify that:

1. I have reviewed this Annual Report on Form 20F of Vedanta Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a15(e) and 15d15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a15(f) and 15d15(f)) for the company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 14, 2015

By: /s/ Tom Albanese

Name: Tom Albanese

Title: Chief Executive Officer



Exhibit 12.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Din Dayal Jalan, certify that:

1. I have reviewed this Annual Report on Form 20F of Vedanta Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a15(e) and 15d15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a15(f) and 15d15(f)) for the company and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: August 14, 2015

By: /s/ Din Dayal Jalan

Name: Din Dayal Jalan

Title: Chief Financial Officer



Exhibit 13.1

Certification of Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Vedanta Limited (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying annual report on Form 20F of the Company for the year ended March 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2015

By: /s/ Tom Albanese
Name: Tom Albanese
Title: Chief Executive Officer



20018GsPjMyztb6wX

Exhibit 13.2

Certification of Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Vedanta Limited (the "Company") hereby certifies, to such officer's knowledge, that:

- (i) the accompanying annual report on Form 20F of the Company for the year ended March 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 14, 2015

By: /s/ Din Dayal Jalan

Name: Din Dayal Jalan

Title: Chief Financial Officer



20018GsPjM!Hw26Q<

Exhibit 15.6

DEGOLYER AND MACNAUGHTON
5001 SPRING VALLEY ROAD
SUITE 800 EAST
DALLAS, TEXAS 75244

This is a digital representation of a DeGolyer and MacNaughton report.

Each file contained herein is intended to be a manifestation of certain data in the subject report and as such is subject to the definitions, qualifications, explanations, conclusions, and other conditions thereof. The information and data contained in each file may be subject to misinterpretation; therefore, the signed and bound copy of this report should be considered the only authoritative source of such information.





20018GsPnWPO3xGgR

DeGOLYER AND MACNAUGHTON
5001 SPRING VALLEY ROAD
SUITE 800 EAST
DALLAS, TEXAS 75244

APPRAISAL REPORT
as of
MARCH 31, 2015
on the
PROVED RESERVES
of
CERTAIN FIELDS
in
INDIA
owned by
CAIRN INDIA LIMITED
for
VEDANTA LIMITED



20018GsPnWwNt2oh64

DEGOLYER AND MACNAUGHTON

TABLE of CONTENTS

	<u>Page</u>
FOREWORD	1
Scope of Investigation	1
Authority	3
Source of Information	4
DEFINITION of RESERVES	5
ESTIMATION of RESERVES	11
VALUATION of RESERVES	14
Discussion of Fiscal Terms	15
RJ-ON-90/1 PSC (Rajasthan)	15
CB/OS-2 PSC	16
PKGM-1 License Area (Ravva)	16
SUMMARY and CONCLUSIONS	18
TABLES	
Table 1 – Gross Proved Reserves	
Table 2 – Net Proved Reserves	
Table 3 – Reconciliation of Net Proved Reserves	
Table 4 – Standardized Measure of Discounted Future Net Cash Flows and Changes therein relating to Proved Reserves	



20018GsPjMuyJiy0*

DEGOLYER AND MACNAUGHTON
5001 SPRING VALLEY ROAD
SUITE 800 EAST
DALLAS, TEXAS 75244

APPRAISAL REPORT
as of
MARCH 31, 2015
on the
PROVED RESERVES
of
CERTAIN FIELDS
in
INDIA
owned by
CAIRN INDIA LIMITED
for
VEDANTA LIMITED

FOREWORD

Scope of Investigation

This report presents an appraisal, as of March 31, 2015, of the estimates of the extent and value of the proved oil, condensate, and sales-gas reserves of certain fields in India in which Cairn India Limited (Cairn) has represented that it owns an interest under the terms of various production sharing contracts (PSC) with the Government of India (GOI). This report has been prepared at the request of Vedanta Limited. Vedanta Limited has represented that it is the parent company and 58.9-percent owner of Cairn.

