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# This document is important and requires your immediate attention

## Vedanta Resources plc

(incorporated and registered in England and Wales under number 4740415)

### Chairman's Letter

and

### Notice of Annual General Meeting

(including Proposed Reduction of Share Premium Account)

Notice of the Annual General Meeting to be held at 3.00pm on Wednesday 28 July 2010  
at The Institute of Civil Engineers, One Great George Street, London SW1P 3AA

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If you are in any doubt about the contents of this document or as to what action you should take, you should seek advice from your stockbroker, solicitor, accountant or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have recently sold or otherwise transferred all of your shares in Vedanta Resources plc, please pass this document, together with the accompanying documents (and the enclosed Proxy Form) to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

# Chairman's Explanatory Letter

Vedanta Resources plc  
Registered in England and Wales  
Company number 4740415

Registered Office:  
2nd Floor, Vintners Place  
68 Upper Thames Street  
London  
EC4V 3BJ

28 June 2010

Dear Shareholder

## Notice of Annual General Meeting (including proposed Reduction of Share Premium Account)

On behalf of the Board of Directors (the 'Board' or 'Directors') of Vedanta Resources plc (the 'Company') I am delighted to invite you to our 2010 Annual General Meeting (the 'AGM') which will be held at 3.00pm on Wednesday 28 July 2010 at The Institute of Civil Engineers, One Great George Street, London SW1P 3AA. The formal notice of AGM is set out on pages 3 and 4 of this document.

An explanation of the business to be conducted at the meeting (other than the proposed reduction of the Company's share premium account described below) is included on pages 5 to 7 and on pages 8 to 10 you will find additional important information in relation to shareholder services.

### Reduction of Share Premium Account

As you will note, one of the items of business to be considered at this year's AGM is a resolution relating to the proposed reduction (the 'Reduction') of the Company's share premium account (the 'Share Premium Account').

The Companies Act 2006 (the '2006 Act') restricts the circumstances in which a public company may return funds to its shareholders. In particular, a public company may only pay dividends or repurchase its shares out of its distributable reserves (or in the case of a repurchase of its shares, out of the proceeds of a fresh issue of shares).

The 2006 Act also imposes limitations on the use of a public company's capital reserves including its share premium account. By way of background, under English law, when a company issues shares, any amount of the consideration received which is in excess of the nominal value of those shares is allocated to and maintained in a company's share premium amount. Article 58 of the Company's articles of association permits the Company to reduce its Share Premium Amount by special resolution subject to the provisions of the 2006 Act (see below). The reserve arising on any such reduction is, under the 2006 Act, capable of being distributed.

Despite the Company maintaining strong earnings cover, increasing its distributable reserves by way of the Reduction will provide the Directors with the flexibility to take advantage of opportunities to enhance shareholder value by repurchasing its shares, whilst at the same time maintaining the Company's commitment to a progressive dividend policy.

As at 31 March 2010, the Company had distributable reserves of approximately US\$201 million and the amount standing to the credit of the Share Premium Account was approximately US\$197 million. The proposed Reduction involves reducing the amount standing to the credit of the Share Premium Account as at the date of the AGM by US\$190 million and crediting the same amount to the Company's distributable reserves.

In order to proceed with the Reduction, the Directors must first obtain the approval of shareholders by way of a special resolution. Therefore the Directors are seeking shareholder approval of the Reduction at this year's AGM. Pursuant to Resolution 15 of the notice of meeting on pages 3 to 4 of this document, the Directors will only be authorised to take all necessary steps to make the Reduction effective if any Court Order (as defined below) confirming the Reduction is registered by the Registrar of Companies no later than the date of next year's annual general meeting or 1 October 2011 (whichever is sooner).



