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**VEDANTA RESOURCES PLC**

*(Incorporated and registered in England and Wales No. 04740415)*

Proposed acquisition of minority interests in Hindustan Zinc and BALCO  
and  
Notice of General Meeting

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**Your attention is drawn to the letter from the Chairman which is set out on pages 4 to 8 of this document and recommends you to vote in favour of the resolutions to be proposed at the General Meeting referred to below. You should read the whole of this document and in particular the risk factors set out on pages 9 to 10 of this document when considering what action you should take in connection with the General Meeting.**

Notice of a General Meeting of the Company, to be held at 3.30 p.m. or immediately following the conclusion of the Annual General Meeting if the Annual General Meeting is not concluded by 3.30 p.m. on 28 August 2012 at The Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED, is set out at the end of this document. The Form of Proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned to the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by no later than 3.30 p.m. on 23 August 2012. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish. Voting directions and proxy appointments may be completed electronically and details are given in the Notice of General Meeting set out at the end of this document.

## CONTENTS

	<i>Page</i>
Expected Timetable of Principal Events	3
Part I Letter from the Chairman of Vedanta Resources plc	4
Part II Risk Factors	9
Part III Presentation of Information	11
Part IV Financial Information relating to HZL and BALCO	13
Part V Unaudited Pro Forma Statement of Net Assets	17
Part VI Description of the Transactions	21
Part VII Reserves and Resources Information	23
Part VIII Additional Information	25
Part IX Definitions and Glossary of Technical Terms	32
Part X Documentation Incorporated by Reference	36
Notice of General Meeting	

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>1</sup>

<u>Event</u>	<u>Expected time/date 2012</u>
Latest time for receipt of Forms of Proxy or CREST proxy instructions for General Meeting	3.30 p.m. on 23 August
General Meeting to approve the Transactions	To be held at 3.30 p.m. or immediately following the conclusion of the Annual General Meeting if the Annual General Meeting is not concluded by 3.30 p.m. on 28 August

Note:

1. As the GoI has not, to date, accepted the Company's offer to acquire the GoI's interests in HZL and BALCO, there is no certainty that the Transactions will proceed and, if they do proceed, when the acquisitions might occur.

## PART I

### LETTER FROM THE CHAIRMAN OF VEDANTA RESOURCES PLC



(Incorporated and registered in England and Wales, Registration No. 04740415)

Directors:

Anil Agarwal: Executive Chairman  
Navin Agarwal: Deputy Executive Chairman  
Mahendra Singh Mehta: Chief Executive Officer  
Naresh Chandra: Non-Executive Director and Senior Independent Director  
Aman Mehta: Non-Executive Director  
Euan R. MacDonald: Non-Executive Director  
Geoffrey Green: Non-Executive Director

Registered Office:

2<sup>nd</sup> Floor  
Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ

9 August 2012

*To Shareholders and, for information only, to holders of options under the Vedanta share option scheme*

Dear Shareholder,

#### **Proposed acquisition of minority interests in Hindustan Zinc and BALCO and Notice of General Meeting**

##### **Introduction**

The Group currently has equity interests in HZL and BALCO of 64.9 per cent. and 51.0 per cent. respectively and the GoI has equity interests in HZL and BALCO of 29.5 per cent and 49.0 per cent respectively. On 9 January 2012, Vedanta offered to acquire the GoI's interests in Hindustan Zinc and BALCO for US\$2938 million and US\$338 million respectively. The Company has, by way of letters dated 10 April 2012 and 6 July 2012, sought to engage with the GoI on the same terms as the offer. To date, neither offer has been accepted by the GoI and therefore there is no certainty that either acquisition will proceed. Assuming the Sesa Sterlite Merger and Group Consolidation are effected, if the entirety of the GoI's interests are acquired, the Group's interests in HZL and BALCO would increase to 94.4 per cent. and 100.0 per cent. respectively and Vedanta's economic interests in HZL and BALCO would increase to 55.0 per cent and 58.3 per cent. respectively.

For the purposes of the Listing Rules, the HZL Acquisition and BALCO Acquisition are expected to be in aggregate (or in the case of the HZL Acquisition, on a stand-alone basis) of such a size as to require Shareholder approval. Although the GoI has not, to date, accepted the Company's offers, approval from Shareholders is being sought on the basis that the Company is authorised to negotiate the acquisition of the entirety of the GoI's interest in HZL for an aggregate consideration not more than 15 per cent. higher than the price offered and in BALCO for an aggregate consideration not exceeding US\$550 million. In addition, as the GoI holds substantial equity interests in both HZL and BALCO, the Transactions (including the associated settlement of ongoing litigation with the GoI relating to the contested exercise of call options) also constitute related party transactions for the purposes of the Listing Rules. Therefore, the Transactions are subject to and conditional upon Shareholder approval and a General Meeting, to be held on 28 August 2012, is being convened for the purpose of obtaining such consents. Even though the GoI has not accepted either offer, the Company is taking the opportunity to seek approval from Shareholders so that, if the offers are accepted, the Company can move to complete the Transactions in a timely manner.

Notice of the General Meeting is set out at the end of this document. The Board considers that the Resolutions are in the best interests of the Company and Shareholders and recommends that Shareholders vote in favour of the Resolutions as the Directors intend to do in respect of their own Shares.

As the GoI has not, to date, accepted the Company's offers, approval from Shareholders is being sought on the basis that the Company is authorised to negotiate the acquisition of the entirety of the GoI's interest in HZL for an aggregate consideration not more than 15 per cent. higher than the price offered and in BALCO for an aggregate consideration not exceeding US\$550 million. Of the shares held by the GoI in HZL and BALCO, the GoI has an option to transfer up to 3.5 per cent. of HZL's share capital to employees of HZL and up to 5.0 per cent. of BALCO's share capital to employees of BALCO. If the Company acquires an interest of between 26.0 per cent. and 29.5 per cent. in HZL's share capital and between 44.0 per cent. and 49.0 per cent. in BALCO's share capital no further Shareholder approval would be required provided that the aggregate price payable in the case of the HZL Acquisition is not more than 15 per cent higher than the amount offered or US\$550 million in the case of the BALCO Acquisition (or the relevant proportions thereof). If, following negotiations with the GoI, the aggregate consideration were to exceed these amounts or the relevant proportions thereof or if there is any material change to any other terms of the acquisitions from those described in Part VI of this document, further Shareholder approval would be required to be sought.

The HZL Acquisition and the BALCO Acquisition are independent of each other and are not inter conditional and therefore, subject to the receipt of Shareholder approval and any other consents required to implement the Transactions as described in this document, either acquisition may be completed without the other being implemented.

As the GoI has not, to date, accepted the Company's offers, there is no certainty that either acquisition will proceed, and, if it does proceed, when it might be implemented. However, the Company only intends to proceed with the acquisitions if, at the relevant time, there has been no material adverse change in the financial position, business or prospects of the Group or HZL or BALCO (as the case may be) and, in the opinion of the Board (including a majority of the independent non executive directors), it remains in the best interests of the Company and Shareholders as a whole to proceed with the acquisitions and the terms of the acquisitions remain fair and reasonable so far as Shareholders are concerned. In addition, if the acquisitions do not complete on or before 9 August 2013, further Shareholder approval would be required to be sought.

The purpose of this document is to: (i) explain the background to and reasons for the Transactions; (ii) explain why the Board considers the Transactions to be in the best interests of the Company and Shareholders as a whole, and fair and reasonable as far as Shareholders are concerned; and (iii) convene the General Meeting to seek Shareholder approval for the Transactions.

### **Background to and reasons for the Transactions**

The Group currently owns 64.9 per cent. of the share capital of HZL and has management control, with the remainder of HZL's share capital owned by the GoI (29.5 per cent.) and institutional and public shareholders and employees of HZL (5.6 per cent.). The Group currently owns 51.0 per cent. of the share capital of BALCO and has management control, with the remainder of BALCO's share capital owned by the GoI (49.0 per cent.).

The Group had previously exercised call options to acquire the GoI's remaining interests in HZL and BALCO at fair market value, subject in the case of HZL to the option of the GoI to transfer up to a 3.5 per cent. interest to HZL employees and in the case of BALCO to the option of the GoI to transfer up to a 5.0 per cent. interest to BALCO employees. The GoI has contested the exercise of the options. The dispute in relation to the purported exercise of the HZL option has been referred to arbitration proceedings and a hearing date has been set for 11 August 2012. In relation to the BALCO option, arbitration proceedings concluded that the provisions in the shareholders' agreement relating to the call option and its exercise violated Indian law. Subsequently, an application has been made by the Group to the High Court of Delhi to set aside the arbitration award and a final hearing commenced on 6 August 2012 with no determination having been made to date.

Separate from the contested exercise of the call options, on 9 January 2012, Vedanta made a written offer, together with verbal representations that such offers were subject to necessary approvals and financing, to acquire the GoI's remaining interests in HZL and BALCO. As part of these offers, Vedanta proposed to withdraw the ongoing litigation in relation to the contested exercise of the options should the offers be accepted. The GoI has not yet responded to the offers and therefore there is no certainty that either of the acquisitions will proceed. The Company has sought to continue to engage with the GoI to pursue the acquisitions.

Given HZL and BALCO are consolidated into Vedanta's accounts, the Company expects that whether both the HZL Acquisition and BALCO Acquisition or either thereof are implemented, the results previously attributable to the non-controlling interests will henceforth be attributable to the equity holders of Vedanta.

## **Information on HZL**

The Group's zinc business is the largest and amongst the lowest cost zinc-lead producers globally. HZL produced 830 kt of mined zinc-lead which accounted for 65 per cent. of the total aggregate zinc-lead produced by the Group in the financial year ended 31 March 2012. HZL's current zinc-lead capacity is over 1 mtpa and its silver capacity is 16 Moz.

HZL's fully integrated zinc operations include four lead-zinc mines, four hydrometallurgical zinc smelters, one lead smelter, one lead-zinc smelter, four sulphuric acid plants, one silver refinery in the State of Rajasthan in northwest India, five captive power plants in northwest India, one hydrometallurgical zinc smelter, one sulphuric acid plant at the Vizag facility in the State of Andhra Pradesh in southeast India and one zinc ingot melting and casting plant at Haridwar in the State of Uttarakhand in northern India. Production at the Vizag facility is currently suspended.

## **Information on BALCO**

The Group's aluminium business is strategically well located in the bauxite and coal reserve rich region of India. BALCO produced 246 kt of aluminium in the financial year ended 31 March 2012 which accounted for 36 per cent. of the total aggregate aluminium produced by the Group in the financial year ended 31 March 2012. Following the completion of scheduled expansion projects, BALCO's aluminium business expects to have a smelting capacity of 0.6 mtpa with integrated power.