Estimates of proved reserves presented in this report have been prepared in compliance with the regulations promulgated by the United States Securities and Exchange Commission (SEC). These reserves definitions are discussed in detail in the Definition of Reserves section of this report.

Reserves estimated in this report are expressed as gross and net reserves. Gross reserves are defined as the total estimated petroleum to be produced from these properties after March 31, 2015. Net reserves are defined as that portion of the gross reserves attributable to the interests owned by Cairn after deducting all interests owned by others.



20018GsPnWNR/Mf6-

DEGOLYER AND MACNAUGHTON

Certain properties in which Cairn has represented that it owns an interest are subject to the terms of various production sharing agreements. The terms of these agreements generally allow for working-interest participants to be reimbursed for portions of capital costs and operating expenses and to share in the profits. The reimbursements and profit proceeds are converted to a barrel of oil equivalent or standard cubic foot of gas equivalent by dividing by product prices to estimate the “entitlement reserves.”

These entitlement reserves are equivalent in principle to net reserves and are used to calculate an equivalent net share, termed an “entitlement interest.” In this report, Cairn’s net reserves or interest for certain properties subject to these agreements is the entitlement based on Cairn’s working interest.

The fields evaluated herein are located in the CB/OS-2 PSC (three fields), the RJ-ON-90/1 PSC (six fields), and the PKGM-1 License Area (one field).

The CB-X, Gauri, and Lakshmi fields are located in the CB/OS-2 PSC, the Aishwariya, Aishwariya Barmer Hill, Bhagyam, Mangala, Mangala Barmer Hill, N-E, N-I, Raagashwari (Shallow), Raagashwari Deep, and Saraswati fields are located in the RJ-ON-90/1 PSC, and the Ravva field is located in the PKGM-1 License Area.

The net entitlement interests for the properties evaluated in this report are calculated for each PSC and may change from year-to-year depending on changes to the estimated costs projected for each field, the timing of production as well as price assumptions. Estimates of the entitlement interest for each PSC are as follows:

<u>Area</u>	<u>Net Entitlement Interest</u>	
	<u>Oil and Condensate (percent)</u>	<u>Gas (percent)</u>
CB/OS-2 PSC	27.50	28.09
RJ-ON-90/1 PSC	42.75	44.94
PKGM-1 License Area	12.40	11.05



20018GsPnWNsy316z

DEGOLYER AND MACNAUGHTON

This report also presents values that were estimated for proved reserves using prices and costs as of the date the estimate was made. In this report, the prices and costs were held constant for the lives of the properties. An explanation of the price and cost assumptions is included in the Valuation of Reserves section of this report.

Values of the proved reserves in this report are expressed in terms of estimated future net revenue and present worth. Future net revenue is calculated by deducting cash royalties, operating expenses, capital costs, production taxes, and host country income tax from the future gross revenue. Future gross revenue is that revenue which will accrue to the appraised interests from the production and sale of the estimated net reserves attributable to Cairn. Operating expenses include field operating expenses, workover costs, compression costs, and all other direct costs specified by Cairn. Present worth is defined as the future net revenue discounted at a specified arbitrary discount rate compounded monthly over the expected period of realization. Present worth should not be construed as fair market value because no consideration was given to additional factors that influence the prices at which properties are bought and sold.

Estimates of oil, condensate, and sales-gas reserves and future net revenue should be regarded only as estimates that may change as further production history and additional information become available. Not only are such reserves and revenue estimates based on that information which is currently available, but such estimates are also subject to the uncertainties inherent in the application of judgmental factors in interpreting such information.

Authority

This report was authorized by Mr. Arun G. Kumar, Dy. CFO, Vedanta Limited.



20018GsPnWNSn!g

DEGOLYER AND MACNAUGHTON

Source of Information

Information used in the preparation of this report was obtained from Cairn. In the preparation of this report we have relied, without independent verification, upon information furnished by Cairn with respect to the properties to be evaluated, the production from such properties, current costs of operation and development, current prices for production, agreements relating to current and future operations and sale of production, and various other information and data that were accepted as represented. A field examination of the properties was not considered necessary for the purposes of this report.