# Chairman's Explanatory Letter continued

If Resolution 15 is passed, the Reduction will not become effective unless and until approval of the Reduction has been obtained from the High Court of Justice of England and Wales (the 'Court') and the court order confirming it (the 'Court Order') has been registered with the Registrar of Companies. In considering whether or not to confirm the Reduction and make the Court Order, the Court will be required to consider whether the interests of the Company's creditors will be prejudiced as a result of the Reduction. Therefore, assuming Resolution 15 is passed, it is the Directors' intention to take the appropriate steps in order to satisfy the Court that the Company's creditors will not be so prejudiced. However, shareholders should note that the Company may decide not to proceed to seek the Court's confirmation of the Reduction if the Directors consider it impracticable or inadvisable to do so having regard to the creditor protection measures that may be required.

The reserve arising following the Reduction, if approved by shareholders and confirmed by the Court, would be available for the payment of dividends, the purchase by the Company of its own shares and/or for other general corporate purposes which the Directors consider appropriate. It should not, however, be assumed that the Company will necessarily use the distributable reserve created by the Reduction to make dividend payments or to purchase its own shares.

## Voting

If you are unable to attend the meeting in person, your vote is still important and I would ask you to complete, sign and return the enclosed proxy form (the 'Proxy Form') to register your vote. Any proxy you appoint may attend, speak and vote at the AGM on your behalf.

At the AGM the Company will take a poll on all resolutions put to shareholders. This enables the voting preferences of all shareholders to be taken into account, not just those who can physically attend. The results of the voting will be released to the London Stock Exchange and posted on the Company's website ([www.vedantaresources.com](http://www.vedantaresources.com)) after the meeting. Shareholders attending the meeting in person or by proxy will have the opportunity to ask questions on the AGM resolutions and any other topic of relevance to our business. We hope that you will make use of the opportunity to raise questions on the topics to be discussed. You are, of course, invited to write to me at any time if you have any questions.

## Action to be taken

Please complete and return the Proxy Form in accordance with the instructions printed on the form to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and, in any event, no later than 3.00pm on Monday 26 July 2010. Completion and return of a Proxy Form will not prevent you from attending and voting in person at the meeting should you wish to do so.

## Recommendation

The Directors consider that the resolutions to be voted on at the AGM and the Reduction described above are in the best interests of the Company and of its shareholders as a whole and unanimously recommend that shareholders vote in favour of the resolutions at the AGM, as the Directors themselves propose to do in respect of their own shareholding except (where relevant) as regards their own re-appointment to the Board.

I look forward to meeting as many of you as possible at the AGM.

Yours sincerely,

**Anil Agarwal**  
Chairman

# Notice of Annual General Meeting

The seventh Annual General Meeting of Vedanta Resources plc (the 'Company') will be held at 3.00pm on Wednesday 28 July 2010 at The Institute of Civil Engineers, One Great George Street, London SW1P 3AA to consider the following resolutions, of which resolutions 1 to 9 (inclusive) will be proposed as ordinary resolutions and resolutions 10 to 15 (inclusive) will be proposed as special resolutions.

1. That the audited financial statements of the Company for the financial year ended 31 March 2010, together with the Directors' report and the independent auditors' report thereon, be received.
2. That the Directors' remuneration report for the financial year ended 31 March 2010 be approved.
3. That a final dividend as recommended by the Directors of 27.5 US cents per ordinary share in respect of the financial year ended 31 March 2010 be approved.
4. That Mr Naresh Chandra who retires and seeks re-appointment pursuant to article 122 of the Company's articles of association, be re-appointed as a Director.
5. That Mr Euan Macdonald, who retires and seeks re-appointment pursuant to article 122 of the Company's articles of association, be re-appointed as a Director.
6. That Mr Aman Mehta, who retires and seeks re-appointment pursuant to article 122 of the Company's articles of association, be re-appointed as a Director.
7. That Deloitte LLP be re-appointed as auditors of the Company for the financial year ending 31 March 2011.
8. That the Directors be authorised to determine the auditors' remuneration.
9. That the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the '2006 Act'), to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights') up to an aggregate nominal amount (within the meaning of section 551(3) and (6) of the 2006 Act) of US\$9,063,265, such authority to expire at the conclusion of the annual general meeting of the Company in 2011 or on 1 October 2011, whichever is the earlier, save that the Company may before this authority expires make any offer or agreement which would or might require shares to be allotted or Rights to be granted after the authority expires, and the Directors may allot shares or grant Rights in pursuance of any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.
10. That subject to the passing of resolution 9 above, the Directors be and are hereby empowered pursuant to section 570(1) and 573 of the Companies Act 2006 (the '2006 Act') to:
  - (a) allot equity securities (as defined in section 560(3) of the 2006 Act) of the Company for cash pursuant to the authority conferred by resolution 9; and
  - (b) sell ordinary shares (as defined in section 560(1) of the 2006 Act) held by the Company as treasury shares for cash, as if section 561 of the 2006 Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities for cash and the sale of treasury shares:
    - (i) in connection with or pursuant to a rights issue, open offer or any other pre-emptive offer in favour of (i) holders of ordinary shares in proportion (as nearly as practicable) to the respective number of ordinary shares held by them on the record date for such allotment and (ii) holders of any other class of equity securities entitled to participate therein or if the Directors consider it necessary, as permitted by the rights of those securities, but subject to such exclusions or other arrangements as the Directors may deem necessary or appropriate to deal with fractional entitlements, treasury shares, record dates or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and
    - (ii) otherwise than pursuant to sub-paragraph (i) of this resolution 10, up to an aggregate nominal amount of US\$1,359,490,

