



# Vedanta Limited and Cairn India Limited: Revised Terms for Merger

22 July 2016

Conference call at 6:45pm IST, details on the last page

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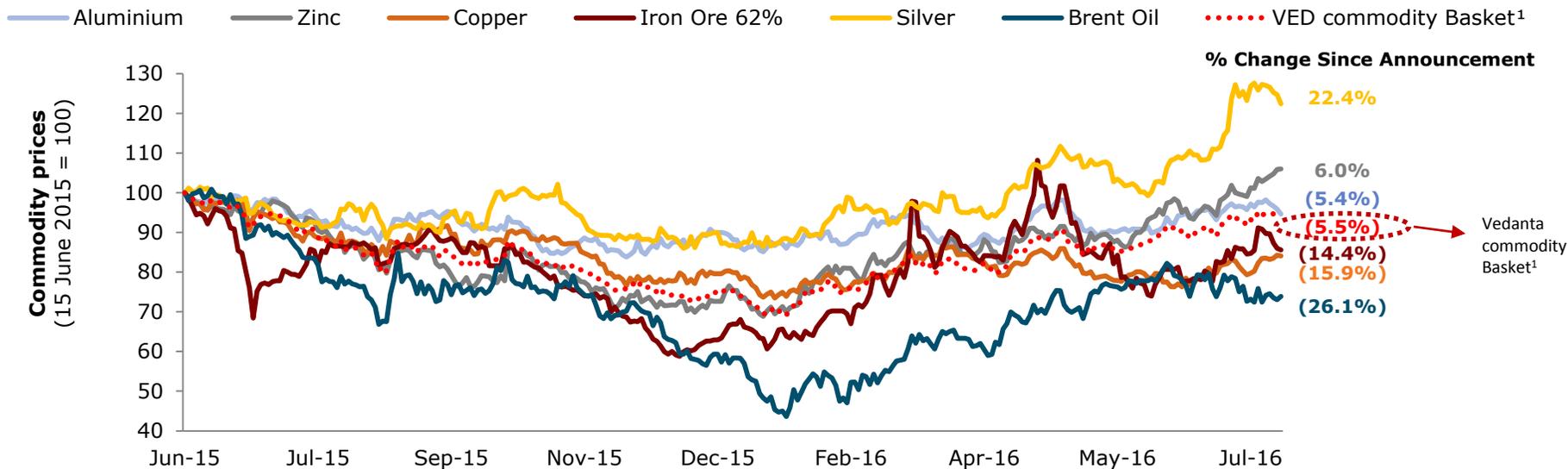
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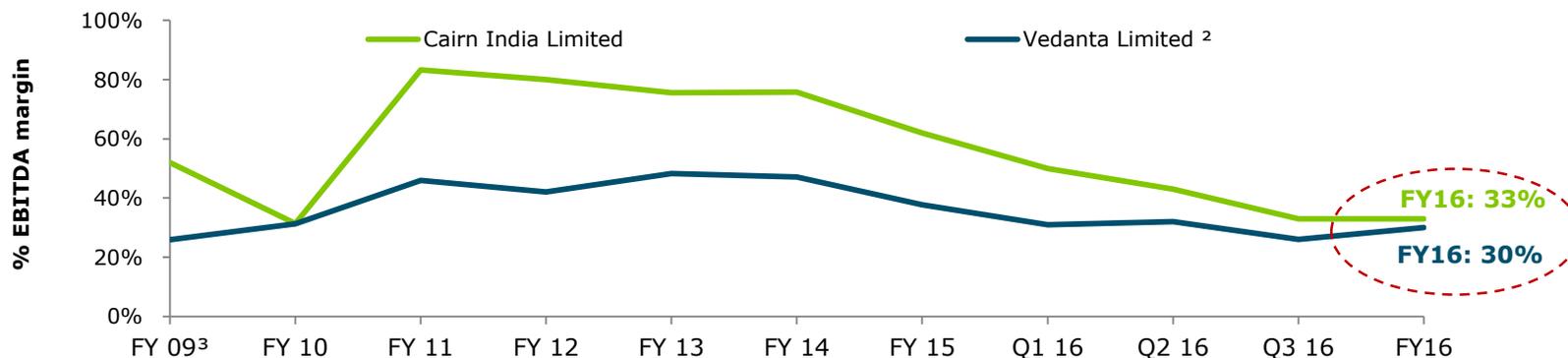
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- Revised and final terms - Cairn India Limited public shareholders will receive for each equity share held:
  - 1 Equity Share in Vedanta Limited
  - 4 Redeemable Preference Shares (RPS) in Vedanta Limited with a face value of Rs.10
    - Dividend: 7.5% p.a.
    - Tenure: 18 months
- Implied premium of 20% to one month VWAP of Cairn India share price
- Pro-forma ownership in Vedanta Limited:
  - Vedanta Limited shareholders 79.8%; Cairn India Limited shareholders 20.2%
  - Vedanta plc pro-forma ownership of 50.1% in Vedanta Limited
- Effected by way of a Scheme of Arrangement
- Conditional on shareholder approvals at each of Vedanta plc, Vedanta Limited and Cairn India Limited, as well as customary regulatory approvals
  - Vedanta Limited and Cairn India shareholder meetings to occur on 8 Sept 2016 and 12 Sept 2016, respectively
  - Vedanta Resources Plc shareholder meeting in September 2016
- Supported by fairness opinions provided by independent banks
- Unanimously approved by the independent and non-conflicted Board members of Vedanta Limited, Cairn India and Vedanta Resources plc, considering prevailing market conditions and underlying commercial factors