DEGOLYER AND MACNAUGHTON

DEFINITION of RESERVES

Petroleum reserves included in this report are classified as proved. Only proved reserves have been evaluated for this report. Reserves classifications used in this report are in accordance with the reserves definitions of Rules 4-10(a) (1)-(32) of Regulation S-X of the SEC. Reserves are judged to be economically producible in future years from known reservoirs under existing economic and operating conditions and assuming continuation of current regulatory practices using conventional production methods and equipment. In the analyses of production-decline curves, reserves were estimated only to the limit of economic rates of production under existing economic and operating conditions using prices and costs consistent with the effective date of this report, including consideration of changes in existing prices provided only by contractual arrangements but not including escalations based upon future conditions. The petroleum reserves are classified as follows:

Proved oil and gas reserves – Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

(i) The area of the reservoir considered as proved includes:

(A) The area identified by drilling and limited by fluid contacts, if any, and (B) Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.

(ii) In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty.



DEGOLYER AND MACNAUGHTON

(iii) Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.

(iv) Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:

(A) Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and
(B) The project has been approved for development by all necessary parties and entities, including governmental entities.

(v) Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

Probable reserves – Probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered.



DEGOLYER AND MACNAUGHTON

- (i) When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.
- (ii) Probable reserves may be assigned to areas of a reservoir adjacent to proved reserves where data control or interpretations of available data are less certain, even if the interpreted reservoir continuity of structure or productivity does not meet the reasonable certainty criterion. Probable reserves may be assigned to areas that are structurally higher than the proved area if these areas are in communication with the proved reservoir.
- (iii) Probable reserves estimates also include potential incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than assumed for proved reserves.
- (iv) See also guidelines in paragraphs (iv) and (vi) of the definition of possible reserves.

Possible reserves – Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.

- (i) When deterministic methods are used, the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.
- (ii) Possible reserves may be assigned to areas of a reservoir adjacent to probable reserves where data control and interpretations of available data are progressively less certain. Frequently, this will be in areas where geoscience and engineering data are unable to define clearly the area and vertical limits of commercial production from the reservoir by a defined project.



DEGOLYER AND MACNAUGHTON

(iii) Possible reserves also include incremental quantities associated with a greater percentage recovery of the hydrocarbons in place than the recovery quantities assumed for probable reserves.

(iv) The proved plus probable and proved plus probable plus possible reserves estimates must be based on reasonable alternative technical and commercial interpretations within the reservoir or subject project that are clearly documented, including comparisons to results in successful similar projects.

(v) Possible reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from proved areas by faults with displacement less than formation thickness or other geological discontinuities and that have not been penetrated by a wellbore, and the registrant believes that such adjacent portions are in communication with the known (proved) reservoir. Possible reserves may be assigned to areas that are structurally higher or lower than the proved area if these areas are in communication with the proved reservoir.

(vi) Pursuant to paragraph (iii) of the proved oil and gas definition, where direct observation has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves should be assigned in the structurally higher portions of the reservoir above the HKO only if the higher contact can be established with reasonable certainty through reliable technology. Portions of the reservoir that do not meet this reasonable certainty criterion may be assigned as probable and possible oil or gas based on reservoir fluid properties and pressure gradient interpretations.



DEGOLYER AND MACNAUGHTON

Developed oil and gas reserves – Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

Undeveloped oil and gas reserves – Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.
- (ii) Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time.
- (iii) Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in [section 210.4-10 (a) Definitions], or by other evidence using reliable technology establishing reasonable certainty.



DEGOLYER AND MACNAUGHTON

The extent to which probable and possible reserves ultimately may be reclassified as proved reserves is dependent upon future drilling, testing, and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element. No probable or possible reserves have been evaluated for this report.