and shall expire at the conclusion of the annual general meeting of the Company in 2011 or on 1 October 2011, whichever is the earlier, save that the Company may before such expiry make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry and the Directors may allot equity securities, or sell treasury shares in pursuance of any such offer or agreement as if the power conferred hereby had not expired.

# Notice of Annual General Meeting continued

11. That the Directors be and are hereby directed to elect on behalf of the Company that the exercise of all conversion rights attached to the US\$883 million 4.00% guaranteed convertible bonds due 2017 issued by Vedanta Resources Jersey II Limited, a wholly owned subsidiary of the Company, be settled in full by the issue or delivery of ordinary shares, and that the Directors be and are hereby authorised to exercise all the powers of the Company to the extent they determine necessary to implement such election.
12. That the Company is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the '2006 Act') to make market purchases (within the meaning of section 693(4) of the 2006 Act) of any of its ordinary shares of US\$0.10 each in the capital of the Company on such terms and in such manner as the Directors may from time to time determine and where such shares are held as treasury shares, the Company may use them for the purpose of its employee share scheme(s), provided that:
- (a) the maximum aggregate number of ordinary shares which may be purchased under this authority is 27,189,796;
  - (b) the minimum price which may be paid for each ordinary share is US\$0.10 which amount shall be exclusive of expenses, if any;
  - (c) the maximum price exclusive of expenses which may be paid for each ordinary share is an amount equal to the higher of:
    - (i) 105 per cent of the average of the middle market quotations for the ordinary shares of the Company as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which such share is contracted to be purchased; and
    - (ii) the value of an ordinary share calculated on the basis of the higher of the price quoted for: (a) the last independent trade of or; (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out;
  - (d) unless previously renewed, revoked or varied, this authority shall expire at the conclusion of the annual general meeting of the Company in 2011 or on 1 October 2011, whichever is earlier; and
  - (e) under this authority, the Company may make a contract to purchase ordinary shares which would or might be executed wholly or partly after the expiry of this authority, and may make purchases of ordinary shares pursuant to it as if this authority had not expired.
13. That a general meeting of the Company, other than an annual general meeting, may be called on not less than 14 clear days' notice.
14. That:
- (a) the articles of association of the Company be amended by deleting all the provisions of the Company's memorandum of association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's articles of association; and
  - (b) the articles of association produced to the meeting and initialled by the chairman of the meeting for purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.
15. That:
- (a) the amount standing to the credit of the share premium account of the Company as at the date of the passing of this resolution be reduced by a sum of US\$190 million; and
  - (b) the Directors be authorised to take all necessary steps to make the reduction referred to in sub-paragraph (a) above effective provided always that any court order confirming the reduction shall be registered by the Registrar of Companies at no later than the date of the next annual general meeting of the Company or 1 October 2011 (whichever is sooner).