## **The Transactions**

The GoI has not, to date, accepted the offers made by the Company on 9 January 2012 to acquire the GoI's interests in HZL and BALCO of 29.5 per cent. and 49.0 per cent. respectively for consideration of US\$2938 million and US\$338 million respectively. The Company has, by way of letters dated 10 April 2012 and 6 July 2012, sought to engage with the GoI on the same terms as the offer but, to date, is yet to receive any response from the GoI. If the offers are accepted the acquisitions would not be conditional on the receipt of any approvals or consents assuming Shareholder approval is obtained. The acquisitions would be implemented by way of an off market transfer of the shares with the GoI executing share transfer forms. Accordingly, with the exception of a representation as to title to the HZL and BALCO shares, the GoI would not be providing any representations or warranties in relation to HZL and BALCO or their respective businesses and there would be no price adjustment mechanism following completion of the acquisitions. The Company would be obliged to pay the cash consideration in full on completion of the acquisitions. The Company anticipates that there would be no other substantive terms of the acquisitions. If there is any material change to the terms of the acquisitions from those described in Part VI of this document, further Shareholder approval would be required to be sought.

If the HZL Acquisition takes place, in order to retain the listing of HZL's shares on each of the BSE and NSE, the Group would be obliged to divest approximately 19.4 per cent. of its shareholding in HZL (assuming that the Group acquires the entirety of the GoI's interest in HZL (29.5 per cent.)) within 12 months in order to satisfy the minimum public shareholding requirement of 25 per cent. imposed by the Securities and Exchange Board of India. If the Company is unable to meet the free float requirement within the 12 month period the Company may seek a time extension within which to sell down its interest. Alternatively, the Company may seek to delist the HZL shares from the NSE and the BSE by making an offer to purchase the remaining shares at a price determined by way of a reverse book-build process.

The Company proposes to fund the Transactions using existing cash resources of the Group. If the Transactions are implemented and the Group acquires the entirety of the GoI's interests in HZL (29.5 per cent.) and BALCO (49.0 per cent.), Vedanta's economic interests in HZL and BALCO would increase to 55.0 per cent. and 58.3 per cent. respectively. If the Group is obliged to reduce its interest in HZL to 75 per cent. in order to comply with the minimum public shareholding requirement described above, Vedanta's economic interest in HZL would be reduced to 43.7 per cent.

Under the Listing Rules, the acquisitions by the Company are expected to be in aggregate (or in the case of the HZL Acquisition, on a stand-alone basis) of such a size as to require Shareholder approval. In addition, as the GoI holds substantial equity interests in HZL and BALCO, the Transactions (including the associated settlement of ongoing litigation with the GoI relating to the contested exercise of call options) also constitute related party transactions for the purposes of the Listing Rules. Therefore, the Transactions are subject to and conditional upon Shareholder approval and a General Meeting, to be held on 28 August 2012, is being convened for the purpose of obtaining such consents. Even though the GoI has not accepted either offer, the Company is taking the

opportunity to seek approval from Shareholders so that, if the offers are accepted, the Company can move to complete the Transactions in a timely manner. To the best of the knowledge and belief of the Company, the GoI does not hold any shares in the Company and therefore it will not be entitled to vote on the Resolutions.

As the GoI has not, to date, accepted the Company's offers, there is no certainty that such acquisitions will proceed, and, if they do proceed, when they might be implemented. However, the Company only intends to proceed with the acquisitions if, at the relevant time, there has been no material adverse change in the financial position, business or prospects of the Group or HZL or BALCO (as the case may be) and, in the opinion of the Board (including a majority of the independent non executive directors), it remains in the best interests of the Company and Shareholders as a whole to proceed with the acquisitions and the terms of the acquisitions remain fair and reasonable so far as Shareholders are concerned. In addition, if the acquisitions do not complete on or before 9 August 2013, further Shareholder approval would be required to be sought.

The Group had call options to acquire the GoI's remaining interests in both HZL and BALCO at fair market value subject to the Employee Option Rights. The Group exercised the call options on 21 July 2009 (HZL) and 19 March 2004 (BALCO) and, under the relevant contractual documentation, the sale and purchase of the GoI's interests ought to have been completed 60 days after the date of exercise of the options at a price equal to fair market value of the shares as determined by an independent appraiser. However, the GoI contested the exercise of the call options and the purchases have not been completed. The dispute in relation to the purported exercise of the HZL option has been referred to arbitration proceedings and a hearing date has been set for 11 August 2012. In relation to the BALCO option, arbitration proceedings concluded that the provisions in the shareholders' agreement relating to the call option and its exercise violated Indian law. Subsequently, an application has been made by the Group to the High Court of Delhi to set aside the arbitration award and a final hearing commenced on 6 August 2012 with no determination having been made to date.

If the Company succeeds in the proceedings it is uncertain whether the Company would be obliged to pay the GoI an amount equal to the fair market value of the interests determined as at July 2009 or March 2004 (as applicable) or alternatively fair market value as at the date of acquisition of each interest. The GoI contend that fair market value of the interests should be assessed as at the date of acquisition of each interest. However, it is at least arguable that the valuation should be determined as at the date of exercise of the options in July 2009 and March 2004 (as applicable). As at 20 July 2009 the market value of the GoI's 29.5 per cent interest in HZL was US\$1,738 million (using the prevailing spot rate of exchange at the time). As at 7 August 2012 (being the latest practicable date prior to the publication of this document) the market value of the GoI's 29.5 per cent interest in HZL was US\$2,688 million. As at 31 March 2004, the GoI's 49.0 per cent interest in BALCO was assessed by an independent adviser, jointly instructed by the Company and the GoI, and was valued at US\$193 million (using the prevailing spot rate of exchange at the time). The latest independent valuation, as at 31 March 2007, valued the GoI's 49.0 per cent interest at US\$286 million (using the prevailing spot rate of exchange at the time).

The Company anticipates that it will be a condition of any agreement reached with the GoI in relation to the acquisition of the GoI's interest in HZL or as the case may be BALCO that the Company withdraws the ongoing litigation in relation to the contested exercise of the relevant call option. The Company therefore believes that there may be benefit to the GoI in the Company completing the Acquisitions and subsequently withdrawing the litigation. Whilst it is difficult to quantify with any certainty the value of the benefit passing to the GoI in these circumstances, the value of the benefit passing may equate to approximately US\$1,649 million in respect of HZL, being the difference between the market value of the interest in HZL on 20 July 2009 and the maximum consideration set out in this document and approximately US\$357 million in respect of BALCO, being the difference between the value of the interest in BALCO on 31 March 2004 and the maximum consideration set out in this document. However, other factors will also be relevant in any such analysis, including the probability of success of the litigation and the likely timeframe and costs associated with such litigation.

### **Financial effects of the Transactions**

Given HZL and BALCO are consolidated into Vedanta's accounts, the Company expects that whether both the HZL Acquisition and BALCO Acquisition or either thereof are implemented, the results previously attributable to the non-controlling interests will henceforth be attributable to the equity holders of Vedanta.

Further information on the expected effect of the Transactions on the assets and liabilities of the Group is set out in the unaudited pro forma statement of net assets in Part V of this document.

### **Current trading, trends and prospects**

As announced by the Company in its preliminary financial results on 17 May 2012, the Company has made considerable progress in the execution of its strategy this year, delivering production growth and increasing

reserves and resources across the portfolio, which contributed to the Company's strong EBITDA growth, up 12.9 per cent. on the comparable financial year ended 31 March 2011, to US\$4 billion. This was partially offset by higher operating costs and increased export duty rates on iron ore.

Group revenues for the financial year ended 31 March 2012 grew strongly to US\$14,005.3 million, up 22.6 per cent. compared with the previous year, and record production levels of refined zinc, lead, silver, power and aluminium were amongst the key drivers of the Group's strong operational performance.

The outlook for natural resources remains robust; continued industrialisation and urbanisation in both India and China and other emerging economies continue to drive demand and the Directors believe that the Company is well-positioned to serve these markets.

### **Risk factors**

Shareholders should consider fully the risk factors set out in Part II of this document.

### **General Meeting**

A notice convening a general meeting of the Company to be held at at 3.30 p.m. or immediately following the conclusion of the Annual General Meeting if the Annual General Meeting is not concluded by 3.30 p.m. on 28 August 2012 at The Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED is set out at the end of this document. A Form of Proxy to be used in connection with the General Meeting is enclosed. The purpose of the General Meeting is to seek Shareholder approval for the Transactions.

### **Action to be taken**

You will find enclosed a Form of Proxy for use at the General Meeting or at any adjournment thereof. Whether or not you intend to be present at that meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by 3.30 p.m. on 23 August 2012. Completion and return of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so wish.

### **Further information**

Your attention is drawn to the further information contained in Parts VII to X of this document. You are advised to read the whole of this document and not to rely solely on the information contained in this letter.

### **Recommendation**

The Board, which has been so advised by J.P. Morgan Cazenove, considers each of the HZL Acquisition and BALCO Acquisition to be fair and reasonable as far as Shareholders are concerned. In providing its advice, J.P. Morgan Cazenove has taken into account the commercial assessments of the Directors.

The Board considers the Transactions (whether both the HZL Acquisition and BALCO Acquisition or either thereof are implemented) to be in the best interests of the Company and Shareholders as a whole.

Accordingly, the Board recommends that Shareholders vote in favour of each of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings amounting (as at 7 August 2012, being the latest practicable date prior to the publication of this document) to 168,305,313 voting Shares in aggregate, representing approximately 63.32 per cent. of the Company's current issued ordinary share capital.

Yours faithfully

Anil Agarwal  
*Chairman*



## PART II

### RISK FACTORS

*The following risk factors, which the Directors believe include all known material risks in relation to the Transactions, should be carefully considered by Shareholders together with all other information included or incorporated by reference into this document when deciding what action to take in relation to the Transactions. If any or a combination of the following risks actually occurs, the business, financial condition and prospects of the Group could be adversely affected. In such case, the market price of the Shares could decline and you may lose all or part of your investment.*

*Any forward looking statements contained herein are made subject to the reservations specified under “Forward-Looking Statements” on page 12 of this document.*

***There is no certainty that the GoI will accept the Group’s offers to acquire the GoI’s interests in HZL and BALCO***

If Shareholder consent is obtained for the Transactions, there is no certainty that the GoI will accept the offers or, if they are accepted, when the acceptances will be forthcoming. Further, there is no certainty that the proposed HZL Acquisition and BALCO Acquisition will proceed on the terms referred to in this document and if there is any material change to the terms of the Transactions, further Shareholder approval would be required to be sought.

***If the Transactions proceed, the portion of the Group’s operating profit contributed by HZL and BALCO would increase significantly and any interruption in either HZL or BALCO’s operations could have a material adverse effect on the Group’s businesses, operating results, financial condition and/or prospects***

If both of the Transactions are implemented and the Group acquires the entirety of the GoI’s interests in HZL and BALCO, the Group will have a 94.4 per cent. interest in HZL and a 100.0 per cent. interest in BALCO. HZL and BALCO provided approximately 31.6 per cent. and 3.0 per cent. respectively of the Group’s EBITDA in fiscal 2012 and any interruption in HZL’s or BALCO’s operations could have a material adverse effect on the Group’s businesses, operating results, financial condition and/or prospects.

