

Corporate Governance Report

Introduction

The Directors of Vedanta Resources plc continue to be committed to the highest standards of corporate governance practices in its management of the affairs of the Group and accountability to shareholders. The Board believes that sound corporate governance is essential to achieving the Company's strategy to create a world class metals and mining Group and generate strong financial returns. The Directors are especially aware of the need for a strong corporate governance framework in the current climate and the need not only to reflect the changing nature of the Group's businesses but the environment in which it operates.

The objective of this report is to provide details of the Group's governance policies, processes and structures and its compliance with the principles of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 (the 'Code'). The Code covers 17 main principles in four subject areas: Directors, Directors' Remuneration, Accountability and Audit, and Relations with Shareholders. This report explains how these principles were applied, with the exception of those relating to Directors' remuneration which are contained in the Remuneration Report on pages 46 to 52.

Statement of Compliance with Code Provisions

With the exception of the following matters, the Company has throughout the year to 31 March 2009, fully complied with the principles set out in Section 1 of the UK Financial Reporting Council's Combined Code on Corporate Governance adopted in June 2006:

Code Provisions A.2.2 and A.3.1

As the founder of Vedanta, Mr Anil Agarwal was instrumental in overseeing the phenomenal growth of the Group since its inception in 1976 including the flotation of Vedanta Resources plc on the London Stock Exchange and its development into a FTSE 100 company. Mr Agarwal was appointed as Executive Chairman in March 2005. This meant that Mr Agarwal did not meet the strict independence criteria on appointment because he was previously the Chief Executive of the Company and, through Volcan Investments Ltd ('Volcan'), he and his family have a controlling interest in the Company.

His record since his appointment in seeking out new opportunities into value-creating projects whilst heading up a dynamic Board has shown his continuing commitment to developing the Group for the benefit of its shareholders. For this reason the Board is unanimously of the opinion that his continued involvement in an executive capacity is vitally important to the success of the Group.

Code Provision A.4.1

Pursuant to the Relationship Agreement and as disclosed at the time of Listing, Volcan will be consulted on all appointments to the Board. The Nominations Committee therefore works collaboratively with Volcan over making appointments to the Board and, to this extent, differs from the process set out in Code Provision A.4.1. which stipulates that the Nominations Committee should lead the process for Board appointments.

The Board

Role and Responsibilities of the Board

The role of the Board is to provide leadership to the Group in a manner which maximises opportunities to develop its portfolio of businesses profitably whilst assessing and managing the associated risks. The Board assesses the strategic objectives of each business, monitors performance, ensures the availability of financial, management and other resources required to meet the objectives, sets Group standards of conduct and ensures that effective controls are in place to manage risk and that the interests of investors, minority shareholders and other stakeholders are protected.

The Board has adopted a schedule of matters reserved for its consideration to ensure that the Board is in a position to deliver its strategic objectives, monitor performance and maintain effective controls whilst delegating operational management to the Executive Committee and the businesses. Such matters reserved to the Board include, but are not limited to, approving Group strategy and annual budgets, major capital expenditure, major acquisitions and disposals.

There are five Board committees: Executive, Remuneration, Audit, Nominations, and Health, Safety and Environment. Each has its own clearly defined terms of reference and reports directly to the Board. Additional information on the committees is given later in this report.

Board Balance and Independence

The Board comprises the following members:

Mr AK Agarwal	Executive Chairman
Mr N Agarwal	Deputy Executive Chairman
Mr MS Mehta	Chief Executive
Mr N Chandra	Non-executive Director and Senior Independent Director
Mr A Mehta	Non-executive Director
Mr ER Macdonald	Non-executive Director

The Board, chaired by Mr Anil Agarwal, currently has six Directors comprising the Executive Chairman, two Executive Directors and three independent Non-executive Directors. The Non-executive Directors possess a range of experience and are of sufficiently high calibre to bring to bear independent judgement on issues of strategy, performance and resources that are vital to the success of the Group.