## Vedanta's diversified portfolio significantly reduces volatility...



## ...and generates more consistent margins



Source: Company filings, Bloomberg

1. Vedanta Limited Commodity Basket is a weighted average of commodity prices, weights are based on actual FY2016 revenue mix. Copper India revenues based on realized Tc/Rc's.

2. Excludes custom smelting. For Vedanta Limited: reported numbers considered for FY13 to current; Vedanta plc ex KCM used as proxy for FY12 and before

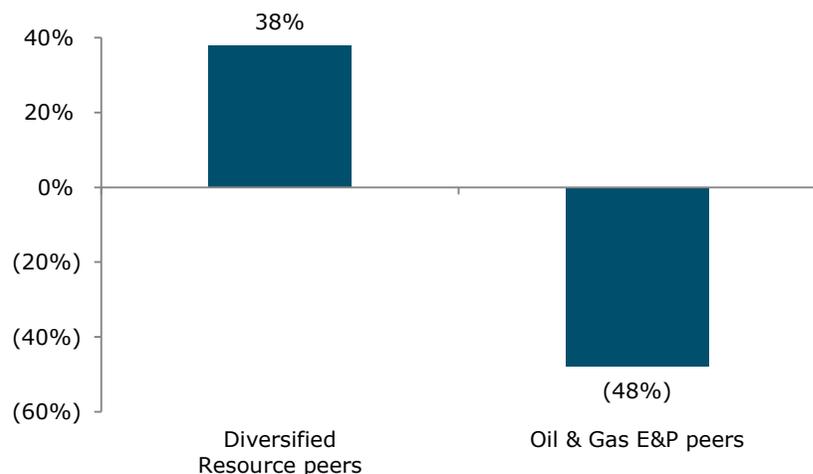
3. March '09 was a 15 months period from 1st Jan 08 as a result of change in reporting year from Calendar Year to Financial Year

# Diversified Resource Companies Deliver Superior Shareholder Returns- Vedanta's Ramp-ups to Drive Strong FCF and Shareholder Returns



