

27 March 2015

Vedanta Resources plc
Notice of Claim served under Bilateral Investment Treaty

As notified on 13 March 2015, Cairn India Limited ("**Cairn India**"), a subsidiary of Vedanta Resources Plc ("**Vedanta**"), has received an assessment order from the Indian Income Tax Department regarding a decision by the Government of India ("**GOI**") in 2012 to amend the Indian Income Tax Act 1961 to impose retrospective tax on various prior transactions. In this respect, Vedanta's Board of Directors has instructed counsel to file a Notice of Claim against the GOI ("**Notice**") under the UK-India bilateral investment treaty (the "**BIT**") in order to protect its legal position and shareholder interests.

The Notice relates to the retrospective tax legislation passed by the GOI and a related tax demand made against Cairn India, an Indian company in which Vedanta has an approximate 59.9% interest. The tax demand is for an alleged failure to deduct withholding tax on alleged capital gains arising during 2006-07 in the hands of Cairn UK Holdings Limited, Cairn India's erstwhile parent company, a subsidiary of Cairn Energy Plc. The sums demanded from Cairn India total INR 204,947,284,528 (equivalent to approximately USD3.293 billion) comprising INR102,473,642,264 of "tax", and the same amount again as "interest". If enforced, such tax demand would have serious consequences for Cairn India and therefore Vedanta's investment in Cairn India. Vedanta understands that a parallel tax demand has also been made by the Indian Income Tax Department on Cairn UK Holdings Limited.

The Notice was served under, and is the first step required prior to the commencement of international arbitration pursuant to, the BIT. The BIT provides that the GOI is obliged, amongst other things, to accord fair and equitable treatment to investors and to provide full protection and security to investments. Vedanta and Cairn India have been advised by leading international counsel that the retrospective tax legislation passed is a violation of protections accorded to investors under the BIT and constitutes a serious impairment of the treaty rights of Vedanta.

Vedanta and Cairn India will continue to take all necessary steps to protect their interest and the interest of their shareholders.

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About Vedanta Resources plc

Vedanta Resources plc (“Vedanta”) is a London listed diversified global natural resources major. The group produces aluminium, copper, zinc, lead, silver, iron ore, oil & gas and commercial energy. Vedanta has operations in India, Zambia, Namibia, South Africa, Ireland, Liberia, Australia and Sri Lanka. With an empowered talent pool globally, Vedanta places strong emphasis on partnering with all its stakeholders based on the core values of entrepreneurship, excellence, trust, inclusiveness and growth. For more information, please visit www.vedantaresources.com.

Disclaimer

This press release contains “forward-looking statements” - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “should” or “will.” Forward-looking statements by their nature address matters that are, to different degrees, uncertain. For us, uncertainties arise from the behaviour of financial and metals markets including the London Metal Exchange, fluctuations in interest and or exchange rates and metal prices; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. We do not undertake to update our forward-looking statements.