As announced during the year, Kuldip Kaura resigned as Chief Executive Officer on 30 September 2008 and was succeeded by Mr MS Mehta. Mr Mehta's appointment was approved by the Board in March 2008 following the recommendation of the Nominations Committee. Prior to his appointment Mr Mehta was the Chief Executive of Hindustan Zinc Limited where he made a significant contribution to the company's growth. Mr Mehta will stand for election at the 2009 Annual General Meeting.

Dr Tamotia, a Non-executive Director was convicted by a lower court in India for having disproportionate assets during his tenure as Chairman of the National Aluminium Company Limited. This judgement is not final and he is appealing this in the High Court, in the meantime he has tendered his resignation and the Board on 6 March 2009 accepted the same. Brief biographies of all of the current Directors are set out on page 36.

The Board considers that all of the Non-executive Directors are independent of the Group as defined by Code Provision A.3.1. In making its assessment, the Board has considered the fact that Mr Aman Mehta and Mr Euan Macdonald have held previous senior management positions within subsidiary companies of HSBC Holdings plc (which acted as the joint global co-ordinator and book runner when the Company listed in 2003). At the time of their appointments, the Board considered that neither Mr Mehta's nor Mr Macdonald's previous employments included the provision of corporate finance services in London by the HSBC Group (and thus they had no involvement with the Group prior to their appointment) and that the value of the business transacted between the Company and the HSBC Group was less than 1% of the turnover of either organisation. The Board therefore remains of the view that these circumstances will not affect the judgement exercised by either Mr Mehta or Mr MacDonald and therefore considers them to be independent.

Mr Naresh Chandra is the Senior Independent Director ('SID'). His primary responsibilities are to lead discussions at meetings of the Non-executive Directors, provide an effective channel of communication between the Chairman and Non-executive Directors, ensure that the views of the Non-executive Directors are given due consideration and provide a point of contact for any shareholder who wishes to raise concerns which the normal channels of communication through the Chairman and Chief Executive have failed to resolve, or for which contact is inappropriate.

During the year, the Chairman held regular meetings with Non-executive Directors without the Executive Directors being present.

Relationship Agreement

At the time of Listing, the Company and Volcan, the majority shareholder, entered into a relationship agreement (the 'Relationship Agreement') to regulate the ongoing relationship between them. The principal purpose of the Relationship Agreement is to ensure that the Group is able to carry on business independently of Volcan, the Agarwal family and their associates. Under the terms of the Relationship Agreement, the Board and Nominations Committee will at all times consist of a majority of Directors who are independent of Volcan and the Agarwal family, whilst the Remuneration and Audit Committees shall at all times comprise only Non-executive Directors. Volcan is entitled to nominate for appointment as Director such number of persons as is one less than the number of Directors who are independent of Volcan, the Agarwal family and their associates. The Board considers these to be adequate safeguards in that Directors who are independent of Volcan make up a majority of the Board and Vedanta's ability to operate independently of Volcan is protected by the Relationship Agreement. In addition, in accordance with Provisions A.3.2 of the Combined Code, at least half the Board, excluding the Chairman, comprise Non-executive Directors determined by the Board to be independent.

Conflicts of Interest

The Board has established a process for disclosure of interests and other related matters in line with published guidance and the Companies Act 2006. Each Director has disclosed any actual or potential conflicts to the Board. Any changes are disclosed and noted at each Board meeting. The Board authorises potential or actual conflicts and has authorised the Audit Committee to deal with the Relationship Agreement issues and related party transactions on behalf of the Board.

Chairman and Chief Executive

There is a clear division of the responsibilities between the running of the Board and executive responsibility for running the business, so that no one person has unfettered powers of decision-making. The Board has an established policy which sets out the key responsibilities of the Executive Chairman and Chief Executive. A clear separation is maintained between the responsibility of the Chairman and the Chief Executive, as detailed below:

Chairman

- Setting a vision for Vedanta, formulating its strategy, creating profitable business opportunities and reviewing merger and acquisition opportunities.
- Providing leadership to the Board and ensuring its effectiveness.
- Ensuring that there is effective communication with shareholders.
- Facilitating the effective contribution of Non-executive Directors.
- Overseeing corporate governance arrangements in compliance with the Code.