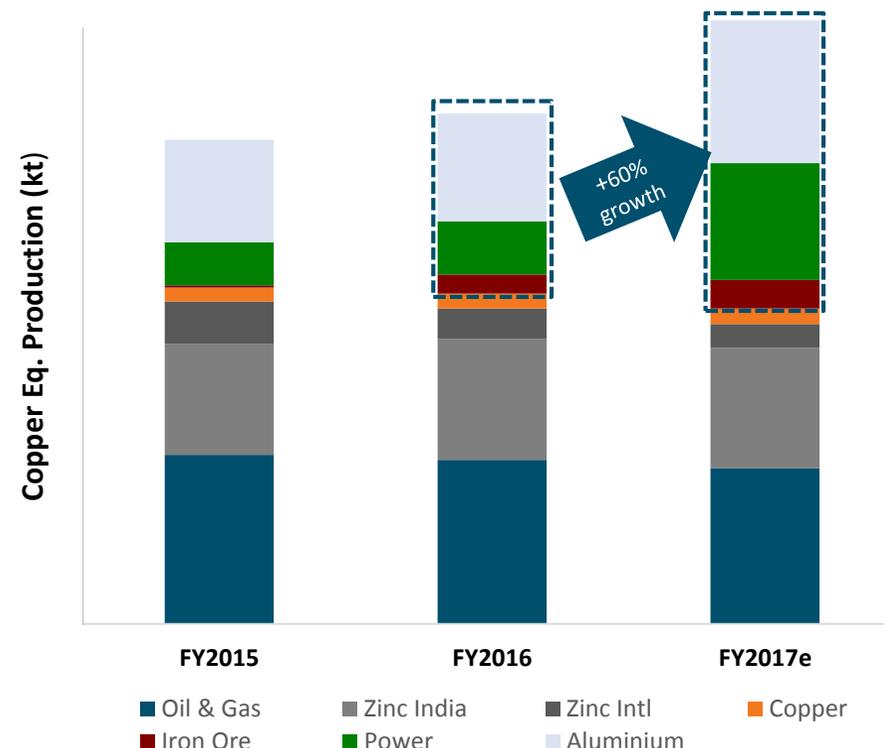
## Superior shareholder returns from diversified commodity companies

2006 – 2016 Total Shareholder Return (INR)



Source: Datastream as at 20 July 2016, shown on an INR basis  
 Diversified Resource peers include Anglo American, BHP Billiton, Freeport McMoran, Glencore, Rio Tinto, Teck Resources, Vedanta Resources plc  
 Oil & Gas E&P peers include mid-cap exploration and production companies with focus on production from emerging markets; includes DNO ASA, Genel Energy, Gulf Keystone Petroleum, Kosmos Energy, Maurel et Prom, Nostrum, Soco International and Tullow Oil

## Ramp-up of Aluminium, Power and Iron Ore at Vedanta Limited Driving Strong Cash Flow Generation



Source: FY2016 Results Presentation for Vedanta Ltd

All commodity and power capacities rebased to copper equivalent capacity (defined as production x commodity price / copper price) using average commodity prices for FY2016. Power rebased using FY2016 realisations, copper custom smelting capacities rebased at TC/RC for FY2016, iron ore volumes refers to sales with prices rebased at average 56/58% FOB prices for FY2015.

<sup>1</sup> EBITDA potential based on estimated FY2017 production at commodity prices as of 20<sup>th</sup> April 2016 and Q4 FY'16 costs

- Diversified portfolio de-risks earnings volatility and drives stable cash flows through cycle
- Improved ability to allocate capital to highest return projects
- Greater financial flexibility to sustain strong dividend distribution
- Cost savings and greater capital efficiency, with potential re-rating to benefit all shareholders
- Stronger balance sheet lowers overall cost of capital
- Consistent with stated corporate strategy to simplify the Group structure

**Long term sustainable value enhancement for all shareholders**

## Cairn India shareholders

- De-risked earnings and stable cash flows through the cycle
- Attractive transaction terms
- Exposure to Vedanta Limited's world class metals and mining assets – low cost, long life and well invested, delivering strong growth through production ramp ups
- Improved optionality to allocate capital and increased participation in cost savings
- Increased free float and trading liquidity
- Potential re-rating

## Vedanta Ltd & Vedanta plc shareholders

- Further simplification of Group structure in line with stated Group strategy
- Reinforces Vedanta Limited's position as India's leading, global diversified natural resources champion
- Enhanced alignment of operational and financing cash flows
- Financial flexibility
- Potential re-rating