DEGOLYER AND MACNAUGHTON

ESTIMATION of RESERVES

Estimates of reserves were prepared by the use of appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry as presented in the publication of the Society of Petroleum Engineers entitled "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information (Revision as of February 19, 2007)." The method or combination of methods used in the analysis of each reservoir was tempered by experience with similar reservoirs, stage of development, quality and completeness of basic data, and production history.

Based on the current stage of field development, production performance, the development plans provided by Cairn, and the analyses of areas offsetting existing wells with test or production data, reserves were categorized as proved, probable, or possible.

When applicable, the volumetric method was used to estimate the original oil in place (OOIP) and original gas in place (OGIP). Structure maps and isopach maps were used to estimate reservoir volumes. Electrical logs, radioactivity logs, core analyses, and other available data were used to prepare these maps as well as to estimate representative values for porosity and water saturation. When adequate data were available and when circumstances justified, material-balance and other engineering methods were used to estimate OOIP and OGIP.

For those reservoirs where the volumetric method was applied, estimates of ultimate recovery were obtained after applying recovery factors to OOIP or OGIP. These recovery factors were based on consideration of the type of energy inherent in the reservoirs, analyses of the petroleum, the structural positions of the properties, and the production histories. When applicable, material-balance and other engineering methods were used to estimate recovery factors. In such cases, an analysis of reservoir performance, including production rates, reservoir pressures, gas-oil ratio (GOR) behavior, and water-oil ratio (WOR) behavior, was used in the estimation of reserves.

For depletion-type reservoirs or those whose performance disclosed a reliable decline in producing-rate trends or other diagnostic characteristics, reserves were estimated by the application of appropriate decline curves or other performance relationships. In the analyses of production-decline curves, reserves were estimated only to the limits of economic production based on existing economic conditions.



DEGOLYER AND MACNAUGHTON

In certain cases, when the previously named methods could not be used, reserves were estimated by analogy with similar wells or reservoirs for which more complete data were available.

Estimates of proved reserves contained herein are based on forecasts that terminate at the economic limit, as defined in the Definition of Reserves section of this report, or at the end of the concession life, whichever occurs first.

Gas reserves estimated herein are expressed as sales gas at a temperature base of 60 degrees Fahrenheit and a pressure base of 14.7 pounds per square inch absolute. Separator gas is defined as the total gas produced from the reservoir after deductions for normal field separation, but before fuel usage and flare losses. Sales gas is defined as the separator gas to be delivered to a pipeline inlet after deductions for fuel usage and flare and the removal of nonhydrocarbon components to meet gas sales specifications. Estimates of fuel usage have been provided by Cairn.

The oil and condensate reserves estimated in this report are expressed in terms of 42 United States gallons per barrel. Crude oil reserves are to be recovered by conventional field operations. Condensate reserves are to be recovered by normal field separation.

Data available through January 2015 were used to prepare the estimates shown herein. Production was estimated for the months of February and March 2015. Estimated gross oil, gas, and condensate production was deducted from gross ultimate recovery to arrive at estimates of gross reserves shown herein.

The gross and net proved reserves evaluated herein are presented in Tables 1 and 2, respectively. A reconciliation of the net proved oil and condensate and sales-gas reserves, as of March 31, 2015, is shown in Table 3.



DEGOLYER AND MACNAUGHTON

The estimated gross and net proved developed, proved undeveloped, and total proved oil and condensate and sales-gas reserves, as of March 31, 2015, of the properties evaluated herein are summarized as follows, expressed in millions of barrels (MMbbl) and billions of cubic feet (Bcf):

Proved Developed				Proved Undeveloped				Total Proved			
Oil and Condensate (MMbbl)		Sales Gas (Bcf)		Oil and Condensate (MMbbl)		Sales Gas (Bcf)		Oil and Condensate (MMbbl)		Sales Gas (Bcf)	
Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
186.75	73.94	14.87	3.55	35.24	16.15	4.45	1.34	221.99	90.09	19.31	4.89

Note: Net reserves include the 41.1-percent minority share not owned by Vedanta Limited.