Chief Executive

- Developing and managing the executive team in the operations.
- Delivery of operating budgets.
- Supporting the Executive Chairman in the delivery and implementation of strategy.
- Optimising the Group's assets and management and allocation of resources.
- Supporting the Executive Chairman in effective communication with various stakeholders.
- Creating and maintaining a sound control environment.

The Chairman's other current responsibilities are set out in the biographies on page 36. There have been no changes to those commitments during the year.

Directors' Dealings in Shares

The Company has a policy based on the Model Code published in the Listing Rules, which covers dealings in securities and applies to Directors and senior management. A comprehensive insider list is maintained and all participants are notified of close periods.

Induction and Continuing Professional Development

Appropriate induction is provided to all Directors on appointment to the Board and programmes of continuing professional development are arranged as required, taking into consideration the individual qualifications and experience of the Directors.

Corporate Governance Report (continued)

During the year the Directors received briefings on new legislation in respect of conflicts of interest and directors' duties. The Directors also attend other update briefings in order to familiarise themselves with new regulatory requirements as appropriate. Directors undertake visits to operations and have discussions with local management on an ongoing basis.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed.

All Directors have access to the Company's professional advisers whom they can consult where they find it necessary in order to better discharge their responsibilities. No Director took such professional advice during the year

Performance Evaluation

During the year, the performance of the Board, its main committees and the individual Directors were formally and rigorously evaluated under the leadership and direction of the Chairman. A questionnaire was circulated to Directors concerning their individual performance and that of the Board as a whole and its main committees. Responses were collated and summarised, open and frank Board discussions held concerning the results and issues raised were addressed.

The evaluation process concluded that the Board as a whole provided strong leadership within a sound framework of controls. The main committees had functioned effectively during the year and individuals had also performed well, with each member making a significant contribution to the Company. The mix of skills and experience on the Board was felt to be appropriate. The main area of weakness identified was the need to give greater time to discussing strategic and environmental issues. This has been noted and actions put in place as a result.

As in previous years, the Non-executive Directors, led by the Senior Independent Director, considered as part of the evaluation process the performance of the Chairman and provided him with feedback.

Re-election

In accordance with the Company's Articles of Association all Directors submit themselves for election at the Annual General Meeting following their appointment and thereafter by rotation at least once every three years. Non-executive Directors are only put forward for re-election if, following performance evaluation, the Board believes the Director's performance continues to be effective and demonstrates commitment to the role.

Board Meetings and Attendance

The Board met nine times during the year and maintained close dialogue between meetings. Board committees are appointed to deal with the execution of specific matters requiring Board approval. The Board is updated regularly by these committees on the development of these specific matters. The terms of reference of Board committees are reviewed from time to time in order to enhance the decision-making process.

Each member of the Board receives information comparing the performance of each business and of the Group with the annual budget each quarter and is given sufficient briefing materials with the agenda in advance of each Board meeting to enable informed decisions to be made. A procedure has been put in place to ensure that the Board considers all of the relevant factors when reaching its decisions. The Executive Committee reviews papers before submission to the Board to ensure they take into account, as appropriate, the factors set out in section 172 of the Companies Act 2006 (Directors' duty to promote the success of the Company for the benefit of members). In addition to these formal processes, Directors are in regular communication with the senior executives.

The Chief Financial Officer, Mr D D Jalan, attends all Board meetings to represent the finance function and act as a conduit between the Board and the Executive Committee.

Directors' attendance at Board and committee meetings during the year.