By order of the Board

**Deepak Kumar**  
**Company Secretary**  
 28 June 2010

Vedanta Resources plc  
 Registered in England and Wales  
 Company number 4740415

Registered Office:  
 2nd Floor, Vintners Place  
 68 Upper Thames Street  
 London  
 EC4V 3BJ

# Explanatory Notes to the Resolutions

Resolutions 1 to 9 will be proposed as ordinary resolutions and will be passed if more than 50% of shareholders' votes cast are in favour of the resolution. Resolutions 10 to 15 will be proposed as special resolutions. For these resolutions to be passed, at least 75% of shareholders' votes cast must be in favour.

## Resolution 1 – To receive the Annual Report and Accounts

The Directors are required to present their Annual Report and Accounts of the Company for the financial year ended 31 March 2010 to shareholders for formal adoption at the Annual General Meeting.

## Resolution 2 – To approve the Remuneration Report

The Directors are required to seek the approval of shareholders for the Remuneration Report. The report may be found on pages 73 to 79 of the Company's Annual Report and Accounts. The vote is an advisory vote, as permitted by law, and no entitlement to remuneration is made conditional on the resolution being passed.

## Resolution 3 – Final dividend

The Directors recommend a final dividend of 27.5 US cents per ordinary share. The final dividend cannot exceed the amount recommended by the Directors. If approved the final dividend will be paid on 4 August 2010 to shareholders on the register of members on 9 July 2010.

## Resolutions 4, 5 and 6 – Re-appointment of Directors

The Company's articles of association require that, at every annual general meeting, one-third of the Directors or, if their number is not three or a multiple of three, the number nearest to one-third will retire from office. In addition any Director who has been in office for three years or more since his last appointment or re-appointment is required to retire and stand for re-appointment. The biographical details of the three Directors retiring at this year's AGM and seeking re-appointment are as follows:

### Naresh Chandra

Naresh Chandra, (75) is the Senior Independent Director and is engaged on a contract renewable every 12 months. Mr Chandra joined the Board in 2004. He was Home Secretary, Cabinet Secretary from 1990 to 1992, Senior Adviser to the Prime Minister of India from 1992 to 1995 and the Indian Ambassador to the United States of America from 1996 to 2001. He was Chairman of the India Government Committee on Corporate Governance from 2002 to 2003. He is Chairman of the National Security Advisory Board in India. In 2008 he was awarded the prestigious award of Padma Vibhushan by the Honourable President of India. Mr Chandra has a Master's degree in mathematics from Allahabad University.

### Euan Macdonald

Euan Macdonald, (70) joined the Board in 2005. Mr Macdonald spent over 20 years of his career with S.G. Warburg, specialising in emerging market finance. From 1995 to 1999, he was Chairman of SBC Warburg India and from 1999 to 2001 he was Executive Vice Chairman of HSBC Securities and Capital Markets, India. Mr Macdonald has a Bachelor's degree in economics from Cambridge University and a Masters degree in finance and international business from Columbia Business School.

### Aman Mehta

Aman Mehta, (63) joined the Board in 2004 following his retirement from HSBC where he had a career spanning 36 years. He held numerous positions, including that of Chairman and Chief Executive Officer of HSBC USA Inc. and Deputy Chairman of HSBC Bank Middle East, based in Dubai. In 1999, Mr Mehta was appointed Chief Executive Officer of the Hong Kong and Shanghai Banking Corporation, a position he held until retirement. He has a Bachelor's degree in economics from Delhi University and is a member of a number of corporate and institutional boards in India and overseas.

The Board considers annually the performance of all the Directors. Following this review the Board believes the performance of Mr Naresh Chandra, Mr Euan Macdonald and Mr Aman Mehta continues to be effective and that they demonstrate commitment to their roles. Accordingly, the Board unanimously recommends their re-election.

## Resolutions 7 and 8 – Re-appointment of Deloitte LLP and approval to agree their remuneration

The Company is required at each general meeting at which accounts are laid before the shareholders to appoint auditors for each financial year of the Company. Deloitte LLP are the current auditors and have indicated their willingness to continue in office. Approval is also sought (by separate resolution) for the Directors to be authorised to agree the auditors' remuneration.