20018GsPnWLtbeB6/

DEGOLYER AND MACNAUGHTON

VALUATION of RESERVES

This report has been prepared using prices and costs and future price and cost assumptions specified by Cairn. Future prices were estimated using guidelines established by the SEC and the Financial Accounting Standards Board (FASB).

All economic information provided by Cairn has been expressed in United States dollars (U.S.\$) or Indian rupees (Rs.), and all revenue estimates included herein are expressed in Rs. using an exchange rate of Rs.61.15 per U.S.\$1.00.

Revenue values in this report have been estimated for the properties using fiscal terms and economic parameters provided by Cairn. A discussion of the fiscal terms and other economic parameters follows.

Oil and Condensate Prices

Cairn has represented that the oil and condensate prices were based on a 12-month average price, calculated as the unweighted average of the first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period, unless prices are defined by contractual agreements. All oil and condensate estimated herein is sold under contractual agreements. The volume-weighted average adjusted product price attributable to estimated proved reserves was U.S.\$76.67 per barrel for oil and condensate, based on a 12-month average Brent reference price of U.S.\$85.43 per barrel. Cairn supplied differentials by field to the Brent reference price, and these prices were held constant for the lives of the properties.

Natural Gas Prices

Cairn has represented that the natural gas prices are defined by contractual agreements based on specific market conditions. The volume-weighted average adjusted product price attributable to estimated proved reserves was U.S.\$6.81 per thousand cubic feet. The average contract prices for each contract area were held constant for the lives of the properties.



DEGOLYER AND MACNAUGHTON

Operating Expenses and Capital Costs

Estimates of future operating expenses and capital costs were based on information provided by Cairn. This information included historical costs as well as operating expense and capital cost estimates for future development. Estimates of future operating expenses and capital costs, either higher or lower than the Cairn development plan estimates, may have been made in order to conform to the respective reserves cases.

Abandonment Costs

Abandonment cost estimates were provided by Cairn for each field or contract area and were included as capital costs through escrow payments over the life of the remaining reserves.

All cost estimates were held constant for the life of the evaluation (March 2015 terms).

Discussion of Fiscal Terms

RJ-ON-90/1 PSC (Rajasthan)

Cairn has represented that under the terms of the PSC signed with the GOI, the Contractor (Cairn and its partners) has the right to recover costs and share in the profit proceeds with the GOI. The Licensee (ONGC) pays royalties of 20 percent on the wellhead value of oil and condensate sales and 10 percent on the wellhead value of gas sales. The Contractor is liable for a production tax (termed "cess") of Rs.4,552 per tonne of oil produced. Royalties and cess are considered allowable costs for cost recovery purposes. Profits are shared based on a sliding scale tied to the ratio of cumulative revenues divided by cumulative investments (exploration and development). Income taxes are assessable at statutory rates for domestic and foreign companies (Cairn's interests are held by two entities: one domestic entity and one foreign entity).



DEGOLYER AND MACNAUGHTON

CB/OS-2 PSC

Cairn has represented that under the terms of the PSC signed with the GOI, the Contractor has the right to recover costs and share in the profit proceeds with the GOI. The Contractor is not responsible for royalties or cess under the terms of this contract. Profits are shared based on a sliding scale tied to the after-tax rate of return. Income taxes are assessable at statutory rates for domestic companies.

PKGM-1 License Area (Ravva)

Cairn has represented that under the terms of the PSC signed with the GOI, the Contractor has the right to recover costs and share in the profit proceeds with the GOI. The Contractor pays royalties of Rs.481 per tonne on oil sales and 10 percent on the wellhead value of gas sales. The Contractor is also liable for a cess of Rs.927 per tonne of oil produced. Royalties and cess are considered allowable costs for cost recovery purposes. Profits are shared based on a sliding scale tied to the after-tax rate of return. Income taxes are assessable at statutory rates for domestic companies.