Director	Board		Audit Committee		Remuneration Committee		Nominations Committee		Health, Safety and Environment Committee	
	A (1)	B (2)	A	B	A	B	A	B	A	B
AK Agarwal	9	9	–	–	–	–	2	2	–	–
N Agarwal	9	9	–	–	–	–	–	–	–	–
KK Kaura ¹	4	4	–	–	–	–	–	–	1	1
MS Mehta ²	5	5	–	–	–	–	–	–	3	3
N Chandra	9	9	4	4	3	3	2	2	–	–
A Mehta	9	9	4	4	3	3	–	–	–	–
SK Tamotia ³	8	8	–	–	–	–	1	1	2	2
ER Macdonald	9	9	4	4	3	3	2	2	–	–

Notes:

- 1 Resigned from the Board on 30 September 2008.
- 2 Appointed to the Board on 1 October 2008.
- 3 Resigned from the Board on 6 March 2009.

Key:

- 1 A = Maximum number of meetings the directors could have attended.
- 2 B = Number of meetings attended.

Only members of a Board committee are entitled to attend the relevant committee meetings, although other Directors may attend Board committees at the invitation of the relevant committee chairman.

Board Committees

All of the Board committees have access to sufficient resources and external advice as appropriate. Copies of the terms of reference of the committees are available from the Company Secretary on request.

Audit Committee

The members of the Audit Committee, all of whom are independent Non-executive Directors, are:

- Mr N Chandra
- Mr ER Macdonald
- Mr A Mehta (chairman)

The Audit Committee's main responsibilities are to monitor the integrity of the financial statements, review the activities of the external and internal audit functions, and review internal controls and risk management systems.

The Board considers that the required relevant financial experience on the Committee is provided by Mr Mehta by virtue of his previous full-time role at HSBC Bank and through his experience on the audit committees of other international companies. Mr Chandra, who chaired the Government of India's Committee on Corporate Governance, has a deep understanding of corporate governance issues in general and of the Indian environment in particular. During his career, Mr Macdonald has held senior positions in banking and financial services companies.

Further details about the Audit Committee and its activities are outlined below.

Remuneration Committee

The members of the Remuneration Committee, all of whom are independent Non-executive Directors, are:

- Mr N Chandra (chairman)
- Mr A Mehta
- Mr ER Macdonald

The Remuneration Committee is responsible for setting the remuneration policy and remuneration packages for the Executive Directors and for maintaining an awareness of the overall remuneration of senior management within the Group.

The Remuneration Report, which is presented on pages 45, sets out the remuneration policy and other disclosures concerning the remuneration of the Executive Directors.

Nominations Committee and its Report

The members of the Nominations Committee are:

- Mr A Agarwal (chairman)
- Mr N Chandra
- Mr ER Macdonald

The Nominations Committee is responsible for succession planning for the Board and making recommendations concerning candidates for appointment as Executive or Non-executive Directors of the Company. The selection process will generally involve benchmarking and interviews with a selection of candidates. In addition, the Committee makes recommendations concerning the structure, size and composition of the Board. The Nominations Committee also assesses the Directors to retire and stand for re-election at the AGM in accordance with the requirements of the Combined Code that all directors be re-elected at intervals of no more than three years.

During the year the Nominations Committee considered Mr Chandra's re-appointment to the Board under his contract which is renewable every 12 months. The Committee agreed that a recommendation be made to the Board that Mr Chandra be re-appointed as a Non-executive Director and the Senior Independent Director as his performance continued to be effective and he demonstrated commitment to the role. In addition, the Committee also considered the Directors to retire by rotation under the Company's Articles of Association and reviewed the composition, balance and skills of the Board.

Health, Safety and Environment Committee ('HSE Committee')

The HSE Committee consists of two Board Directors and senior management as follows:

- Mr Chandra (chairman)
- Mr MS Mehta
- Mr R Nair
- Mr CSR Mehta
- Mr G Gupta
- Mr J Janakaraj
- Mr A Joshi
- Mr P Khanna
- Mr M Patil

As a result of the departure of Dr Tamotia the Board considered the appointment of a new chairman for the HSE Committee and Mr Chandra was appointed as Chairman in March 2009 with the unanimous support of the Board. Changes were also made during the year to the composition of the HSE Committee to include members from operational management to further enhance focus on health, safety and environmental matters. Further details about the role of the Health, Safety and Environment Committee can be found in the Sustainable Development Report on pages 32 to 35 of this Annual Report and in the separate Sustainable Development Report.

