

VEDANTA LIMITED: DIVIDEND DISTRIBUTION POLICY FOR EQUITY SHAREHOLDERS

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Company is required to formulate and disclose its Dividend Distribution Policy. Accordingly the Board of Directors of the Company ('the Board') has approved this Dividend Distribution Policy for the Company at its meeting held on May 15, 2017.

The Board of Directors shall recommend dividend in compliance with this policy, the provisions of the Companies Act, 2013 and Rules made thereunder and other applicable legal provisions.

1. Dividend Payout

In every financial year, the Board aims to distribute to its equity shareholders:

1.1. The entire dividend income (net of taxes) it receives from its subsidiary, Hindustan Zinc Ltd. (this does not apply to any one-time special dividends received from Hindustan Zinc Ltd. which will be at the discretion of the Board); and

1.2. Minimum 30% (including taxes, cess, and levies, if any relating to the dividend) of Attributable Profit after Tax (before exceptional items) of the Company excluding its share of profits in Hindustan Zinc Ltd for the year. Such profits will be net of dividend payout to preference shareholders, if any.

2. While considering a dividend, the following financial parameters, and internal and external factors shall also be evaluated by the Board:

- a. Current financial year's profits and retained earnings
- b. Availability of cash and liquid investments to pay dividend
- c. Deleveraging plans of the Company
- d. Capital expenditures and organic/ inorganic plans of the Company
- e. Contingency plans
- f. Company's future prospects including its continued ability to sustain its profits
- g. External factors like uncertain or recessionary economic and business conditions, regulatory environment, prevailing & expected commodity prices in the market etc.

3. Circumstances under which the shareholders of the Company may or may not expect dividend:

Generally, it would be the Company's policy to pay dividend in the manner specified in 1 above. However, the Board may not approve a dividend in situations such as:

- a. When the Company does not have any profits
- b. When there are prolonged strikes or lockouts, natural calamities, regulatory actions, major accidents or other events significantly impacting production volumes
- c. When prices of the company's products have fallen suddenly, impacting future profits in substantial manner
- d. When Company's liquidity is jeopardized for any reason, impairing its ability to pay the dividend

4. How the retained earnings shall be utilized:

The retained earnings may be utilized either for business purposes mentioned in its Memorandum & Articles of Association or shall be distributed to the equity shareholders.

5. Adoption of parameters for dividend payout with respect to various classes of shares:

- Presently, the authorised share capital of the Company is divided into equity shares of Re.1 each and preference shares of Rs.10 each.
- As and when the Company issues other kind of shares, the Board may suitably amend this Policy

6. Review of Policy

This policy will be reviewed periodically by the Board and if revised, the Company will announce such changes.

This Policy will come into effect from the Financial Year 2018.