The estimated future net revenue and present worth of the future net revenue at a discount rate of 10 percent to be derived from the proved developed and total proved net reserves evaluated herein, as of March 31, 2015, are presented below in millions of Indian rupees (MM Rs.) and millions of United States dollars (MM U.S.\$):

<u>Proved Developed</u>		<u>Total Proved</u>		<u>Proved Developed</u>		<u>Total Proved</u>	
<u>Future Net Revenue (MM Rs.)</u>	<u>Present Worth at 10 Percent (MM Rs.)</u>	<u>Future Net Revenue (MM Rs.)</u>	<u>Present Worth at 10 Percent (MM Rs.)</u>	<u>Future Net Revenue (MM U.S.\$)</u>	<u>Present Worth at 10 Percent (MM U.S.\$)</u>	<u>Future Net Revenue (MM U.S.\$)</u>	<u>Present Worth at 10 Percent (MM U.S.\$)</u>
162,870	136,586	197,037	157,369	2,664	2,234	3,157	2,573

Note: Future net revenue and present worth at 10 percent include the 41.1-percent minority share not owned by Vedanta Limited.

Standardized measure of discounted future net cash flows (SMV) and changes therein relating to proved reserves, as of March 31, 2015, are shown in Table 4. The SMV is the net present worth discounted at 10 percent.



DEGOLYER AND MACNAUGHTON

In our opinion, the information relating to estimated proved reserves, estimated future net revenue from proved reserves, and present worth of estimated future net revenue from proved reserves of oil, condensate, and gas contained in this report has been prepared in accordance with Paragraphs 932-235-50-4 through 932-235-50-9, 932-235-50-30, and 932-235-50-31 of the Accounting Standards Update 932-235-50, *Extractive Industries – Oil and Gas (Topic 932): Oil and Gas Reserve Estimation and Disclosures* (January 2010) of the Financial Accounting Standards Board and Rules 4-10(a) (1)-(32) of Regulation S-X and Rules 302 (b), 1201, 1202(a) (1), (2), (3), (4), (8), and 1203(a) of Regulation S-K of the Securities and Exchange Commission.

To the extent the above-enumerated rules, regulations, and statements require determinations of an accounting or legal nature, we, as engineers, are necessarily unable to express an opinion as to whether the above-described information is in accordance therewith or sufficient therefor.



DEGOLYER AND MACNAUGHTON

SUMMARY and CONCLUSIONS

The estimated net proved developed, proved undeveloped, and total proved oil and condensate, sales-gas, and oil equivalent reserves, as of March 31, 2015, of certain fields attributable to the interests of Cairn and located in India are summarized as follows, expressed in millions of barrels (MMbbl), billions of cubic feet (Bcf), and millions of barrels of oil equivalent (MMboe):

	Net Reserves		
	Oil and Condensate (MMbbl)	Sales Gas (Bcf)	Oil Equivalent (MMboe)
Proved Developed	73.94	3.55	74.53
Proved Undeveloped	16.15	1.34	16.38
Total Proved	90.09	4.89	90.91

Notes:

- Sales gas is converted to oil equivalent using a factor of 6,000 cubic feet of gas per 1 barrel of oil equivalent.
- Net reserves include the 41.1-percent minority share not owned by Vedanta Limited.

Estimates of the present worth derived from the proved developed and total proved reserves of Cairn's net petroleum interests, as of March 31, 2015, discounted at a rate of 10 percent and expressed in millions of Indian rupees (MM Rs.) and millions of United States dollars (MM U.S.\$), are presented in the following table:

	Present Worth at 10 Percent (MM Rs.)	Present Worth at 10 Percent (MM U.S.\$)
Proved Developed	136,586	2,234
Total Proved	157,369	2,573

Note: Future net revenue and present worth at 10 percent include the 41.1-percent minority share not owned by Vedanta Limited.

While the oil and gas industry may be subject to regulatory changes from time to time that could affect an industry participant's ability to recover its oil and gas reserves, we are not aware of any such governmental actions which would restrict the recovery of the March 31, 2015, estimated oil and gas reserves.