***If the acquisition of the GoI’s 29.5 per cent. interest in HZL takes place the Group will be obliged to divest a portion of its shareholding in HZL or alternatively the Company may choose to seek to delist the HZL shares from the NSE and the BSE which could result in the Group suffering a loss on its investment***

If the HZL Acquisition takes place, the Group may be obliged to divest a portion of its shareholding in HZL within a period of one year (or such longer period as may be agreed with the Securities and Exchange Board of India) such that the minimum public shareholding requirement of 25 per cent. imposed by the Securities and Exchange Board of India is complied with which could result in the Group suffering a loss on its investment. If the Company is unable to meet the free float requirement the Company may seek a time extension within which to sell down its interest. Alternatively, the Company may seek to delist the HZL shares from the NSE and the BSE by making an offer to purchase the remaining shares at a price determined by way of a reverse book-build process.

***If planned expansions and new projects are delayed, this could have a material adverse effect on the Group’s businesses, operating results, financial condition and/or prospects***

BALCO has a number of significant expansion plans for its existing operations and planned greenfield projects, which involve significant capital expenditure. The timing, implementation and cost of such expansions are subject to a number of risks, including the failure to obtain necessary leases, licences, permits, consents and approvals, or funding for the expansions. Any delay in completing planned expansions may have a material adverse effect on BALCO’s business, operating results, financial condition and/or prospects.

***A downgrade in Vedanta’s credit ratings may adversely affect the Group***

Although it is not anticipated that, if the acquisitions proceed, it will be to the detriment of Vedanta’s credit ratings, any future downgrade in Vedanta’s credit ratings which may otherwise occur may adversely affect the Group’s ability to access capital and would likely result in more stringent covenants and higher interest rates under the terms of any new indebtedness.

***The Group's stated reserves and resources are only estimates based on a range of assumptions and there can be no assurance that the estimates or grades will be achieved***

The Group's reserves and resources (including in relation to HZL and BALCO) described in this document constitute estimates and no assurance can be given that the estimates or grades will be achieved. There can be no assurance that on site drilling or other exploratory work will result in the affirmation of previous estimates or that production will proceed as contemplated by the Group. The estimated resources described in this document should not be interpreted as a statement of the commercial viability, potential or profitability of any future operations. Reserves data is not indicative of future operating results. If the Group's actual ore reserves and resources are less than current estimates or are rendered uneconomic, this could have a material adverse effect on the Group's businesses, operating results, financial condition and/or prospects.

***The Group's zinc business is substantially dependent upon HZL's Rampura Agucha lead-zinc mine and any interruption in the operations at this mine could have a material adverse effect on HZL's business, operating results, financial condition and/or prospects***

The Rampura Agucha lead-zinc mine, located in Gulabpura, District Bhilwara in the State of Rajasthan produced 55.6 per cent. of the Group's total mined metal in zinc and lead concentrate in fiscal 2012 and its zinc and lead metal content constituted 70.6 per cent. of the Group's proved and probable zinc reserves as at 31 March 2012. The Group's zinc business provided 53.0 per cent. of its operating profit in fiscal 2012. The Group's operating results have been and are expected to continue to be substantially dependent on the reserves and low cost of production of the Rampura Agucha mine and any interruption in the operations at that mine for any reason could have a material adverse effect on HZL's operating results, financial condition and/or prospects. If the HZL Acquisition completes, the Group's economic exposure to the impact of this risk occurring will increase proportionately.

***HZL and BALCO are involved in a number of litigation matters which could individually or in the aggregate have a material adverse effect on their businesses, operating results, financial condition and/or prospects***

HZL and BALCO are each involved in a number of legal and arbitration proceedings, certain of which the Group has not provided for. In the event that any of these, or any other, contingent liabilities materialise as a result of any such legal or arbitration proceedings being determined against HZL and/or BALCO, the Group's financial condition may be adversely affected. If the Transactions complete, the Group's economic exposure to the impact of this risk occurring will increase proportionately.

## PART III

### PRESENTATION OF INFORMATION

#### 1. Introduction

The contents of this document should not be construed as legal, financial or tax advice. Shareholders should consult their own solicitor, financial adviser or tax adviser for legal, financial or tax advice.

Certain information in relation to the Company is incorporated by reference into this document. You should refer to Part X of this document for further details. Where the documents incorporated by reference themselves make reference to other documents, such other documents are not incorporated and do not form part of this document.

#### 2. Financial Information

Financial information relating to the Group, HZL and BALCO as at 31 March 2012 and for the years ended 31 March 2010, 2011 and 2012, extracted without material adjustment from the consolidation schedules that underlie the Group's audited consolidated accounts for the relevant periods, is set out on pages 13 to 16 of this document, is presented in US dollars and has been prepared in accordance with IFRS as adopted by the European Union, and has been audited in accordance with International Standards on Auditing (UK and Ireland).

#### 3. Information on Risk Factors

The risk factors set out in Part II of this document are those material risk factors of which the Directors are aware. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties relating to the Transactions. Additional risks and uncertainties that are not at present known to the Directors, or that the Directors currently deem immaterial, may also have a material and adverse effect on the Group's business, financial condition and prospects.

#### 4. No Profit Forecast

No statement in this document or incorporated by reference into this document is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for any member of the Group as appropriate.

#### 5. Basis of Presentation of Reserves

##### *Ore reserves and mineral resources*

The reported reserves are defined as being ore reserves as reported in accordance with the terms and definitions of the JORC Code. The reported ore reserves of each project are derived following a systematic evaluation of geological data and a series of technical and economic studies by the Vedanta Group's geologists and engineers. The results and procedures used in the majority of these studies have been periodically reviewed by independent consultants.

The estimation of the quantity and quality of the mineral occurrence is defined in two stages. In the first stage, the location, quantity, grade, geological characteristics and continuity of mineral resources are interpreted and estimated from specific geological evidence and knowledge. The geological evidence is gathered from exploration, sampling and testing information through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories.

In the second stage, the ore reserve is defined. An ore reserve is the economically mineable part of a measured and/or indicated mineral resource. 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 proved ore reserves.

The ore reserve estimates as at 31 March 2012 for the Group's mines have been estimated by management based on the last available independent reviews as depleted by internal production data in the intervening years.

In addition to the ore reserves, the Vedanta Group has identified further mineral deposits as either extensions of or additions to its existing operations that are subject to ongoing exploration and evaluation.

### *Reserves and production*

In this document, unless expressly stated otherwise, references to reserves and production are to total reserves and total production, respectively. Total reserves and total production mean that part of the reserves from a mine and that part of the production at mines and operations, respectively, that subsidiaries of the Company have an interest in or rights to. The Company does not wholly-own certain of its subsidiaries and therefore total reserves and total production include reserves and production, respectively, attributable to third party interests in controlled subsidiaries. Rounding adjustments have been made in calculating some of the reserves and production information included in this document. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

There are numerous uncertainties inherent in estimating ore reserves and estimates of ore reserves are based on certain assumptions so changes in such assumptions could lead to reported ore reserves being restated.

## **6. Forward-Looking Statements**

Certain statements contained in this document, including those in Part II: “Risk Factors” constitute “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “prepares”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Shareholders should specifically consider the factors identified in this document, which could cause actual results to differ, before making any decision whether to vote in favour of the Resolutions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Such risks, uncertainties and other factors include those set out more fully in Part II: “Risk Factors” and include, among others: general economic and business conditions, industry trends, competition, changes in government regulation, economic downturn and the Group’s ability to implement expansion plans. These forward-looking statements speak only as at the date of this document. Except as required by the FSA, the Listing Rules, the Prospectus Rules, the Disclosure and Transparency Rules, the London Stock Exchange, applicable law or relevant regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. This statement does not seek to qualify the working capital statements given at paragraph 6 of Part VIII of this document.

## **7. Rounding**

Certain figures included in this document and in the information incorporated by reference into this document have been subject to rounding adjustments. Accordingly, discrepancies in tables between the totals and the sums of the relevant amounts is due to rounding.

## **8. Time**

All references in this document to time are to London time unless stated.

## **9. Exchange Rates**

For the purposes of this document, save as referred to below, all INR amount(s) have been converted from INR to US\$ by reference to the prevailing spot rate of exchange of INR55.0688 per US\$1 as at 7 August 2012, unless stated otherwise.

References to the US\$ amount(s) offered by the Group to the GoI have been converted from INR to US\$ by reference to the prevailing spot rate of exchange of INR52.7325 per US\$1 as at 9 January 2012, being the date upon which the offer was made.

## **10. Definitions**

Capitalised terms used in this document have the meanings ascribed to them in Part IX of this document.

## PART IV

### Section A

#### FINANCIAL INFORMATION ON HZL

This Section A sets out summary financial information for HZL and has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial information of Vedanta for the periods referred to below.

A dispensation from Listing Rule 13.5.13R has been granted because the income statements for each of the years ending 31 March 2010, 2011 and 2012 have been prepared on a profit before interest and taxes basis as it is not possible to provide a meaningful allocation of interest-bearing debt and taxation charges given that these are allocated at a group level rather than a divisional level.

#### HZL BALANCE SHEET

<u>\$ million</u>	<u>As at 31 March 2012</u>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Goodwill	—
Intangible assets	—
Property, plant and equipment	1,846.8
Financial asset investments	19.7
Other non-current assets	31.2
Other financial assets (derivatives)	—
Deferred tax assets	—
	<u>1,897.7</u>
<b>Current assets</b>	
Inventories	154.5
Trade and other receivables	111.0
Other current financial assets (derivatives)	0.1
Liquid investments	3,568.0
Cash and cash equivalents	5.9
Current tax assets	7.2
	<u>3,846.7</u>
<b>TOTAL ASSETS</b>	<u>5,744.4</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short term borrowings	—
Trade and other payables	(187.1)
Other current financial liabilities (derivatives)	(0.1)
Retirement benefits	(3.3)
Provisions	—
Current tax liabilities	—
	<u>(190.5)</u>
<b>Net current assets</b>	<u>3,656.3</u>

<u>\$ million</u>	<u>As at 31 March 2012</u>
<b>Non-current liabilities</b>	
Medium and long term borrowings	(0.1)
Convertible bonds	—
Trade and other payables	(4.3)
Other financial liabilities (derivatives)	—
Deferred tax liabilities	(153.5)
Retirement benefits	—
Provisions	(0.8)
Non equity Non-controlling interests	—
	<u>(158.7)</u>
<b>TOTAL LIABILITIES</b>	<b><u>(349.2)</u></b>
<b>NET ASSETS</b>	<b><u>5,395.2</u></b>
<b>EQUITY</b>	
Share capital	165.2
Share premium account	—
Share based payment reserves	—
Convertible bond reserve	—
Hedging reserves	0.1
Other reserves	1,670.7
Treasury shares	—
Retained earnings	3,559.2
<b>Equity attributable to equity holders of the parent</b>	<b><u>5,395.2</u></b>
Non-controlling interests	—
<b>TOTAL EQUITY</b>	<b><u>5,395.2</u></b>

#### HZL: INCOME STATEMENT

<u>\$ million</u>	<u>Year ended 31 March 2012</u>	<u>Year ended 31 March 2011</u>	<u>Year ended 31 March 2010</u>
<b>Continuing operations</b>			
Revenue	2,347.5	2,174.8	1,690.8
Cost of sales	<u>(1,147.5)</u>	<u>(992.8)</u>	<u>(699.5)</u>
<b>Gross profit</b>	1,200.0	1,182.0	991.3
Other operating income	29.8	27.4	23.28
Distribution costs	(26.6)	(37.68)	(36.68)
Administrative expenses	(62.9)	(50.23)	(45.46)
Special items	<u>-9.0</u>	<u>(4.643)</u>	<u>—</u>
<b>Operating profit</b>	<u>1,131.3</u>	<u>1,117</u>	<u>932</u>

## Section B

### FINANCIAL INFORMATION ON BALCO

This Section B sets out summary financial information for BALCO and has been extracted without material adjustment from the consolidation schedules that underlie the audited consolidated financial information of Vedanta for the periods referred to below.