## Resolution 9 – Directors' authority to allot shares

The Directors may allot shares and grant rights to subscribe for or to convert any security into shares of the Company ('Rights') only if authorised to do so by shareholders. The authority granted at the last annual general meeting expires at the conclusion of this year's AGM. Accordingly, resolution 9 seeks to renew this authority for a further period until the date of the next annual general meeting or 1 October 2011, whichever is earlier.

If passed, this resolution will give the Directors authority to allot ordinary shares, or grant Rights, up to an aggregate nominal value of US\$9,063,265 representing approximately one-third of the Company's issued share capital (excluding treasury shares) as at 10 June 2010 being the latest practicable date before publication of this Notice.

# Explanatory Notes to the Resolutions continued

The Directors have no present intention of using this authority.

As at 10 June 2010 (the latest practicable date before publication of this Notice) the Company held 24,206,816 shares in treasury (which included 1,704,333 shares that were purchased under two share buyback programmes by Gorey Investment Limited who have agreed not to vote on those shares). These shares represented approximately 8.9% of the Company's issued ordinary share capital (excluding treasury shares) as at that date.

## **Resolution 10 – Disapplication of pre-emption rights**

The Directors also require additional authority from shareholders to allot equity securities or sell treasury shares where they propose to do so for cash and otherwise than to existing shareholders pro rata to their holdings. The authority granted at last year's annual general meeting is due to expire at this year's AGM. Accordingly, resolution 10 will be proposed as a special resolution to grant such authority. Apart from rights issues, open offers or any other pre-emptive offer as mentioned, the authority will be limited to the allotment of equity securities and sales of treasury shares for cash up to an aggregate nominal value of US\$1,359,490 (being approximately 5% of the Company's issued ordinary share capital (excluding treasury shares) as at 10 June 2010), the latest practicable date before publication of this Notice). If given, this authority will expire at the conclusion of the annual general meeting of the Company in 2011 or on 1 October 2011, whichever is the earlier. The Directors intend to adhere to the provisions of the Pre-emption Group's Statement of Principles not to allot shares for cash on a non pre-emptive basis (other than pursuant to a rights issue or pre-emptive offer) in excess of an amount equal to 7.5% of the total issued ordinary share capital of the Company within a rolling three year period without prior consultation with shareholders.

## **Resolution 11 – Authority to facilitate full conversion of 2017 Bonds in ordinary shares**

On 2 March 2010, the Company announced the pricing of an offering of US\$883 million 4.00% Guaranteed Convertible Bonds due 2017 (the '2017 Bonds'). The 2017 Bonds were issued on 26 March 2010 by the Company's wholly-owned subsidiary, Vedanta Resources Jersey II Limited, and will be guaranteed by the Company. The Company intends to use the net proceeds of the offering to refinance debt redemptions and for general corporate purposes. The 2017 Bonds are convertible, at the election of holders, into fully paid ordinary shares of the Company. As at 10 June 2010, the 2017 Bonds represent conversion rights in respect of up to 17,005,263 ordinary shares, in turn representing approximately 6.25% of the Company's total ordinary share capital (excluding treasury shares) as at that date.

Resolution 11 seeks to direct the Directors to elect, on behalf of the Company, that the exercise of conversion rights attaching to the 2017 Bonds be settled in full by the issue or delivery of ordinary shares. Absent such election, conversions of the 2017 Bonds will be partially cash settled.

## **Resolution 12 – Purchase by the Company of its own shares**

The Company may buy its own shares with the authority of shareholders. Resolution 12 seeks to renew the current authority given at last year's annual general meeting of the Company, which is set to expire at this year's AGM. The authority being requested will last until the conclusion of the annual general meeting in 2011 or on 1 October 2011, whichever is the earlier. The resolution specifies the maximum number of shares that may be purchased (being approximately 10% of the Company's issued share capital, excluding treasury shares, as at 10 June 2010) and the highest and lowest prices at which they may be bought. Any shares purchased under this authority will either be treated as cancelled or held as treasury shares. Listed companies, with authorisation from shareholders, may buy and hold their own shares in treasury instead of cancelling them immediately. Shares held as treasury shares can in the future be cancelled, re-sold or used to provide shares for employee share schemes.