Executive Committee

The Executive Committee, comprising the Executive Directors and the senior management within the Group who head the Group's principal businesses and corporate functions, meets on a monthly basis to consider the operating performance of each of the principal subsidiaries. Mr Navin Agarwal chairs the Executive Committee.

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Corporate Governance Report (continued)

The Board's role is to set the Company's values and standards, determine its strategic objectives, implement best practice across the Group and monitor operational performance. The Executive Committee supports the Board in fulfilling this role and is essentially responsible for the operational performance of the Group including:

- Implementing and delivering the strategic plans formulated by the Board.
- Monitoring operational and financial performance.
- Prioritising and allocating resources.
- Developing and reviewing objectives and budgets with subsidiary company boards to ensure that these fall within agreed targets and parameters set by the Board.
- Approval of capital expenditure.
- Review of the Human Resources Policy and Treasury Policy.

During the year the Executive Committee also oversaw the division of the business into various operating sectors and aligned management to these sectors to provide a more effective focus of management and greater operational efficiencies.

Accountability and Audit Audit Committee Report

Under its terms of reference the Audit Committee is required to meet at least three times a year and organises its meetings at the most appropriate times in the reporting and audit process. The Audit Committee's main responsibilities are to:

- make recommendations to the Board concerning the appointment of the external auditor;
- review the independence of the auditors;
- develop policy in relation to the provision of non-audit services by the auditor;
- discuss with the external auditor the nature and scope of the audit;
- approve the remuneration of the auditor;
- monitor the integrity of the financial statements, including its annual and interim results;
- review the Group's internal controls and risk management systems;
- monitor the activities of the internal audit function and consider their reports;
- review the Group's arrangement for its employees to raise concerns through its whistleblowing policy; and
- review reports from the subsidiary audit committees.

The Group's main subsidiaries, a number of which are listed on stock exchanges in India, have their own audit committees in accordance with local corporate governance requirements. By monitoring their discussions and findings, the Audit Committee gains further insights into the quality of financial reporting and internal control. Furthermore the internal audit function presents issues arising from the subsidiaries to the Audit Committee on a regular basis.

During the year, the Audit Committee's activities included the:

- review of the Company's draft preliminary announcement, the annual report and interim statement;
- review of the Company's risk matrix and internal controls processes;
- review of the internal audit reports of the Company;
- approval of the internal audit plan for 2009-10, including review of the Management Assurance Service function;
- evaluation of the performance and effectiveness of the external auditor. This was done using a detailed questionnaire, the results of which had been considered by the Committee and which formed the basis of the Committee's recommendation to the Board to recommend the re-appointment of Deloitte LLP as the Company's auditors for the year ending 31 March 2010;
- review of the external auditors' independence;
- review of the external auditors' significant findings;
- consideration of key tax and legal issues;
- review of the Group's whistleblowing policy;
- review of updates on the Group's Sarbanes-Oxley compliance following Sterlite's ADR listing;
- performance of the internal audit function.

Auditor Independence

The Audit Committee and the Board place great emphasis on the objectivity of the Group's auditor, Deloitte LLP ('Deloitte'), in their reporting to shareholders. The audit partner and senior manager are present at Audit Committee meetings to ensure full communication of matters relating to the audit. The overall performance of the auditor is reviewed annually by the Audit Committee, taking into account the views of management, and feedback is provided to senior members of Deloitte unrelated to the audit. This activity also forms part of Deloitte's own system of quality control. The Audit Committee also has discussions with the auditor, without management being present, on the adequacy of controls and on any judgemental areas. These discussions have proved satisfactory to date. The scope of the forthcoming year's audit is discussed in advance by the Audit Committee. Audit fees are reviewed by the Audit Committee after discussions between the businesses and Deloitte and are then referred to the Board for approval.