A dispensation from Listing Rule 13.5.13R has been granted because the income statements for each of the years ending 31 March 2010, 2011 and 2012 have been prepared on a profit before interest and taxes basis as it is not possible to provide a meaningful allocation of interest-bearing debt and taxation charges given that these are allocated at a group level rather than a divisional level.

#### BALCO BALANCE SHEET

<u>\$ million</u>	<u>As at 31 March 2012</u>
<b>ASSETS</b>	
<b>Non-current assets</b>	
Goodwill	—
Intangible assets	—
Property, plant and equipment	1,903.1
Financial asset investments	—
Other non-current assets	11.5
Other financial assets (derivatives)	—
Deferred tax assets	—
	<u>1,914.6</u>
<b>Current assets</b>	
Inventories	110.0
Trade and other receivables	84.0
Other current financial assets (derivatives)	0.5
Liquid investments	—
Cash and cash equivalents	48.6
Current tax assets	1.7
	<u>244.8</u>
<b>TOTAL ASSETS</b>	<u><b>2,159.4</b></u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Short term borrowings	(267.0)
Trade and other payables	(268.7)
Other current financial liabilities (derivatives)	—
Retirement benefits	(1.7)
Provisions	(15.7)
Current tax liabilities	—
	<u>(553.1)</u>
<b>Net current assets</b>	<u><b>(308.3)</b></u>

<u>\$ million</u>	<u>As at 31 March 2012</u>
<b>Non-current liabilities</b>	
Medium and long term borrowings	(443.5)
Convertible bonds	—
Trade and other payables	(51.8)
Other financial liabilities (derivatives)	—
Deferred tax liabilities	(100.4)
Retirement benefits	(20.6)
Provisions	—
Non equity Non-controlling interests	—
	<u>(616.3)</u>
<b>TOTAL LIABILITIES</b>	<b><u>(1,169.4)</u></b>
<b>NET ASSETS</b>	<b><u>990.0</u></b>
<b>EQUITY</b>	
Share capital	43.1
Share premium account	—
Share based payment reserves	—
Convertible bond reserve	—
Hedging reserves	—
Other reserves	167.1
Treasury shares	—
Retained earnings	779.8
	<u>990.0</u>
<b>Equity attributable to equity holders of the parent</b>	<b><u>990.0</u></b>
Non-controlling interests	—
<b>TOTAL EQUITY</b>	<b><u>990.0</u></b>

#### BALCO: INCOME STATEMENT

<u>\$ million</u>	<u>Year ended 31 March 2012</u>	<u>Year ended 31 March 2011</u>	<u>Year ended 31 March 2010</u>
<b>Continuing operations</b>			
Revenue	778.1	794.2	721.3
Cost of sales	<u>(662.5)</u>	<u>(617.6)</u>	<u>(552.7)</u>
<b>Gross profit</b>	115.6	176.6	168.6
Other operating income	8.5	13.8	14.8
Distribution costs	(23.0)	(7.3)	(7.1)
Administrative expenses	(38.3)	(46.5)	(35.0)
Special items	<u>(1.3)</u>	<u>(7.8)</u>	<u>(4.9)</u>
<b>Operating profit</b>	<u>61.5</u>	<u>128.8</u>	<u>136.4</u>



**PART V**

**UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP**

**Pro forma financial information**

The unaudited pro forma statement of net assets of the Group set out below has been prepared on the basis discussed below, to illustrate the effect of the HZL Acquisition and BALCO Acquisition as if the Transactions had occurred as at 31 March 2012. The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results.

**Basis of preparation**

The pro forma statement of net assets is based on the net assets of the Vedanta Group as at 31 March 2012, which have been extracted without material adjustment from its audited balance sheet as at 31 March 2012.

**Pro Forma Statement of Net Assets of the Group**

<u>Description</u>	<u>Vedanta Group as at 31 March 12</u>	<u>Adjustment HZL Acquisition (Note 1)</u>	<u>Adjustment BALCO Acquisition (Note 2)</u>	<u>Total Adjustment</u>	<u>Pro forma as at 31 March 12</u>
			(US\$ million)		
Goodwill . . . . .	16.6				16.6
Property Plant and Equipment . . . . .	34,598.2				34,598.2
Financial Asset Investments . . . . .	209.6				209.6
Other Non-Current Assets . . . . .	122.3				122.3
Other Financial Asset (Derivatives) . . . . .	22.8				22.8
Deferred Tax Asset . . . . .	402.8				402.8
<b>Total Non-Current Assets . . . . .</b>	<b><u>35,372.3</u></b>				<b><u>35,372.3</u></b>
Inventories . . . . .	1,704.1				1,704.1
Trade and Other Receivables . . . . .	1,795.9				1,795.9
Other Current Financial Asset (Derivatives) . . . . .	106.8				106.8
Cash and Cash Equivalents . . . . .	1,945.0				1,945.0
Liquid Investments . . . . .	4,940.3	(3,379.0)	(550.0)	(3,929.0)	1,011.3
Current Tax Assets . . . . .	70.1				70.1
<b>Total Current Assets . . . . .</b>	<b><u>10,562.2</u></b>	<b><u>(3,379.0)</u></b>	<b><u>(550.0)</u></b>	<b><u>(3,929.0)</u></b>	<b><u>6,633.2</u></b>
<b>Total Assets . . . . .</b>	<b><u>45,934.5</u></b>	<b><u>(3,379.0)</u></b>	<b><u>(550.0)</u></b>	<b><u>(3,929.0)</u></b>	<b><u>42,005.5</u></b>
Short Term Borrowings . . . . .	(4,151.6)				(4,151.6)
Trade and Other Payables Current . . . . .	(3,842.9)				(3,842.9)
Other Current Financial Liabilities (Derivatives) . . . . .	(101.1)				(101.1)
Current tax liabilities . . . . .	(26.8)				(26.8)
Provisions Current . . . . .	(18.1)				(18.1)
Retirement Benefit . . . . .	(6.7)				(6.7)
<b>Current Liabilities . . . . .</b>	<b><u>(8,147.2)</u></b>				<b><u>(8,147.2)</u></b>
<b>Net Current Assets . . . . .</b>	<b><u>2,415.0</u></b>	<b><u>(3,379.0)</u></b>	<b><u>(550.0)</u></b>	<b><u>(3,929.0)</u></b>	<b><u>(1,514.0)</u></b>
Medium and Long Term Borrowing . . . . .	(10,513.5)				(10,513.5)
Convertible Loan Notes . . . . .	(2,290.3)				(2,290.3)
Trade and Other Payables Non-Current . . . . .	(164.0)				(164.0)
Other Financial Liabilities (Derivatives) . . . . .	(32.1)				(32.1)
Deferred Tax Liabilities . . . . .	(5,916.7)				(5,916.7)
Provisions Non Current . . . . .	(387.0)				(387.0)
Retirement Benefits . . . . .	(52.3)				(52.3)
Non equity Minority Interest . . . . .	(11.9)				(11.9)
<b>Non-Current Liabilities . . . . .</b>	<b><u>(19,367.8)</u></b>				<b><u>(19,367.8)</u></b>
<b>Total Liabilities . . . . .</b>	<b><u>(27,515.0)</u></b>			<b><u>—</u></b>	<b><u>(27,515.0)</u></b>
<b>Net Assets . . . . .</b>	<b><u>18,419.5</u></b>	<b><u>(3,379.0)</u></b>	<b><u>(550.0)</u></b>	<b><u>(3,929.0)</u></b>	<b><u>14,490.5</u></b>

**Notes to Unaudited Pro Forma Statement of Net Assets:**

- The adjustment represents an outflow of liquid investments to the GoI for the acquisition of its 29.5 per cent. shareholding in HZL. As the acquisition price has not been agreed, the amount included is the maximum amount to be paid for the shareholdings in HZL for which Shareholder approval is sought.

2. The adjustment represents an outflow of liquid investments to the GoI for the acquisition of its 49.0 per cent. shareholding in BALCO. As the acquisition price has not been agreed, the amount included is the maximum amount to be paid for the shareholdings in BALCO for which Shareholder approval is sought.

## REPORT ON PRO FORMA FINANCIAL INFORMATION

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ  
United Kingdom

The Board of Directors  
on behalf of Vedanta Resources plc  
16 Berkeley Street  
London  
United Kingdom  
W1J 8DZ

J.P. Morgan Limited  
25 Bank Street  
London  
E14 5JP

9 August 2012

Dear Sirs,

### **Vedanta Resources plc (the “Company”)**

We report on the pro forma financial information (the “Pro forma financial information”) set out in Part V of the Class 1 circular dated 9 August 2012 (the “Circular”), which has been prepared on the basis described in Part V of the Circular, for illustrative purposes only, to provide information about how the HZL Acquisition and the BALCO Acquisition might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2012. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) as applied by Listing Rule 13.3.3R and is given for the purpose of complying with that requirement and for no other purpose.

### **Responsibilities**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro forma financial information in accordance with Annex I item 20.2 and Annex II items 1 to 6 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

It is our responsibility to form an opinion, in accordance with Annex I item 20.2 of the Prospectus Directive Regulation, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation as applied by Listing Rule 13.3.3R.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

Deloitte LLP  
Chartered Accountants

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**Member of Deloitte Touche Tohmatsu Limited**

## PART VI

### DESCRIPTION OF THE TRANSACTIONS

#### Introduction

The HZL Acquisition and the BALCO Acquisition are independent of each other and are not inter conditional and therefore, subject to the receipt of Shareholder approval and any other consents required to implement the Transactions as described in this document, either acquisition may be completed without the other being implemented.