20018GsPjMv=dHSQ

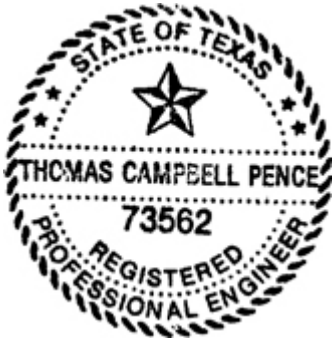
DEGOLYER AND MACNAUGHTON

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. Our fees were not contingent on the results of our evaluation. This report has been prepared at the request of Vedanta Limited. DeGolyer and MacNaughton has used all assumptions, procedures, data, and methods that it considers necessary to prepare this report.

Submitted,

/s/ Degolyer and MacNaughton
DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

SIGNED: April 24, 2015



/s/ Thomas C. Pence, P.E.

Thomas C. Pence, P.E.
Senior Vice President
DeGolyer and MacNaughton



TABLE 1
GROSS PROVED RESERVES
as of
MARCH 31, 2015
for
CERTAIN FIELDS
in
INDIA
with interests owned by
CAIRN INDIA LIMITED
for
VEDANTA LIMITED

Area Field	Gross Reserves								
	Proved Developed			Proved Undeveloped			Total Proved		
	Oil and Condensate (MMbbl)	Sales Gas (Bcf)	Oil Equivalent (MMboe)	Oil and Condensate (MMbbl)	Sales Gas (Bcf)	Oil Equivalent (MMboe)	Oil and Condensate (MMbbl)	Sales Gas (Bcf)	Oil Equivalent (MMboe)
CB/OS-2 PSC									
CB-X	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Guari	0.409	0.208	0.444	0.000	0.228	0.038	0.409	0.436	0.482
Lakshmi	2.741	1.255	2.950	1.431	4.218	2.134	4.172	5.473	5.084
Total CB/OS-2 PSC	3.150	1.463	3.394	1.431	4.446	2.172	4.581	5.909	5.566
RJ-ON-90/IPSC									
Aishwariya	25.795	0.000	25.795	0.000	0.000	0.000	25.795	0.000	25.795
Aishwariya - Barmer Hill	1.611	0.000	1.611	0.000	0.000	0.000	1.611	0.000	1.611
Bhagyam	17.509	0.000	17.509	0.000	0.000	0.000	17.509	0.000	17.509
Mangala	118.823	0.000	118.823	33.550	0.000	33.550	152.373	0.000	152.373
Mangala - Barmer Hill	1.822	0.000	1.822	0.000	0.000	0.000	1.822	0.000	1.822
N-E	0.484	0.000	0.484	0.000	0.000	0.000	0.484	0.000	0.484
N-I	1.176	0.000	1.176	0.000	0.000	0.000	1.176	0.000	1.176
Raagashwari (Shallow)	0.731	0.000	0.731	0.258	0.000	0.258	0.989	0.000	0.989
Raagashwari Deep	1.338	5.163	2.199	0.000	0.000	0.000	1.338	5.163	2.199
Saraswati	0.763	0.000	0.763	0.000	0.000	0.000	0.763	0.000	0.763
Total RJ-ON-90/1 PSC	170.052	5.163	170.913	33.808	0.000	33.808	203.860	5.163	204.721
PKGGM-1 License Area									
Ravva	13.546	8.239	14.919	0.000	0.000	0.000	13.546	8.239	14.919
Grand Total	186.748	14.865	189.226	35.239	4.446	35.980	221.987	19.311	225.206

Note: Sales gas is converted to oil equivalent using a factor of 6,000 cubic feet of gas per 1 barrel of oil equivalent.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE 2
NET PROVED RESERVES
as of
MARCH 31, 2015
for
CERTAIN AREAS
in
INDIA
with interests owned by
CAIRN INDIA LIMITED
for
VEDANTA LIMITED