In December 2008, the Company announced a US\$250 million share buyback programme to purchase up to 10% of the Company's ordinary shares using the relevant authority granted to the Directors by the shareholders of the Company at the most recent annual general meeting of the Company. The Company has since announced increases in this programme, announcing on 1 April 2010 that it would increase to US\$825 million. The Directors will continue to assess the opportunities of buying back shares in the Company and will use the above authority if and when, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall financial position of the Group, they believe that the effect of such purchases will be in the best interests of shareholders generally and that they will result in an increase in earnings per share.

The Company also announced in April 2010 a change to the structure of purchases made under the buy-back programme. Accordingly, purchases may be made either by the Company or by an independent company to be funded by a wholly-owned subsidiary, Vedanta Jersey Investment Limited ('VJIL'). The independent company is Gorey Investments Limited ('Gorey'). VJIL will make purchases of Vedanta's shares on behalf of Gorey within the limits of the buy-back programme. Gorey has agreed that it will not exercise voting rights in respect of Vedanta shares held by it under the arrangement. The shares purchased by Gorey will be treated in the consolidated accounts of the Company as treasury shares, and will be available for purchase by the Company itself (subject to shareholder approval and availability of sufficient distributable reserves), as consideration for future acquisitions or sale to third parties to raise additional capital if and when desirable.

As at 10 June 2010 (the latest practicable date before publication of this Notice), there were share options outstanding to Group employees over 3,672,468 ordinary shares, representing approximately 1.35% of the Company's issued ordinary share capital (excluding treasury shares). The Company has no warrants in issue in relation to its shares. If the buyback authority was to be exercised in full, these options would represent approximately 1.5% of the Company's issued ordinary share capital (excluding treasury shares).

#### **Resolution 13 – Notice period for general meetings**

Changes made to the Companies Act 2006 by the Companies (Shareholders' Rights) Regulations 2009 increase the notice period required for general meetings of the Company to at least 21 clear days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. Annual general meetings will continue to be held on at least 21 clear days' notice. Until the introduction of the Companies (Shareholders' Rights) Regulations 2009, the Company was able to call general meetings, other than annual general meetings, on at least 14 clear days' notice. In order to preserve this ability, Resolution 13 seeks the necessary shareholder approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Companies (Shareholders' Rights) Regulations 2009 in order to be able to call a general meeting on 14 days' notice. The flexibility offered by this resolution will be used where, taking into account the circumstances, the Directors consider this appropriate in relation to the business to be considered at the meeting in question.

#### **Resolution 14 – Articles of Association**

It is proposed in resolution 14 to amend the Company's existing articles of association (the 'Existing Articles') by adopting new articles of association (the 'New Articles') which reflect changes to law and practice since the Company's articles of association were last updated in 2008. In particular, the New Articles have been updated to reflect the implementation of the last parts of the Companies Act 2006 on 1 October 2009, and the implementation of the Companies (Shareholders' Rights) Regulations 2009. The principal changes provided for by the New Articles are summarised in the Appendix to this Notice on page 12. Other changes, which are of a minor, technical, or clarifying nature (as well as changes which merely reflect changes to statutory references, etc.) have not been summarised in the Appendix.

The New Articles (including a version highlighting all of the changes that are proposed to be made to the Existing Articles) are available for inspection at the registered office of the Company as noted on page 1 of this Notice.

#### **Resolution 15 – Reduction of Share Premium Account**

For the reasons set out in the Chairman's letter contained on pages 1 to 2 of this document, resolution 15 is being proposed as a special resolution to approve the proposed Reduction of the Company's Share Premium Account by a sum of US\$190 million.