#### The Transactions

The GoI has not, to date, accepted the offer made by the Company on 9 January 2012 to acquire the GoI's interests in HZL and BALCO of 29.5 per cent. and 49.0 per cent. respectively for US\$2938 million and US\$338 million respectively. The Company has, by way of letters dated 10 April 2012 and 6 July 2012, sought to engage with the GoI on the same terms as the offer but, to date, is yet to receive any response from the GoI. If the offers are accepted the acquisitions would not be conditional on the receipt of any approvals or consents assuming Shareholder approval is obtained. The acquisitions would be implemented by way of an off market transfer of the shares with the GoI executing share transfer forms. Accordingly, with the exception of a representation as to title to the HZL and BALCO shares, the GoI would not be providing any representations or warranties in relation to HZL or BALCO or their respective businesses and there would be no price adjustment mechanism following completion of the acquisitions. The Company would be obliged to pay the cash consideration in full on completion of the acquisitions. The Company anticipates that there would be no other substantive terms of the acquisitions.

As the GoI has not, to date, accepted the Company's offers, approval from Shareholders is being sought on the basis that the Company is authorised to negotiate the acquisition of the entirety of the GoI's interest in HZL for an aggregate consideration in US\$ not more than 15 per cent. higher than the price in US\$ offered (or the INR equivalent thereof using the spot rate of exchange as at 7 August 2012) and in BALCO for an aggregate consideration not exceeding US\$550 million (or the INR equivalent thereof using the spot rate of exchange as at 7 August 2012). Of the shares held by the GoI in HZL and BALCO, the GoI has an option to transfer up to 3.5 per cent. of HZL's share capital to employees of HZL and up to 5.0 per cent. of BALCO's share capital to employees of BALCO. If the Company acquires an interest of between 26.0 per cent. and 29.5 per cent. in HZL's share capital and between 44.0 per cent. and 49.0 per cent. in BALCO's share capital no further Shareholder approval would be required provided that the aggregate price payable in the case of the HZL Acquisition is not more than 15 per cent higher than the amount offered or US\$550 million in the case of the BALCO Acquisition (or the relevant proportions thereof). If, following negotiations with the GoI, the aggregate consideration were to exceed these amounts or the relevant proportions thereof or if there is any material change to any other terms of the acquisitions from those described above, further Shareholder approval would be required to be sought.

As the GoI has not, to date, accepted the Company's offers, there is no certainty that either acquisition will proceed, and, if it does proceed, when it might be implemented. In the event that the GoI accepts the Company's offers, the Company will move to implement the Transactions in a timely manner. However, the Company only intends to proceed with the acquisitions if, at the relevant time, there has been no material adverse change in the financial position, business or prospects of the Group, HZL or BALCO (as the case may be) and, in the opinion of the Board (including a majority of the independent non executive directors), it remains in the best interests of the Company and Shareholders as a whole to proceed with the acquisitions and the terms of the acquisitions remain fair and reasonable so far as Shareholders are concerned. In addition, if the acquisitions do not complete on or before 9 August 2013, further Shareholder approval would be required to be sought.

The Group had call options to acquire the GoI's remaining interests in both HZL and BALCO at fair market value subject to the Employee Option Rights. The Group exercised the call options on 21 July 2009 (HZL) and 19 March 2004 (BALCO) and, under the relevant contractual documentation, the sale and purchase of the GoI's interests ought to have been completed 60 days after the date of exercise of the options at a price equal to fair market value of the shares as determined by an independent appraiser. However, the GoI contested the exercise of the call options and the purchases have not been completed. The dispute in relation to the purported exercise

of the HZL option has been referred to arbitration proceedings and a hearing date has been set for 11 August 2012. In relation to the BALCO option, arbitration proceedings concluded that the provisions in the shareholders' agreement relating to the call option and its exercise violated Indian law. Subsequently, an application has been made by the Group to the High Court of Delhi to set aside the arbitration award and a final hearing commenced on 6 August 2012 with no determination having been made to date.

If the Company succeeds in the proceedings it is uncertain whether the Company would be obliged to pay the GoI an amount equal to the fair market value of the interests determined as at July 2009 or March 2004 (as applicable) or alternatively fair market value as at the date of acquisition of each interest. The GoI contend that fair market value of the interests should be assessed as at the date of acquisition of each interest. However, it is at least arguable that the valuation should be determined as at the date of exercise of the options in July 2009 and March 2004 (as applicable). As at 20 July 2009 the market value of the GoI's 29.5 per cent interest in HZL was US\$1,738 million. As at 7 August 2012 (being the latest practicable date prior to the publication of this document) the market value of the GoI's 29.5 per cent interest in HZL was US\$2,688 million. As at 31 March 2004, the GoI's 49.0 per cent interest in BALCO was assessed by an independent adviser, jointly instructed by the Company and the GoI, and was valued at US\$193 million. The latest independent valuation, as at 31 March 2007, valued the GoI's 49.0 per cent interest at US\$286 million.

As the GoI holds substantial equity interests in HZL and BALCO, the Transactions (including the associated settlement of litigation with the GoI relating to the contested exercise of call options) constitute related party transactions for the purposes of the Listing Rules. To the best of the knowledge and belief of the Company, the GoI does not hold any shares in the Company and therefore it will not be entitled to vote on the Resolutions.

If the HZL Acquisition takes place, in order to retain the listing of HZL's shares on each of the BSE and the NSE, the Group would be obliged to divest approximately 19.4 per cent. of its shareholding in HZL (assuming that the Group acquires the entirety of the GoI's interest in HZL (29.5 per cent.)) within 12 months in order to satisfy the minimum public shareholding requirement of 25 per cent. imposed by the Securities and Exchange Board of India. If the Company is unable to meet the free float requirement within the 12 month period the Company may seek a time extension within which to sell down its interest. Alternatively, the Company may seek to delist the HZL shares from the BSE and the NSE by making an offer to purchase the remaining shares at a price determined by way of a reverse book-build process.

## PART VII

### RESERVES AND RESOURCES INFORMATION

#### 4. Introduction

The following information, setting out the expected period of working of the oil and gas reserves, ore reserves and mineral resources of HZL and BALCO, is provided in compliance with section 132 of the Committee of European Securities Regulators' recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No. 809/2004 (the "Prospectus Directive Regulation"), as updated by the European Securities and Markets Authority on 23 March 2011 (the "CESR Recommendations").

There are numerous uncertainties inherent in estimating ore reserves, and estimates of ore reserves are based on certain assumptions so changes in such assumptions could lead to reported ore reserves being restated. Please see the risk factor headed "The Group's stated reserves and resources are only estimates based on a range of assumptions and there can be no assurance that the estimates or grades will be achieved" in Part II of this document.

#### 5. Mineral Resources and Ore Reserves Data

Except where otherwise indicated, the mineral resources data in the following tables is stated as at 31 March 2012 and includes measured, indicated and inferred mineral resources separately quoted. The ore reserves and mineral resources data set out below are estimated on the basis set out in paragraph 5 of Part III of this document and as set out below. Mineral resources are reported exclusive of those mineral resources modified to ore reserves.

##### 5.1 Aluminium

###### Bharat Aluminium Company Ltd

	Measured Mineral Resources		Indicated Mineral Resources		Inferred Mineral Resources		Total Measured, Indicated and Inferred Mineral Resources	
	Quantity	Aluminium Grade	Quantity	Aluminium Grade	Quantity	Aluminium Grade	Quantity	Aluminium Grade
	(million tonnes)	(per cent)	(million tonnes)	(per cent)	(million tonnes)	(per cent)	(million tonnes)	(per cent)
Mainpat .....	—	—	—	—	5.0	48.1	5.0	48.1
Bodai-Daldali .....	—	—	—	—	2.0	48.0	2.0	48.0
Pandrapat .....	—	—	—	—	8.0	48.0	8.0	48.0
Jamirapat .....	—	—	—	—	15.7	50.5	15.7	50.5
<b>Total .....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>30.7</b>	<b>49.3</b>	<b>30.7</b>	<b>49.3</b>

##### 5.2 Zinc and Lead

###### (a) Hindustan Zinc

	Measured Mineral Resources			Indicated Mineral Resources			Inferred Mineral Resources			Total Measured, Indicated and Inferred Mineral Resources		
	Quantity	Zinc Grade	Lead Grade	Quantity	Zinc Grade	Lead Grade	Quantity	Zinc Grade	Lead Grade	Quantity	Zinc Grade	Lead Grade
	(million tonnes)	(per cent)	(per cent)	(million tonnes)	(per cent)	(per cent)	(million tonnes)	(per cent)	(per cent)	(million tonnes)	(per cent)	(per cent)
Rampura												
Agucha .....	—	—	—	17.2	14.9	2.0	23.9	11.6	2.0	41.1	13.0	2.0
Rajpura Dariba ...	4.9	7.1	2.0	3.5	7.1	2.1	35.1	7.8	2.1	43.5	7.7	2.1
Zawar .....	2.0	4.7	2.1	23.4	5.0	1.8	38.7	5.0	2.6	64.1	5.0	2.3
Kayar .....	—	—	—	8.8	10.5	1.6	0.7	7.0	1.0	9.5	10.2	1.6
Sindesar Khurd ...	4.0	5.9	3.2	7.4	5.1	2.4	48.4	4.5	3.1	59.7	4.7	3.0
Bamnia Kalan ....	—	—	—	1.7	5.3	1.8	3.4	5.0	3.8	5.1	5.1	3.1
<b>Total .....</b>	<b>11.0</b>	<b>6.2</b>	<b>2.4</b>	<b>61.9</b>	<b>8.7</b>	<b>1.9</b>	<b>150.2</b>	<b>6.6</b>	<b>2.6</b>	<b>223.0</b>	<b>7.1</b>	<b>2.4</b>

## 6. Project Life Data: Minerals

The ore reserve data in the following table is stated as at 31 March 2012.

The expected period of working life of the ore reserves indicates the period over which they are currently anticipated to be mined based on currently anticipated production levels. Most operations also have significant mineral resources, some of which, it is anticipated, may convert to ore reserves after further technical and economic evaluation, and upgrading of classification through further exploration, thus extending the operational life. However, there is a risk that these mineral resources will not be converted to ore reserves and these mineral resources are not included in the mine life data in the table below.

<u>As at 31 March 2012.</u>	<u>Total ore reserves<sup>(1)</sup> (million tonnes)</u>	<u>Vedanta Group economic interest ( per cent)</u>	<u>Expected period of working of ore reserves (years, approximate)</u>
<b>BAUXITE</b>			
<b>Reserves at operating mines</b>			
Mainpat (BALCO) . . . . .	3.37	29.59	5.4
Bodai-Daldali (BALCO) . . . . .	3.71	29.59	4.2
Pandrapat (BALCO) . . . . .	—	29.59	— <sup>2</sup>
Jamirapat (BALCO) . . . . .	—	29.59	— <sup>2</sup>
<b>ZINC AND LEAD</b>			
<b>Reserves at operating mines</b>			
Rampura Agucha (HZL) . . . . .	69.3	37.67 <sup>3</sup>	11.7
Rajpura Dariba (HZL) . . . . .	8.8	37.67 <sup>3</sup>	15.0
Zawar (HZL) . . . . .	7.8	37.67 <sup>3</sup>	38.2
Sindesar Khurd (HZL) . . . . .	21.6	37.67 <sup>3</sup>	16.6

### Notes

1. Includes proved and probable reserves.
2. Not included as this mine only has mineral resources, not ore resources.
3. If the HZL Acquisition is implemented and the Group acquires the entirety of the GoI's interest in HZL (29.5 per cent) Vedanta's economic interest in the Hindustan Zinc operating mines would increase to 55 per cent. If the Group is obliged to reduce its interest in HZL to 75 per cent in order to comply with the minimum public shareholding requirement as described in Part VI of this document, Vedanta's economic interest in HZL would be 43.7 per cent.