**Long term sustainable value enhancement for all shareholders**

| <b>Key Event</b>                            | <b>Expected date</b>            |
|---|---------------------------------|
| BSE, NSE and SEBI approvals sought          | Completed                       |
| BSE, NSE and SEBI approvals                 | Completed                       |
| Application to High Court in India          | Completed                       |
| Vedanta plc posting of UK Circular          | August 2016                     |
| Vedanta plc EGM                             | September 2016                  |
| Vedanta Limited shareholder meeting         | 8 <sup>th</sup> September 2016  |
| Cairn India Limited shareholder meeting     | 12 <sup>th</sup> September 2016 |
| Foreign Investment Promotion Board approval | Q4 CY 2016                      |
| High Court of India approval                | Q1 CY 2017                      |
| MoPNG approval                              | Q1 CY 2017                      |
| Transaction completion                      | Q1 CY 2017                      |



# Appendix



## India

- Stock exchanges (NSE and BSE) and SEBI approval received
- High Court and other regulatory approvals in India for Scheme of Arrangement
- Vedanta Limited and Cairn India Limited Shareholder approvals
  - Listing requirements: majority of minority (Vedanta plc and Vedanta Limited cannot vote)
  - Court scheme: 75% of present and voting (Vedanta plc and Vedanta Limited can vote)
- MoPNG approval for transfer of Cairn PSC's to Vedanta Ltd.
- Foreign Investment Promotion Board approval for issue of RPS to foreign investors of Cairn India