Rotation of the audit partner's responsibilities within Deloitte is required by their profession's ethical standards. There is also rotation of key members within the audit team.

The Committee has a policy for the provision of non-audit services by the auditors. Under this policy, the Audit Committee has agreed a scope of services which the external auditors are permitted to deliver to the Group. The policy also specifies which services are prohibited in order to safeguard the ongoing independence of the external auditors. An analysis of the non-audit fees can be found in note 9 to the financial statements.

Other than audit, the Chief Financial Officer is required to give prior approval of work carried out by Deloitte and its associates in excess of a predetermined threshold. Part of this review is to determine that other potential providers of the services have been adequately considered. These controls provide the Audit Committee with confidence in the independence of Deloitte in their reporting on the audit of the Group.

Financial Reporting Systems

The Group has a comprehensive financial reporting system, which is reviewed and modified as circumstances require. Procedures include:

- Preparing operational budgets for the forthcoming year for review and approval by the Board.
- Ensuring budgets and forecasts are prepared using conservative and consistent assumptions.
- Monitoring performance against key performance indicators throughout the financial year and updating forecasts with reference to information on key risk areas.
- Preparation of monthly management reports both on a divisional and consolidated basis which are presented to the Executive Committee for review.
- Implementing and review of IT controls.

Internal Control and Risk Management

The Directors have overall responsibility for ensuring that the Group maintains a robust system of internal control to provide them with reasonable assurance that all information used within the business and for external publication is adequate. There is an established process for identifying, evaluating and managing the significant risks faced by the Group in accordance with the Turnbull Guidance. This includes financial, operational and compliance control and risk management, to ensure that shareholders' interests and the Company's resources are safeguarded. In line with best practice, the Board has reviewed the internal control system in place during the year and up to the date of the approval of this report. This review ensures that the internal control system remains effective. Where weaknesses are identified as a result of the review, new procedures are put in place to strengthen controls and these are in turn reviewed at regular intervals. During the course of its review of the system of internal control, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

The Group's internal audit activity is managed through the Management Assurance Services ('MAS') function and is an important element of the overall process by which the Board obtains the assurance it requires to ensure that risks are properly identified, evaluated and managed. This process has been in place for the year under review and up to the date of signing of this report. It also provides assurance on the effectiveness of relevant internal controls. The scope of work, authority and resources of MAS are regularly reviewed by the Audit Committee and its work is supported by the services of leading international accountancy firms (but specifically not including the Group's external auditors). The Audit Committee has, during the year, reviewed the level of internal audit resources within the Group and believes that it is appropriate to the Group's size.

Each of the Group's principal subsidiaries has in place procedures to ensure that sufficient internal controls are maintained. These procedures include a monthly meeting of the relevant management committee and a quarterly meeting of the audit committee of that subsidiary. These committees are appointed by the Board of Directors of each relevant subsidiary and the minutes of their proceedings are reviewed by the Company Secretary. Any adverse findings are reported to the Audit Committee.

The responsibilities of MAS include recommending improvements in the control environment and ensuring compliance with the Group's philosophy, policies and procedures.

The planning of internal audit is approached from a risk perspective. For internal audit purposes, the Group is divided into three auditable groupings, namely: manufacturing/operating entities, projects and other entities. In preparing an internal audit plan, reference is made to the Group's risk matrix, inputs are sought from senior management and project managers and Audit Committee members and reference is made to past audit experience and financial analysis.

This process is designed to manage rather than eliminate the risk of failing to achieve the Group's business objectives. As such, the process can only provide reasonable rather than absolute assurance against material misstatement or loss.