## 7. Licences, exploration and extraction and exceptional factors

Information relating to HZL and BALCO's licences and concessions, current and anticipated progress of exploration and exceptional factors relating thereto are incorporated herein by reference to the Prospectus as referred to in Part X of this document.



## PART VIII

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names are set out below in this paragraph 1, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Directors and their principal functions are as follows:

Anil Agarwal	<i>Executive Chairman</i>
Navin Agarwal	<i>Deputy Executive Chairman</i>
Mahendra Singh Mehta	<i>Chief Executive Officer</i>
Naresh Chandra	<i>Non-Executive Director and Senior Independent Director</i>
Aman Mehta	<i>Non-Executive Director</i>
Euan R. MacDonald	<i>Non-Executive Director</i>
Geoffrey Green	<i>Non-Executive Director</i>

#### 2. Company address

The registered office of the Company is located at 2<sup>nd</sup> Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ. The head office of the Company is 16 Berkeley Street, London W1J 8DZ (telephone number +44 (0)20 7499 5900).

#### 3. Directors' interests

- 3.1 As at 7 August 2012 (being the latest practicable date prior to the publication of this document), the aggregate interests (all of which are beneficial) of each of the Directors in the share capital of the Company which have been notified by each Director to the Company pursuant to DTRs 3.1.2R and 3.1.3R or the interests of persons connected with them which would, if the connected person were a Director, be required to be disclosed under DTRs 3.1.2R and 3.1.3R and the existence of which is known to, or could with reasonable diligence be ascertained by, that Director) were as follows:

<u>Director</u>	<u>Number of Shares</u>	<u>Percentage of issued voting share capital</u>
Anil Agarwal <sup>1</sup> . . . . .	87,240	0.033
Navin Agarwal . . . . .	223,160	0.084
Mahendra Singh Mehta . . . . .	41,857	0.016
Naresh Chandra . . . . .	—	—
Aman Mehta . . . . .	—	—
Euan R. MacDonald . . . . .	—	—
Geoffrey Green . . . . .	—	—

Note:

1. Volcan and its affiliates own 167,953,056 Shares, or approximately 63.189 per cent. of the issued voting share capital of Vedanta. Volcan is owned and controlled by the Anil Agarwal Discretionary Trust (the "Trust"). Onclave PTC Limited ("Onclave") is the trustee of the Trust and controls all voting and investment decisions of the Trust. As a result, shares beneficially owned by Volcan may be deemed to be beneficially owned by the Trust and, in turn, by Onclave. Mr Anil Agarwal, the Executive Chairman of Vedanta and the non-executive chairman of Sterlite, may be deemed to have beneficial ownership of shares that may be owned or deemed to be beneficially owned by Onclave.

3.2 Certain of the Directors are also interested in unissued Shares under share options and awards held by them pursuant to Vedanta share schemes. Those options and awards are not included in the interests of the Directors shown in the table at 3.1 of this Part VIII. The options and awards over Shares held by the Directors as at 7 August 2012 (being the latest practicable date prior to the posting of this document) are as follows:

<u>Name of Director</u>	<u>Number of Shares under option/subject to award</u>	<u>Option price (US dollars)</u>	<u>Exercise period</u>
Anil Agarwal	60,000	0.10	1 August 2012 to 1 January 2013
	73,500	0.10	1 August 2014 to 1 January 2015
Navin Agarwal	40,000	0.10	1 August 2012 to 1 January 2013
	57,500	0.10	1 August 2014 to 1 January 2015
Mahendra Singh Mehta	17,500	0.10	1 August 2012 to 1 January 2013
	21,000	0.10	1 August 2014 to 1 January 2015
<b>Total</b>	<b><u>269,500</u></b>		

3.3 Save as disclosed in paragraphs 3.1 and 3.2 above, the Directors do not have any interest in the share capital of the Company.

3.4 So far as the Company is aware, as at 7 August 2012 (being the latest practicable date prior to the publication of this document), the following persons (other than Directors) had notifiable interests in three per cent. or more of the entire issued share capital of the Company:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage of the issued voting share capital</u>
Chase Nominees Ltd	8,996,515	3.0301
Volcan Investments Limited	167,953,056	63.189

#### 4. Directors' service agreements

The Directors have each entered into a service contract or, as appropriate, a letter of appointment, with the Company relating to their appointment to the Board.

##### 4.1 *Service Agreements of the Executive Directors*

Details of the Executive Directors' service contracts can be found on page 89 of the Company's 2012 Annual Report and Accounts in the section entitled "Remuneration Report" and are incorporated herein by reference. There have been no changes to the terms of these contracts since the publication of the 2012 Annual Report and Accounts.

The Executive Directors have entered into service agreements with the Company. Details of these service agreements are set out below.

<u>Director</u>	<u>Date of service agreement</u>	<u>Commencement date of office</u>	<u>Expiry/Notice terms</u>	<u>Basic Annual Salary</u> (£000)	<u>Annual bonus payment for the year ended 31 March 2012</u> (£000)
A.K. Agarwal . . . . .	27 November 2003	16 May 2003	Six months	1,475	550
N. Agarwal (Vedanta) . .	4 May 2005	24 November 2004	Six months	80	—
N. Agarwal (Sterlite) . . .	1 August 2003	1 August 2003	Three months	994	376
M.S. Mehta (Vedanta) . .	1 October 2008	1 October 2008	Three months	80	—
M.S. Mehta (Sterlite) . . .	1 October 2008	1 October 2008	Three months	347	139

#### 4.2 *Contracts and Letters of Appointment of the Non-Executive Directors*

A summary of the Non-Executive Directors' letters of appointment can be found on page 90 of the Company's 2012 Annual Report and Accounts in the section entitled "Remuneration Report" and are incorporated herein by reference. The current annual fees payable to the Non-Executive Directors is set out below. Save as disclosed in this paragraph 4 of this Part VIII, there have been no changes to the terms of the letters of appointment of the Non-Executive Directors since the publication of the 2012 Annual Report and Accounts.

The Non-Executive Directors have entered into letters of appointment with the Company. Details of these letters of appointment are set out below.

<u>Director</u>	<u>Date of agreement</u>	<u>Commencement date of office</u>	<u>Expiry/Notice terms</u>	<u>Annual Fee</u> (£000)
N. Chandra . . . . .	1 June 2011	18 May 2004	Three months	140
A. Mehta . . . . .	24 November 2011	24 November 2004	Three months	112.5
E. R. MacDonald . . . . .	23 March 2011	23 March 2005	Three months	100
G. Green . . . . .	31 July 2012	1 August 2012	Three months	80

Save as disclosed above, there are no service agreements between any Director and any member of the Group.

Save as mentioned above in this paragraph 4 of this Part VIII, there are no existing or proposed service agreements between any Director and the Company or any of its subsidiaries providing for benefits upon termination of employment.

## 5. **Material Contracts**

- 5.1 The material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group (a) in the two years immediately preceding the date of this document and which are, or may be, material to the Group or (b) contain provisions under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document comprise the Sale and Purchase Agreement described in Part VI of the Sesa Sterlite Circular (which paragraph headed "The Cairn Consolidation" of Part VI of the Sesa Sterlite Circular is incorporated by reference into this document), the Volcan Relationship Agreement as described in paragraph 3 of Part II of the Prospectus (which paragraph 3 of Part II of the Prospectus is incorporated by reference into this document), the Heads of Agreement relating to the Assignment of Cairn Energy's 10 per cent. Participating Interest in Block 98/2 as described in paragraph 5.3 of Part VIII of the Sesa Sterlite Circular (which paragraph 5.3 of Part VIII of the Sesa Sterlite Circular is incorporated by reference into this document) and the contracts summarised in paragraphs 14.1, 14.2, 14.3, 14.4, 14.5 and 14.6 of Part X: "Additional Information" of the Prospectus (which paragraphs 14.1, 14.2, 14.3, 14.5 and 14.6 of Part X of the Prospectus are incorporated by reference into this document).
- 5.2 There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by HZL (a) in the two years immediately preceding the date of this document and which are, or may be, material to HZL or to the 26.0 to 29.5 per cent. interest in HZL which the Company is proposing to acquire

or (b) contain provisions under which HZL has any obligation or entitlement which is material to HZL or the 26.0 to 29.5 per cent. interest in Hindustan Zinc which the Company is proposing to acquire as at the date of this document.

- 5.3 There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by BALCO (a) in the two years immediately preceding the date of this document and which are, or may be, material to BALCO or to the 44.0 to 49.0 per cent. interest in BALCO which the Company is proposing to acquire or (b) contain provisions under which BALCO has any obligation or entitlement which is material to BALCO or the 44.0 to 49.0 per cent. interest in BALCO which the Company is proposing to acquire as at the date of this document.

## **6. Working Capital**

- 6.1 The Company is of the opinion that, on the basis that both of the Transactions are implemented, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.
- 6.2 The Company is of the opinion that, if the HZL Acquisition is implemented but the BALCO Acquisition is not implemented, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.
- 6.3 The Company is of the opinion that, if the BALCO Acquisition is implemented but the HZL Acquisition is not implemented, the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

## **7. Litigation**

- 7.1 Save for the litigation set out in paragraphs 13.1(c) to (j) and 13.2 of Part X: “Additional Information” of the Prospectus (which are incorporated by reference into this document) as updated by paragraph 7.2 of this Part VIII of the Sesa Sterlite Circular (which is incorporated by reference into this document), and the ongoing litigation relating to the contested exercise of the Group’s call option in respect of the shares in HZL and BALCO held by the GoI as referred to in paragraph 9 of Section A of Part I: “Information on the Vedanta Group, the Cairn India Group and the Combined Group” of the Prospectus (which is incorporated by reference into this document) and save as described in paragraphs 7.3 and 7.5 below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months prior to the date of this document a significant effect on the Group and/or the Group’s financial position or profitability.
- 7.2 Save for the litigation set out in paragraph 13.1(b) of Part X: “Additional Information” of the Prospectus (which is incorporated by reference into this document) as updated by paragraph 7.2 of Part VIII of the Sesa Sterlite Circular (which is incorporated by reference into this document) and as disclosed in paragraph 7.3 of this Part VIII, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months prior to the date of this document a significant effect on Hindustan Zinc or the 26.0 to 29.5 per cent. interest in Hindustan Zinc which the Company is proposing to acquire and/ or the financial position of Hindustan Zinc or that of the interest proposed to be acquired or on the profitability derived from Hindustan Zinc or that interest.
- 7.3 Since the date of the Prospectus, Hindustan Zinc has become involved in ongoing litigation, together with other mine operators, in relation to environmental and health taxes imposed by the State of Rajasthan under the Rajasthan Finance Act 2008. Vedanta and other mine operators have resisted the imposition of such taxes on the basis that the imposition of such taxes is a matter for the national Government as opposed to a State of India. A hearing of the matter remains to be set and the Group’s potential exposure is currently not known.
- 7.4 Save for the litigation set out in paragraph 13.1(a) of Part X: “Additional Information” of the Prospectus (which is incorporated by reference into this document) as updated by paragraph 7.2 of Part VIII of the Sesa Sterlite Circular (which is incorporated by reference into this document), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months prior to the date of this document a significant effect on BALCO or the 44.0 to 49.0 per cent. interest in BALCO which the Company is proposing to acquire and/ or the financial position of BALCO or that of the interest proposed to be acquired or on the profitability derived from BALCO or that interest.