Area	Net Reserves								
	Proved Developed			Proved Undeveloped			Total Proved		
	Oil and Condensate (MMbbl)	Sales Gas (Bcf)	Oil Equivalent (MMboe)	Oil and Condensate (MMbbl)	Sales Gas (Bcf)	Oil Equivalent (MMboe)	Oil and Condensate (MMbbl)	Sales Gas (Bcf)	Oil Equivalent (MMboe)
CB/OS-2 PSC	0.81	0.38	0.87	0.45	1.28	0.67	1.26	1.66	1.54
RJ-ON-90/1PSC	71.45	2.26	71.83	15.70	0.06	15.71	87.15	2.32	87.54
PKGGM-1 License Area	1.68	0.91	1.83	0.00	0.00	0.00	1.68	0.91	1.83
Total	73.94	3.55	74.53	16.15	1.34	16.38	90.09	4.89	90.91

Notes:

- Sales gas is converted to oil equivalent using a factor of 6,000 cubic feet of gas per 1 barrel of oil equivalent.
- Net reserves include the 41.1-percent minority share not owned by Sesa Sterlite Ltd.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE 3
RECONCILIATION of NET PROVED RESERVES
as of
MARCH 31, 2015
for
CERTAIN PROPERTIES
in
INDIA
with interests owned by
CAIRN INDIA LIMITED
for
VEDANTA LIMITED

	<u>Oil and Condensate (MMbbl)</u>	<u>Sales Gas (Bcf)</u>	<u>Oil Equivalent (MMboe)</u>
Proved Developed and Undeveloped Reserves as of March 31, 2014	111.53	6.95	112.69
Revisions	7.65	1.29	7.87
Improved Recovery	0.00	0.00	0.00
Purchases or (Sales) of Minerals in Place	0.00	0.00	0.00
Extensions and Discoveries	2.28	0.16	2.31
Annual Production	(31.37)	(3.51)	(31.96)
Proved Developed and Undeveloped Reserves as of March 31, 2015	90.09	4.89	90.91
Proved Developed Reserves			
March 31, 2014	75.40	6.03	76.41
March 31, 2015	73.94	3.55	74.53

Notes:

1. Sales gas is converted to oil equivalent using a factor of 6,000 cubic feet of gas per 1 barrel of oil equivalent.
2. Net reserves include the 41.1-percent minority share not owned by Sesa Sterlite Ltd.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.



TABLE 4
STANDARDIZED MEASURE of DISCOUNTED FUTURE NET CASH
FLOWS and CHANGES THEREIN relating to PROVED RESERVES
as of
MARCH 31, 2015
for
CERTAIN PROPERTIES
in
INDIA
with interests owned by
CAIRN INDIA LIMITED
for
VEDANTA LIMITED

	Total Proved (MM Rs.)	Total Proved (MM U.S.\$)
Future cash inflows	424,446	6,941
Future production costs	175,304	2,867
Future development costs	45,859	750
Future income tax expenses	10,246	168
Future net cash flows	193,037	3,157
10% annual discount for estimated timing of cash flows	(35,668)	(583)
Standardized measure of discounted future net cash flows	157,369	2,573
The following are the principal sources of change in the standardized measure of discounted future net cash flows during Fiscal Year 2014 (All values are in MM Rs. and U.S.\$):		
Standardized Measure March 31, 2014	235,486	3,851
Sales and transfers of oil and gas produced, net of production costs	(99,909)	(1,634)
Net changes in prices and production costs	(81,576)	(1,334)
Extensions, discoveries and improved recovery	5,384	88
Development costs incurred during the period	43,829	717
Revisions of previous quantity estimates	17,798	291
Change in estimated development costs	(19,292)	(315)
Purchase or (Sales) of Minerals in Place	0	0
Accretion of discount	28,321	463
Net change in income taxes	27,328	447
Other	0	0
Standardized Measure March 31, 2015	157,369	2,573

Note: Values for proved net reserves include the 41.1-percent minority share not owned by Vedanta Limited.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.