The Directors are authorised pursuant to Resolution 15 to take all necessary steps to make the Reduction effective if any Court Order confirming the Reduction is registered by the Registrar of Companies no later than the date of the next annual general meeting of the Company or 1 October 2011 (whichever is sooner). As noted in the Chairman's letter, the Company may not proceed to seek the Court's confirmation of the Reduction if the Directors consider it impracticable or inadvisable to do so having regard to any creditor protection measures required by the Court.



# Important Information for Shareholders

## Proxies

- 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 AGM 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 proxy form 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 (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.
- 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 3.00pm on Monday 26 July 2010. If they are a CREST member, shareholders may use the electronic proxy voting service provided by Euroclear.
- The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 9 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- For online voting, members may go to the following website: [www.eproxyappointment.com](http://www.eproxyappointment.com). 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 AGM or the form of proxy to communicate with the Company for any purposes other than those expressly stated.

## Nominated persons

- 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 AGM. 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.
- The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 to 4 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

- 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 3.00pm on Monday 26 July 2010 or, in the event of any adjournment, at 3.00pm 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

- As at 10 June 2010 (the latest practicable date before publication of this Notice), the Company's issued share capital comprised 296,104,777 ordinary shares of US\$0.10 each, of which 264,992,966 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, 24,206,816 were held as treasury shares (which included 1,704,333 shares that were purchased under the share buyback programme by Gorey Investments Limited who have agreed not to vote on these shares) 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 10 June 2010 were 264,992,966.

## Instructions for electronic proxy appointment through CREST

- 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.
- 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 Investor Services PLC ('Computershare') (ID number 3RA50) no later than

3.00pm on Monday 26 July 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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.

11. 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/her 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.
12. 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.

#### Website publication of audit concerns

13. Under section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting for the financial year beginning on 1 April 2010; or (ii) any circumstance connected with an auditor of the Company appointed for the financial year beginning on 1 April 2010 ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006 (in each case) that the members propose to raise at the AGM. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

#### 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 AGM. 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 AGM 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.

#### 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. The following documents will be available for inspection during normal business hours at the Company's registered office, 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ from the date of this notice until the close of the AGM (Saturdays, Sundays public holidays excepted) and at the AGM location from 15 minutes before the AGM until it ends:
  1. Copies of the executive Directors' service contracts;
  2. Copies of letters of appointment of the non-executive Directors; and
  3. The proposed new articles of association of the Company including a marked up version showing the changes that are proposed to the existing articles of association, referred to in resolution 14.

A copy of the proposed new articles of association of the Company will also be lodged with the Document Viewing Facility of the Financial Services Authority at 25 North Colonnade, Canary Wharf, London E14 5HS.

A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.vedantaresources.com/agm](http://www.vedantaresources.com/agm).

# Important Information for Shareholders

## continued

### Company's registrars

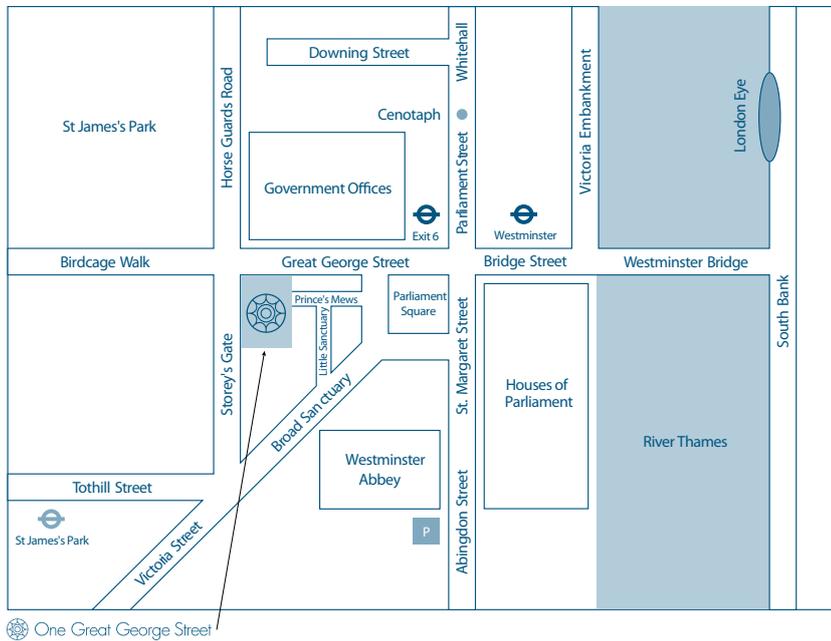
18. The Company's register of members is maintained by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. The shareholder helpline number is +44(0)870 707 1388.