7.5 Arun Kumar Agrawal has filed a writ petition on grounds of public interest in the Supreme Court of India against the Ministry of Oil & Natural Gas, the GoI, the Oil and Natural Gas Corporation of India, Cairn Energy PLC and the Company challenging the approval given to the transaction between Cairn Energy PLC and the Company relating to the acquisition by the Company of an interest in Cairn India. The petitioner has primarily alleged that India suffered substantial loss due to the non-exercise of a pre-emption right by the Oil and Natural Gas Corporation of India in relation to the interest in Cairn India acquired by the Company and has sought a direction that this transaction, which was accorded the GoI's approval, be declared void *ab initio*. The GoI and the Oil and Natural Gas Corporation of India are giving due attention to this matter and have briefed the Attorney General of India to appear and represent it before the court. This matter was last heard in the Supreme Court of India on 23 July 2012. The court briefly heard the parties outline the background of the matter and The Ministry of Oil & Natural Gas and the Oil and Natural Gas Corporation of India requested more time to file their respective replies. The court reflected on the petitioner's plea for interim relief by commenting that the transaction cannot be reversed. The court agreed to give more time for filing replies and ordered that the respondents file their replies within four weeks. The next hearing date is not yet fixed. The Company believes the allegations to be arbitrary, factually incorrect and without any substance whatsoever and the Company intends to vigorously defend the claim.

## 8. Significant change

- 8.1 There has been no significant change in the financial or trading position of the Group since 31 March 2012, being the date of the last audited financial statements of the Company.
- 8.2 There has been no significant change in the financial or trading position of HZL since 31 March 2012, being the date at which the financial information in Part IV of this document is presented.
- 8.3 There has been no significant change in the financial or trading position of BALCO since 31 March 2012, being the date at which the financial information in Part IV of this document is presented.

## 9. Related Party Transactions

In respect of the periods for which historical financial information appears or is incorporated by reference in this document and in respect of the periods from the end of such financial periods to 7 August 2012, being the latest practicable date prior to the publication of this document, save as set in paragraph 15 of Part X: "Additional Information" of the Prospectus (which is incorporated by reference into this document) and as disclosed in note 38 on pages 160 to 161 of the Vedanta Group's 2012 Annual Report and Accounts (which is incorporated by reference into this document) neither the Company nor any other member of the Group, has entered into any transactions with related parties other than as set out below:

### (a) Sterlite Technologies Limited

	<u>31 March 2012 to 7 August 2012</u> (US\$ million)
Sales to Sterlite Technologies Limited . . . . .	70.4
Reimbursement of expenses . . . . .	0.0
Purchases . . . . .	4.2
Net interest received . . . . .	0.3
Amounts receivable at period/year end . . . . .	12.0

Sterlite Technologies Limited is a related party by virtue of having the same controlling party as the Company, namely Volcan. Pursuant to the terms of the Shared Services Agreement dated 5 December 2003 entered into by the Company, Sterlite Industries (India) Limited and Sterlite Technologies Limited, the Company and Sterlite Industries (India) Limited provide various commercial services in relation to Sterlite Technologies Limited's businesses on an arm's length basis and at normal commercial terms.

### (b) Vedanta Foundation (formerly Sterlite Foundation)

Since 31 March 2012, US\$0.8 million was paid to the Vedanta Foundation. The Vedanta Foundation is a registered not-for-profit entity engaged in computer education and other related social and charitable activities. The major activity of the Vedanta Foundation is providing computer education for disadvantaged students. The Vedanta Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan, being the majority shareholder of the Company.

(c) **Sesa Community Foundation Limited**

Since 31 March 2012, US\$0.2 million was paid to the Sesa Community Foundation Limited. The Sesa Community Foundation Limited is controlled by the directors of a member of the Vedanta Group.

(d) **The Anil Agarwal Foundation**

Since 31 March 2012, US\$0.01 million was received from The Anil Agarwal Foundation towards the reimbursement of administrative expenses. The Anil Agarwal Foundation is a registered not-for-profit entity engaged in social and charitable activities. The Anil Agarwal Foundation is a related party as it is controlled by members of the Agarwal family who control Volcan, being the majority shareholder of the Company.

(e) **Henry Davis York**

Since 31 March 2012, Henry Davis York provided board and legal services to a subsidiary of Vedanta at the cost of US\$0.2 million. The partners of Henry Davis York hold non-executive director roles in that subsidiary.

(f) **Sterlite Iron and Steel Limited**

	<u>31 March 2012 to 7 August 2012</u> (US\$ million)
Net Interest received .....	0.2
Loan Paid/ Received .....	0.1
Loan balances receivable .....	6.8
Receivable at 7 August 2012 .....	0.3

Sterlite Iron and Steel Limited is a related party by virtue of having the same controlling party as the Company, namely Volcan.

(g) **Vedanta Medical Research Foundation**

	<u>31 March 2012 to 7 August 2012</u> (US\$ million)
Donation .....	1.3

The Vedanta Medical Research Foundation (formerly Vedanta Medical Research Association) is a related party of the Vedanta Group on the basis that key management personnel of the Vedanta Group exercise significant influence.

(h) **Volcan**

	<u>31 March 2012 to 7 August 2012</u> (US\$ million)
Reimbursement of expenses .....	0.1

10. **Consents**

10.1 Deloitte LLP (a member of the Institute of Chartered Accountants in England and Wales) has given and has not withdrawn its written consent to the inclusion in this document of its report which is set out in Part V of this document in the form and context in which it is included and has authorised the contents of that Part of this document which comprises its report.

10.2 J.P. Morgan Cazenove has given and not withdrawn its written consent to the inclusion of its name and the references made to its name in this document in the form and context in which they appear.

## 11. Documents available for inspection and available information

Copies of the following documents can be found on the Company's website ([www.vedantaresources.com](http://www.vedantaresources.com)) and will be available for inspection at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA and at the registered office of the Company during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the conclusion of the General Meeting:

- (a) the articles of association of the Company;
- (b) the published audited consolidated accounts of the Group for the two financial years ended 31 March 2011 and 2010;
- (c) the preliminary consolidated accounts of the Group for the financial year ended 31 March 2012;
- (d) the Prospectus;
- (e) the Sesa Sterlite Circular;
- (f) 2012 Annual Report and Accounts;
- (g) the consent of each of Deloitte and J.P. Morgan Cazenove referred to in paragraph 10 above;
- (h) the written offer to the GoI dated 9 January 2012 in relation to the acquisition of the GoI's interest in HZL and BALCO;
- (i) the letters to the GoI dated 10 April 2012 and 6 July 2012, referring to the Company's offer to the GoI; and
- (j) this document.

Date: 9 August 2012

## PART IX

### DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context otherwise requires:

“Annual General Meeting”	the annual general meeting of the Company convened for 3.00 p.m. on 28 August 2012 (or any adjournment of it) notice of which was posted to Shareholders on 27 July 2012;
“BALCO”	Bharat Aluminium Company Ltd;
“BALCO Acquisition”	the acquisition by the Company or one of its subsidiaries from the GoI of between 44.0 and 49.0 per cent. of the issued share capital of BALCO on the terms described in this document and the subsequent withdrawal of all litigation against the GoI in relation to the contested exercise by the Company of an option to acquire the GoI’s interest in BALCO;
“Bombay Stock Exchange” or “BSE”	Bombay Stock Exchange Limited;
“Cairn Acquisition Circular”	the circular dated 25 November 2010 prepared in relation to the acquisition by the Company of an interest in Cairn India;
“Cairn India”	Cairn India Limited, a company incorporated in India;
“Cairn India Group”	Cairn India and its subsidiaries;
“Directors” or “Board”	the directors of the Company as at the date of this document whose names are set out on page 25 of this document;
“DTRs” or “Disclosure and Transparency Rules”	the FSA’s Disclosure Rules and Transparency Rules;
“EBITDA”	earnings before interest, tax, depreciation and amortisation;
“Employee Option Rights”	the option of the GoI to transfer up to 3.5 per cent. of HZL’s share capital to employees of HZL and up to 5.0 per cent. of BALCO’s share capital to employees of BALCO;
“Enlarged Group”	the enlarged Vedanta Group, following completion of either, or both, of the Transactions;
“Financial Services Authority” or “FSA”	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List of the FSA otherwise than in accordance with Part VI of FSMA;
“Form of Proxy”	the form of proxy relating to the General Meeting being sent to Shareholders with this document;
“FSMA”	the Financial Services and Markets Act 2000 of England and Wales, as amended;
“General Meeting”	the general meeting of the Company convened for 3.30 p.m. or immediately following the conclusion of the Annual General Meeting if the Annual General Meeting is not concluded by 3.30 p.m on 28 August 2012 (or any adjournment of it), notice of which is set out at the end of this document;
“GoI”	the Government of India;



“Group” or “Vedanta Group”	the Company and its subsidiary undertakings from time to time;
“Hindustan Zinc” or “HZL”	Hindustan Zinc Limited;
“HZL Acquisition”	the acquisition by the Company or one of its subsidiaries from the GoI of between 26.0 and 29.5 per cent of the issued share capital of Hindustan Zinc on the terms described in this document and the subsequent withdrawal of all litigation against the GoI in relation to the contested exercise by the Company of an option to acquire the GoI’s interest in Hindustan Zinc;
“IFRS”	International Financial Reporting Standards;
“Indian Rupees” or “INR”	the lawful currency of India;
“JORC Code”	the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves dated September 1999, prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia;
“J.P. Morgan Cazenove”	J.P. Morgan Limited (which conducts its UK investment banking business as J.P. Morgan Cazenove);
“Listing Rules”	the listing rules made by the FSA under Part VI of FSMA (as amended from time to time);
“London Stock Exchange” or “LSE”	London Stock Exchange plc;
“National Stock Exchange” or “NSE”	National Stock Exchange of India Limited;
“Notice of General Meeting” or “Notice”	the notice of the General Meeting set out at the end of this document;
“Prospectus”	the prospectus dated 6 December 2011 with respect to the Company’s application to the FSA and the LSE for the Shares to be readmitted to the premium segment of the Official List of the FSA and trading on the London Stock Exchange’s main market for listed securities, respectively, required as a result of the acquisition of an interest in Cairn India constituting a reverse takeover of the Company under the Listing Rules;
“Prospectus Rules”	the rules for the purpose of Part VI of FSMA in relation to offers for securities to the public and the admission of securities to trading on a regulated market;
“Resolutions”	the resolutions set out in the notice of General Meeting at the end of this document;
“Sesa Sterlite Merger and Group Consolidation”	the all share merger of Sesa Goa Limited and Sterlite Industries (India) Limited and the Vedanta Group consolidation, as approved at a general meeting of Shareholders on 15 June 2012, being the subject of the Sesa Sterlite Circular;
“Sesa Sterlite Circular”	the circular dated 30 May 2012 prepared in relation to the all share merger of Sesa Goa Limited and Sterlite Industries (India) Limited and the Vedanta Group consolidation;
“Shareholder(s)”	holder(s) of Shares;

“Shares”	ordinary shares of US\$0.10 each in the capital of the Company;
“Transactions”	the HZL Acquisition and BALCO Acquisition;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“US dollar” or “US\$”	the lawful currency of the United States of America;
“Vedanta” or the “Company”	Vedanta Resources plc; and
“Volcan”	Volcan Investments Limited.