Relations with Shareholders Dialogue with Institutional Shareholders

The Board recognises that meetings with analysts and shareholders constitute an important element of the Company's investor relations programme. A number of meetings were held with the Company's principal institutional shareholders during the year as well as with financial analysts and brokers. These meetings are initiated either by the Company or analysts and investors and are managed at Group level through Mr Sumanth Cidambi, Director (Investor Relations), who also briefs the Board on the Company's relationships with its shareholders. The main channels of communication with the investment community are through the Chairman, Deputy Chairman, Chief Executive Officer, Chief Financial Officer and Director of Investor Relations. The Senior Independent Director and Non-executive Directors are also available as appropriate.

Senior management attend investor seminars which provide opportunities for two-way communication with investors and analysts and feedback is provided to the Board.

The Company announces its annual and half-year results to the London Stock Exchange and the press in advance of the publication of the annual and interim reports. Summary reports are also published for the first and third quarters. Other price-sensitive information is announced as and when appropriate and the Board has adopted a communications policy to ensure that this is done in a timely and considered manner. Presentations are made to analysts and the press by the Chairman, Deputy Chairman, Chief Executive Officer and Chief Financial Officer following the release of the interim and preliminary announcements.

Corporate Governance Report (continued)

The Annual Report is the primary means of communicating with shareholders. All financial reports, including the half year report, press releases and other information about Vedanta are available on the website (www.vedantaresources.com).

Constructive Use of the Annual General Meeting

The Board uses the Annual General Meeting to communicate with shareholders and welcomes their participation. This year's Annual General Meeting will be held on 27 July 2009 at 3pm, at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED. The Notice of Meeting will be circulated at least 20 working days before the meeting. An update will be provided on trading performance and shareholders will be given the opportunity to ask questions. Voting at the Annual General Meeting on all resolutions is by poll on a one share, one vote basis and the results of votes cast for, against and abstentions are available on the Group's website following the meeting. The chairmen of the Audit, Remuneration and Nominations Committees are available to answer questions from shareholders.

Remuneration Report

Introduction

This Remuneration Report sets out the policies and practices adopted by the Company in respect of members of the Board and provides details of their remuneration and share interests for the year ended 31 March 2009.

The Remuneration Report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 (the 'Regulations') (Schedule 7A, Companies Act 1985). Part II of the report sets out the information on which the auditors are required to report to the Company's members.

Of necessity, the design of remuneration policy will evolve from year to year in line with the Company's strategic needs. Given the current unprecedented economic situation the Remuneration Committee will keep under close review remuneration policy and incentive plans during the forthcoming year. The Remuneration Committee will continue to give full consideration to the principles set out in the Combined Code on Corporate Governance in relation to Directors' remuneration and to the guidance of investor relation bodies.

The report has been approved by the Board and signed on its behalf by the Chairman of the Remuneration Committee. A resolution to approve this report will be proposed at the Company's Annual General Meeting to be held on 27 July 2009.

Part I (Unaudited)

Remuneration Committee (the 'Committee')

The Board has established a Remuneration Committee in accordance with Provision B.2.1 of the Combined Code to determine on behalf of the Board the Company's policy on the remuneration and terms of engagement of the Executive Directors and certain senior executives.

During 2008–09 the Committee comprised:

- Mr Naresh Chandra (chairman)
- Mr Euan Macdonald
- Mr Aman Mehta

All three members of the Committee served during the year and are all independent Non-executive Directors.

The Committee's duties are set out in its terms of reference which are available on request from the Company Secretary at the Company's registered office. The Committee's remit is primarily to determine and agree with the Board the framework and broad policy for the remuneration of the Chairman and Executive Directors. In so doing, the Committee makes recommendations to the Board on:

- the Company's overall policy on executive and senior management remuneration;
- remuneration packages for individual Executive Directors, including basic salary, bonus, performance-based short- and long-term incentives, pensions and other benefits; and
- the design and operation of the Company's share incentive schemes.

Mr A Thirunavukkarasu (President Group HR) advises the Committee on the policies and practices being applied and acts as the secretary to the Committee. He also provides input into discussions concerning the remuneration and benefits offered to the Executive Directors during the year.

