



VEDANTA LIMITED

(formerly Sesa Sterlite Limited /Sesa Goa Limited)

Related Party Transaction Policy

Document Name	Related Party Transaction Policy
Company	Vedanta Limited
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1. Preamble

Vedanta Limited (the “Company” or “VEDL”) and its subsidiary companies (Indian and foreign) and its associate companies (“the Group”) would, in ordinary course of business, enter into transactions with a related party or parties. The Audit Committee and Board of Directors (the “Board”) of VEDL has adopted the following policy with regard to Related Party Transactions (“RPT”) as defined below. The policy envisages the approval matrix and review relating to RPTs to be followed by company to ensure compliance with the Law and Regulation. Audit Committee shall review and recommend amendments to the Board for this policy from time to time.

2. Introduction

The Companies Act, 2013 (Act) and Listing Agreement have significantly revised the regulations governing RPTs entered by Indian companies. The Act defines related parties, related party transactions and prescribes certain approval requirements with respect to such transactions. In line with the requirements of the Act, Securities and Exchange Board of India (SEBI) has also amended the listing agreement to revise the corporate governance norms with respect to RPTs. One such requirement is that the companies are required to formulate a policy on dealing with RPT

This Policy sets out the philosophy and processes that is to followed for approval and review in respect of transactions entered into by the Company with a Related Party. No RPTs shall be entered by the Company, except in accordance with the provisions of this Policy.

This policy is approved by the Board of VEDL at its meeting held on October 29, 2014. This policy will be effective from April 1, 2014.

This Policy is published on the Company's website: www.vedantalimited.com

3. Related Party Transaction philosophy

- The Company shall not enter into RPTs without the prior approval of Audit Committee (at a meeting or by way of circular resolution) and shall be at arm’s length and in ordinary course of business.
- In the event of RPT not in the ordinary course of business, the Company shall obtain approval of the Board and its shareholders, as applicable, for such contract or arrangement.
- All material RPT transactions (whether in the ordinary course of business or not) RPTs shall be approved by Board of Directors and shareholders of the Company. A

transaction with a related party is considered material if the transaction / transactions to be entered into, either individually or taken together with previous transactions with such related party during a financial year, exceeds ten percent of the consolidated annual turnover as per the last audited financial statements of the company.

4. Related Party Transactions Policy

The policy that would be followed in relation to RPT are given in paragraphs below:

(i) Identification of Related Parties

The policy for identification of Related Party will be as set out below.

- Disclosure by Directors / Key Managerial Personnel of Company / Holding Company.
- Company Secretary will prepare quarterly list of all related parties including holding, subsidiaries, associates, joint ventures of the company by reviewing the Group structure.

(ii) Identification of Related Party Transactions

The Company Secretary would collate list of related party transactions as follows:

- Continuing RPTs as per the disclosure made in Company's financial statements.
- Transactions which are likely to be entered into with each related party and estimated value of such transactions before the beginning of each financial year to obtain necessary approvals in accordance with this Policy.

(iii) Identification of transaction, whether it is in the ordinary course of business

RPT that are part of the regular operating activities and connected financial activities among RP of any organisation in similar business and size shall be considered to be in the ordinary course of business.

The term transaction in the ordinary course of business has not been defined under the Act. But the International Standard on Auditing (ISA) 550 listed certain examples of transactions outside the entity normal course of business. Such examples have been listed out below

- Complex equity transactions, such as corporate restructurings or acquisitions.
- Transactions with offshore entities in jurisdictions with weak corporate laws.
- The leasing of premises or the rendering of management services by the entity to another party if no consideration is exchanged.

- Sales transactions with unusually large discounts or returns.
- Transactions with circular arrangements, for example, sales with a commitment to repurchase.
- Transactions under contracts whose terms are changed before expiry.

5. Approval and review of Related Party Transaction

(i) Audit Committee

Approval policy:

- All the RPTs entered into with effect from October 1, 2014 shall be at arm's length pricing and subject to the prior approval of the Audit Committee.
- The management shall present the list of RPTs before the Audit Committee at the beginning of the year, the following information with respect to all RTP expected to be entered into during the financial year for its approval
 - a) Name of party
 - b) Relationship with Related party
 - c) Approximate rupee value and projected value of transactions
 - d) Nature of transaction and material terms of transactions.
 - e) Supporting document
 - f) Pricing of transaction and whether the same is on arm's length or not
 - g) In the case of loan to be provided, the aggregate amount of loan and the rate of interest to be payable on such loans
 - h) In the case of guarantees, the aggregate amount of guarantees and the commission to be paid on such guarantee.
 - i) Any other material information regarding the transactions or related party interest in the transaction

As per section 188 (1) of the Act, the expression "arm's length transaction" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest

After reviewing the proposed related party transactions, the audit committee shall approve or disapprove such RTP.

There may be circumstances where the RPTs needs to be entered, which are in the ordinary course of business and is not known in advance In such cases in accordance with SEBI circular dated September 15, 2014, a overall limit of Rs. one crore can be approved by the

Audit Committee. However such transaction should be on arm's length basis and shall be placed before the Audit Committee for ratification.

Quarterly review of RPT

Quarterly information of all RPTs shall be placed by the Company for the review of Audit Committee.

ii. Board of Directors

- Material RPT and RPT not in the ordinary course of business shall be approved by Board of Directors
- Any member of the Board who has any interest in any RPT will recuses himself and abstain from discussion and voting on the approval of the Related Party Transaction.

iii. Shareholders

Material RPT and RPT not in the ordinary course of business shall be approved by shareholders by way of a special resolution.

6. Transactions which do not require approval

- Any transaction involving the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business by any Key Managerial Personnel's shall not require approval under this policy.
- Any Material related party transaction entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval is exempted from obtaining approval of the shareholders.

7. General principles

The CFO of the Company is authorised to issue guidelines / instructions for implementation of the policy

8. Disclosures

- Every Related Party Transaction with proper justification shall be disclosed in the Directors Report.
- Details of all material transactions with related parties shall be disclosed to the stock exchanges on quarterly basis along with the compliance report on corporate governance.

- The company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.
- This Policy will be communicated to all employees and other concerned persons of the Company.

9. Interpretation

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and rules prescribed therein, as may be amended from time to time and per the Listing Agreement with Stock Exchange(s) as may be amended from time to time, shall have the meaning respectively assigned to them therein.

10. Amendments in Law

Any subsequent amendment/modification in the Companies Act, 2013 and/or the listing agreement and/or other applicable laws in this regard shall automatically apply to this Policy.