## **GLOSSARY OF TECHNICAL TERMS**

The following definitions apply to the technical terms throughout this document, unless the context requires otherwise:

“kt” kilotonnes;

“mtpa” million tonnes per annum;

## PART X

### DOCUMENTATION INCORPORATED BY REFERENCE

#### 1. Relevant documentation

The following documentation, which was sent to Vedanta Shareholders at the relevant time and/or is available for inspection in accordance with paragraph 11 of Part VIII of this document, contains information which is relevant to this document.

#### 2. Documentation incorporated by reference

The table below sets out the documentation incorporated by reference into this document to ensure that Vedanta Shareholders and others are aware of all information which, according to the particular nature of the Company, is necessary to enable Vedanta Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company. For the avoidance of any doubt, no information incorporated by reference in such documentation shall be incorporated by reference into this document.

This document should be read and construed in conjunction with these documents, each of which has been previously published or are published simultaneously with this document and that have been filed with the National Storage Mechanism. Those parts of these documents that are not incorporated by reference are either not relevant for investors or covered elsewhere in this Prospectus.

Any information not listed below, but included in the documents incorporated by reference, is given for information purposes only.

<u>Reference Document</u>	<u>Information incorporated by reference</u>	<u>Reference Document Page Reference</u>	<u>Page Reference in this Document</u>
Prospectus	Information relating to the licences and concessions, current and anticipated progress of exploration and extraction and exceptional factors (Copper)	45, 56-72	24
Prospectus	Information relating to the licences and concessions, current and anticipated progress of exploration and extraction and exceptional factors (Zinc)	45, 72-90	24
Prospectus	Information relating to the licenses and concessions, current and anticipated progress of exploration and extraction and exceptional factors (Aluminium)	46, 90-101	24
Prospectus	Information relating to the licences and concessions, current and anticipated progress of exploration and extraction and exceptional factors (Iron Ore)	46, 101-111	24
Company's 2012 Annual Report and Accounts	Section entitled "Remuneration Report"	83-92	26-27
Company's 2012 Annual Report and Accounts	Note 38 of the section entitled "Notes to the Consolidated Financial Statements"	160-161	29
Prospectus	Paragraph 13: Litigation of Part X: "Additional Information"	358-375	28
Prospectus	Paragraph 14: Material Contracts of Part X: "Additional Information"	375-391	27
Prospectus	Paragraph 15: Related Party Transactions of Part X: "Additional Information"	391-393	29
Sesa Sterlite Circular	Paragraph headed "The Cairn Consolidation" of Part VI: "Description of the Transactions"	29	27
Sesa Sterlite Circular	Paragraph 5.3 of Part VIII: "Additional Information"	37	27
Sesa Sterlite Circular	Paragraph 7.2 of Part VIII: "Additional Information"	38-39	28

## **Notice of General Meeting**

### **VEDANTA RESOURCES PLC**

*(Incorporated and registered in England and Wales, Registration No. 04740415)*

NOTICE is hereby given that a General Meeting of Vedanta Resources plc (the “Company”) will be held at at 3.30 p.m. or immediately following the conclusion of the Annual General Meeting if the Annual General Meeting is not concluded by 3.30 p.m. on 28 August 2012 at The Lincoln Centre, 18 Lincoln’s Inn Fields, London, WC2A 3ED for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions.

The results of the voting at the General Meeting will be announced through a Regulatory Information Service and will appear on the Company’s website ([www.vedantaresources.com](http://www.vedantaresources.com)).

#### **ORDINARY RESOLUTIONS**

1. THAT the acquisition by the Company or one of its subsidiaries of between 26.0 and 29.5 per cent. of the entire issued share capital of Hindustan Zinc Limited from the Government of India for an aggregate consideration in United States dollars not greater than 15 per cent higher than US\$2938 million (being the amount offered to the Government of India on 9 January 2012) (or the Indian Rupee equivalent thereof using the spot rate of exchange of INR55.0688 per US\$1) in the case of the acquisition of a 29.5 per cent. interest (or the proportional consideration if less than a 29.5 per cent. interest is acquired) and the withdrawal by the Company and its subsidiaries of all and any litigation and proceedings against the Government of India in relation to the contested exercise by the Company of its option to acquire the Government of India’s interests in Hindustan Zinc Limited, as described in the circular to shareholders of the Company dated 9 August 2012 of which this Notice forms part be and is hereby approved on the basis that the acquisition is completed on or before 9 August 2013 and there is no material change to the terms of the acquisition and the directors of the Company (the “Directors”) (or any duly constituted committee thereof) be authorised to take all such steps as may be necessary or desirable in connection with, and to implement and complete, the acquisition and subsequent withdrawal of litigation and associated matters with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments which are material in nature) as the Directors or a duly authorised committee thereof may deem necessary, expedient or appropriate.

2. THAT the acquisition by the Company or one of its subsidiaries of between 44.0 and 49.0 per cent. of the entire issued share capital of Bharat Aluminium Company Ltd from the Government of India for an aggregate consideration not exceeding US\$550 million in the case of the acquisition of a 49.0 per cent. interest (or the Indian Rupee equivalent thereof using the spot rate of exchange rate of INR55.0688 per US\$1) (or the proportional consideration if less than a 49.0 per cent. interest is acquired) and the withdrawal by the Company and its subsidiaries of all and any litigation and proceedings against the Government of India in relation to the contested exercise by the Company of its option to acquire the Government of India’s interests in Bharat Aluminium Company Ltd, as described in the circular to shareholders of the Company dated 9 August 2012 of which this Notice forms part be and is hereby approved on the basis that the acquisition is completed on or before 9 August 2013 and there is no material change to the terms of the acquisition and the directors of the Company (the “Directors”) (or any duly constituted committee thereof) be authorised to take all such steps as may be necessary or desirable in connection with, and to implement and complete, the acquisition and subsequent

withdrawal of litigation and associated matters with such modifications, variations, revisions, waivers or amendments (not being modifications, variations, revisions, waivers or amendments which are material in nature) as the Directors or a duly authorised committee thereof may deem necessary, expedient or appropriate.

**By order of the board**

Deepak Kumar  
Company Secretary

9 August 2012

*Registered Office: 2<sup>nd</sup> Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ*

**Notes**

**Voting at the General Meeting**

1. It is intended that voting on all resolutions at the General Meeting will be conducted on a poll, rather than a show of hands. The Directors believe that this produces more democratic results, as all shares represented at the General Meeting and those lodged before the General Meeting are included in the results of the voting on a one share one vote basis.

**Proxies**

2. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY ("Computershare") (helpline number +44(0)870 707 1388). To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
3. To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 3.30 p.m. on 23 August 2012. If they are a CREST member, shareholders may use the electronic proxy voting service provided by Euroclear.
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 11 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so.
5. For online voting, members may go to the following website: [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). Shareholders will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on their proxy form and agree to certain terms and conditions. Shareholders may not use any electronic address provided in this notice of General Meeting or the form of proxy to communicate with the Company for any purposes other than those expressly stated.

**Nominated persons**

6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

### **Right to attend and vote**

8. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 3.30 p.m. on 23 August 2012 or, in the event of any adjournment, at 3.30 p.m. on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

### **Total number of shares and voting rights**

9. As at 7 August 2012 (being the latest practicable date before publication of this Notice), the Company's issued share capital comprised 296,908,045 ordinary shares of US\$0.10 each, of which 265,796,234 carry voting rights in relation to all circumstances at general meetings of the Company. Of the remaining 31,111,811 ordinary shares of US\$0.10, 22,502,483 were held as treasury shares including 1,704,333 shares purchased by Gorey Investments Limited, an independent company and 6,904,995 were issued on the conversion of certain convertible bonds issued by one of the Company's subsidiaries. These 6,904,995 ordinary shares are held through a global depository receipt and, as a result, carry no voting rights. Therefore, the total voting rights in the Company as at 7 August 2012 were 265,796,234.

### **Instructions for electronic proxy appointment through CREST**

10. CREST members who wish to appoint a proxy or proxies through the Euroclear electronic proxy appointment service may do so by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare (ID number 3RA50) no later than 3.30 p.m. on 23 August 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### **Corporate shareholders**

14. A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

### **Right to ask questions**

15. Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered. The Company will not answer any questions which do not relate directly to the business of the General Meeting.

### **Communication**

16. You may not use any electronic address (within the meaning of Sections 333(4) of the Companies Act 2006) provided in this notice (or in any related documents, including the Chairman's letter and Proxy Form) to communicate with the Company for any purpose other than those expressly stated.

### **Inspection of documents**

17. A copy of this notice and other information required by Section 311A of the Companies Act can be found on the Company's website ([www.vedantaresources.com](http://www.vedantaresources.com)).

### **Company's registrars**

18. The Company's register of members is maintained by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. The shareholder helpline number is +44(0)870 707 1388.

### **Registration**

19. Shareholders should note that doors to the General Meeting will open at 2.30 p.m. and registration will start at 2.00 p.m.

### **Security**

20. Please note that for security reasons, all hand luggage may be subject to examination prior to entry to the General Meeting. Certain items will not be permitted in the meeting room. These include cameras, recording equipment, items of any nature with potential to cause disorder and such other items as the Chairman of the meeting may specify.
21. Persons who are not shareholders of the Company will not be admitted to the General Meeting unless prior arrangements have been made with the Company in writing. Investors holding shares through nominees are welcome to attend provided that they bring proof of their holding with them to the General Meeting.
22. We ask all those present at the General Meeting to facilitate the orderly conduct of the meeting and reserve the right, if orderly conduct is threatened by a person's behaviour, to require that person to leave.