### Investor Calendar

Event	Financial year end to which event relates	Date
Annual General Meeting	Financial year ended 31 March 2010	28 July 2010
Payment of final dividend	Financial year ended 31 March 2010	4 August 2010
Half year results announcement	Financial year ending 31 March 2011	11 November 2010
Payment of half year dividend	Financial year ending 31 March 2011	January 2011

# Information about attending the Annual General Meeting

The Annual General Meeting of the Company will be held at 3.00pm on Wednesday 28 July 2010 at The Institute of Civil Engineers, One Great George Street, London SW1P 3AA.



One Great George Street is located just off Parliament Square. The nearest underground station is Westminster on the Jubilee line.

## Security

Please note that, for security reasons, all hand luggage may be subject to examination prior to entry to the AGM. 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.

Persons who are not shareholders of the Company will not be admitted to the AGM unless prior arrangements have been made with the Company. Investors holding shares through nominees are welcome to attend provided that they bring proof of their holding with them to the AGM.

We ask all those present at the AGM 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.

Shareholders should note that the doors to the AGM will open at 2.45pm.

# Appendix: Explanatory Notes of Principal Changes to the Company's Articles of Association

## The Company's objects

1. The provisions regulating the operations of the Company are currently set out in the Company's memorandum of association (the 'Memorandum') and Existing Articles. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The 2006 Act significantly reduces the constitutional significance of a company's memorandum. The 2006 Act provides that, with effect from 1 October 2009, a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in a company. Under the 2006 Act, the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

The 2006 Act further states that, unless a company's articles of association provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its Memorandum which, by virtue of the 2006 Act, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 14 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum regarding limited liability, the proposed New Articles also contain an express statement regarding the limited liability of shareholders.

## Articles which duplicate statutory provisions

2. Provisions in the Company's Existing Articles which replicate provisions contained in the 2006 Act are in the main amended to bring them into line with the 2006 Act.

## Authorised share capital and unissued shares

3. The 2006 Act abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the 2006 Act, save in respect of employee share schemes.

## Redeemable shares

4. Under the Companies Act 1985, if a company wished to issue redeemable shares, it had to include in its articles of association the terms and manner of redemption. The 2006 Act has, from 1 October 2009, enabled Directors to determine such matters instead, provided they are so authorised by the relevant Company's articles of association. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

## Voting by proxies on a show of hands

5. The Companies (Shareholders' Rights) Regulations 2009 have amended the 2006 Act so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes and clarify how the provisions of the Act giving a proxy a second vote on a show of hands would apply to discretionary authorities.

## Voting by corporate representatives

6. The Companies (Shareholders' Rights) Regulations 2009 have amended the 2006 Act in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect these amendments.

## Notice of general meetings

7. The Companies (Shareholders' Rights) Regulations 2009 have amended the 2006 Act to require the Company to give at least 21 clear days' notice of general meetings unless, in the case of general meetings that are not annual general meetings, the Company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 clear days has been passed. Annual general meetings must continue to be held on at least 21 clear days' notice. The New Articles reflect these new requirements.

## Adjournments for lack of quorum

8. Under the 2006 Act as amended by the Companies (Shareholders' Rights) Regulations 2009, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The New Articles reflect this requirement.

**Chairman's casting vote**

9. The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes at a general meeting as this is no longer permitted under the 2006 Act.

**Suspension of registration of share transfers**

10. The Existing Articles permit the Directors to suspend the registration of transfers. Under the 2006 Act share transfers must be registered as soon as practicable. The power in the Existing Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.





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