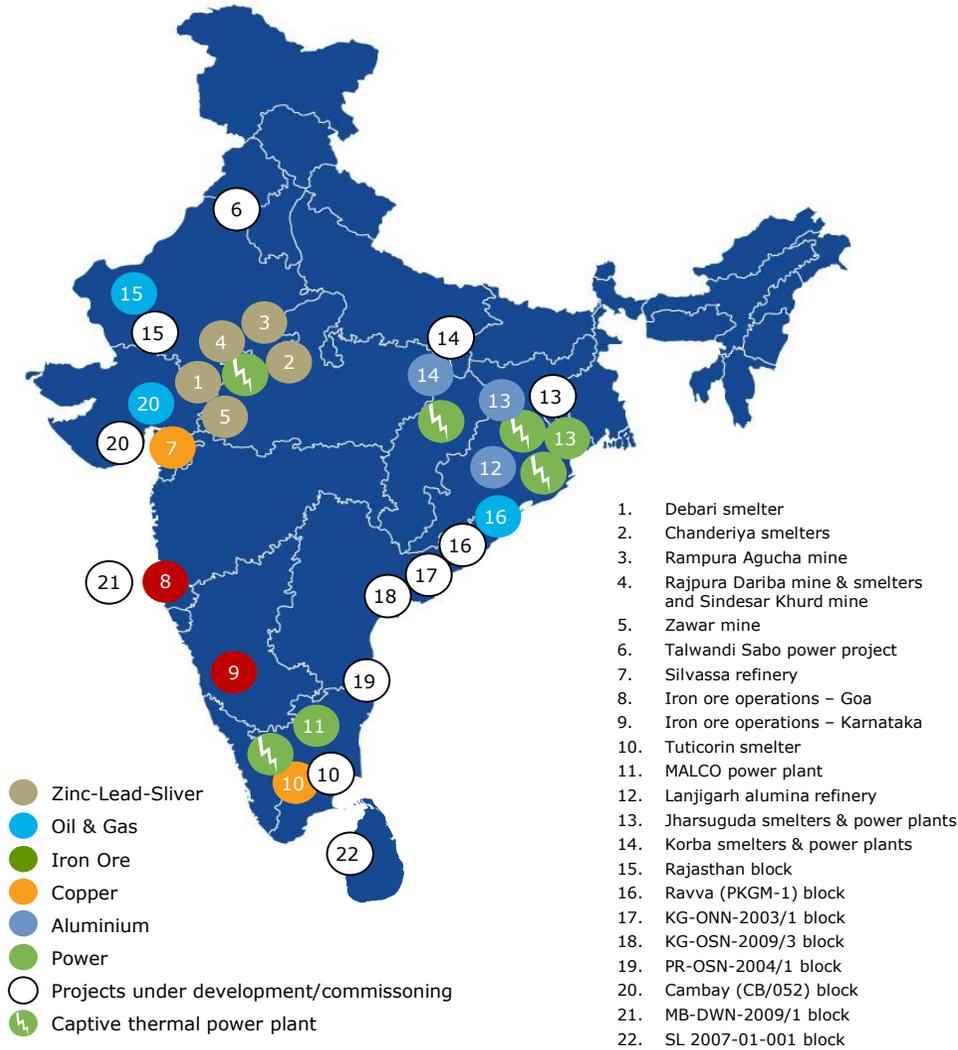
## UK

- Vedanta plc shareholder approval: simple majority

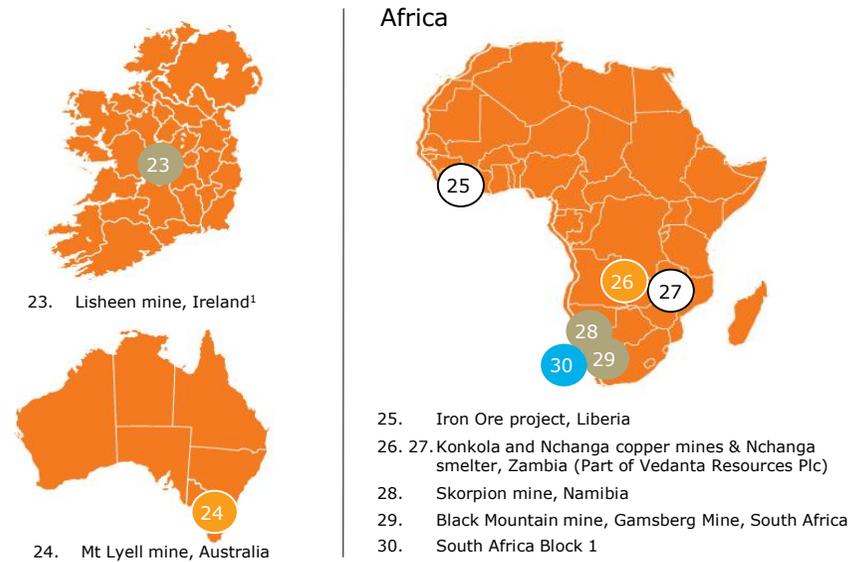
**Completion expected Q1 CY 2017**

|                          | R&R Life (years) | FY2016                                |                    | Key highlights   |
|--------------------------|------------------|---------------------------------------|--------------------|--|
|                          |                  | Production                            | EBITDA (Rs. Crore) |  |
| <b>O&amp;G</b> Oil & Gas | 15+              | 46.9 mmb <sup>1</sup>                 | 3,504 (\$535mn)    | <ul style="list-style-type: none"> <li>India's largest private-sector crude oil producer</li> <li>Strong FCF generation even at low oil prices with opex of \$6.5/bbl</li> </ul>   |
| <b>ZLS</b> Zinc – India  | 25+              | Zn - 759kt <sup>2</sup><br>Ag - 14moz | 6,484 (\$991mn)    | <ul style="list-style-type: none"> <li>Positioned on the 1<sup>st</sup> decile of the cost curve</li> <li>Rampura Agucha is the largest zinc-lead mine globally; significant production of silver from SK mine</li> </ul>            |
| <b>ZLS</b> Zinc Intl.    | 20+              | 226kt <sup>3</sup>                    | 380 (\$58mn)       | <ul style="list-style-type: none"> <li>Gamsberg is one of the world's largest undeveloped zinc deposits</li> <li>Developing Gamsberg with a modular and flexible approach to maximise value</li> </ul>                               |
| <b>Cu</b> Copper – India | NA               | 384kt                                 | 2,205 (\$337mn)    | <ul style="list-style-type: none"> <li>One of the world's most efficient custom smelters, operating consistently above 90% utilisation rate</li> <li>Strongly positioned on the 1<sup>st</sup> quartile of the cost curve</li> </ul> |
| <b>Fe</b> Iron Ore       | 20+              | 5.2dmt <sup>4</sup>                   | 402 (\$61mn)       | <ul style="list-style-type: none"> <li>Goa operation on 1<sup>st</sup> quartile of the cost curve</li> <li>Largest iron ore exporter in India pre-ban, significant ramp-up in FY2017</li> </ul>                                      |
| <b>Al</b> Aluminium      | NA               | 923kt <sup>5</sup>                    | 661 (\$101mn)      | <ul style="list-style-type: none"> <li>Significant ramp up of capacities in FY 2017</li> <li>Integrated capacity with captive power</li> </ul>   |
| <b>Pwr</b> Power         | NA               | 12,121MU <sup>6</sup>                 | 1,299 (\$198mn)    | <ul style="list-style-type: none"> <li>9,000 MW fully operational, of which 3,600 MW commercial power</li> <li>Poised to benefit from structural power shortage in India</li> </ul>  |

1. Vedanta Ltd working interest 2. Refined zinc total production (does not include 145kt refined lead) 3. Refined zinc from Skorpion (82kt) and mined metal from BMM and Lisheen (63kt and 81kt, respectively) 4. Production of saleable ore 5. Total aluminum production (does not include Lanjigarh 971kt of Alumina). 6. Total power sales



Note: Maps not to scale



<sup>1</sup>Lisheen had a safe and fully-costed closure after 17 years of operation in Nov 2015

## Vedanta Limited consolidated (Rs. crore)

## Vedanta Limited consolidated pro-forma (Rs. crore)

|                                |        |         |
|--------------------------------|--------|---------|
| EBITDA                         | 15,012 | 15,012  |
| Operating profit               | 8,301  | 8,301   |
| Profit after tax               | 6,216  | 6,216   |
| Minority interest              | 3,306  | 2,355   |
| Attributable to equity holders | 2,910  | 3,861   |
| EPS                            | Rs.9.8 | Rs.10.4 |
| Gross Debt                     | 77,952 | 77,952  |
| Cash                           | 52,666 | 52,666  |
| Net Debt                       | 25,286 | 25,286  |
| Interest expense               | 5,704  | 5,704   |
| Outstanding shares (mm)        | 2,965  | 3,717   |

### Credit Metrics

|                       |      |      |
|-----------------------|------|------|
| Net Debt / EBITDA     | 1.7x | 1.7x |
| EBITDA / Net Interest | 6.8x | 6.8x |

*Note: Numbers above as per Indian GAAP, excluding special items of Rs. 12,452 crores reported in FY2016, of which Rs. 10,074 crore is impairment of Cairn goodwill.*

**There will be a conference call on Friday, 22 July 2016 at 6:45 PM IST (2:15PM UK time, 9:15AM NY time)**

**The dial-in numbers for the call are below:**

| Event   |   | Telephone Number  |
|---|---|---|
| Conference call on<br>22 July 2016                | <b>India – 6:45 PM (IST)</b>                | Mumbai main access<br>+91 22 3938 1017<br>Mumbai standby access<br>+91 22 6746 8333 |
|   | <b>Singapore – 9:15 PM (Singapore Time)</b> | Toll free number<br>800 101 2045  |
|   | <b>Hong Kong – 9:15 PM (Hong Kong Time)</b> | Toll free number<br>800 964 448   |
|   | <b>UK – 2:15 PM (UK Time)</b>               | Toll free number<br>0 808 101 1573  |
|   | <b>US – 9:15 AM (Eastern Time)</b>          | Toll free number<br>1 866 746 2133  |
| Replay of Conference Calls<br>(till 29 July 2016) |   | Mumbai<br>+91 22 3065 2322<br>+91 22 6181 3322<br>Passcode: 89897#                  |

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