Ernst & Young LLP review and confirm the Company's TSR performance in respect of the long-term and short-term incentive plans. Ernst & Young LLP also provide some tax and internal audit services to the group.

The Committee will engage independent consultants to advise on particular aspects of Directors' remuneration as appropriate. During the year Hewitt New Bridge Street ('HNBS' which forms part of Hewitt Associates) provided ad hoc advice on the Company's remuneration practices as they apply to Executive Directors. HNBS provide no other services to the Company.

The Committee met three times during the year and considered the following items of business:

- A report of the President, Human Resources on developments in the human resource area.
- Salary and bonus arrangements of the Executive Directors.
- Vesting of long term incentive plan awards.
- Grant of long term incentive plan awards to new employees.
- Remuneration package of the new Chief Executive of the Company.

Remuneration Policy

The Committee's principal focus continues to be the attraction and retention of high-calibre executives, incentivising them to develop and implement the Group's strategy so as to enhance long-term shareholder value. A consistent approach is used in determining the remuneration of key operational and financial heads within the Group (the 'Senior Management Group'). Both performance and non-performance-related components of the remuneration packages for Executive Directors and the Senior Management Group are therefore set by reference to local market practice in India. Against this backdrop, the Board's overall objective is to have in place a remuneration policy that helps facilitate the development of managers from within the existing operations, whilst offering remuneration packages that reflect the Group's position as a pre-eminent player in the Indian metals and mining sector in particular and the manufacturing sector as a whole.

The Board is mindful of the current downturn affecting global markets and the Remuneration Committee will be considering this amongst other factors when establishing policy for the forthcoming year taking also into consideration the challenges being confronted, growth pipeline and cost of production ('COP') trend. The Board remains committed to the principle of retaining and incentivising managers by ensuring that the structure of individual packages remains in line with market practice, whilst also taking into account the performance of the individual and the Company as a whole.

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Remuneration Report (continued)

The following factors are taken into consideration when setting remuneration levels for the Executive Directors and the Senior Management Group:

- Levels of remuneration throughout the Group.
- Market practices prevailing in the countries in which executives work.
- Market practices in the country in which we operate in the mining and manufacturing sectors (in respect of operational management) and in all sectors (in respect of corporate and supporting functions), excluding certain very high-paying sectors, for example, financial services.

The Group attempts to align the interests of the Senior Management Group with those of the shareholders by linking share and cash incentives to corporate performance and challenges faced. This is measured by reference to the key performance indicators as discussed in the Financial Review on pages 24 to 27. Therefore, the remuneration packages of the Senior Management Group comprise:

- A salary for day-to-day performance of duties.
- A performance bonus as an incentive to meet short-term goals – these are set by reference to individual key result areas ('KRAs'), personal qualities and the financial performance of the Company.
- Awards under the long-term incentive plan ('LTIP', referred to below) to incentivise long-term and strategic performance.
- The short-term incentive plan ('STIP') for members of the Senior Management Group below Board level within the overall LTIP Scheme.
- Benefits in kind in accordance with local market practices.

The Committee will oversee that the incentive structure for the Executive Directors and members of the Senior Management Group is in line with the market.

Given the India-focused approach taken to remuneration policy, it has not been felt necessary to appoint independent compensation and benefit consultants to advise the Committee on remuneration matters during the year save for the ad hoc advice described above.

Salaries, Pensions and Other Benefits

Salaries and Cost to Company

The Executive Directors are based in India (with the exception of Mr Anil Agarwal, who is UK-based), along with the majority of the Group's professional management. Consequently their remuneration is set by reference to the prevailing rates within that market. In addition, salaries for Executive Directors and members of the Senior Management Group are set by reference to those positions of comparable status, skill and responsibility in the metals and mining industries, and in the manufacturing and engineering industries more generally.

The basic remuneration of executives in India is referred to as 'cost to company' ('CTC') which represents an aggregate figure encompassing basic salary and allowances.

Mr Anil Agarwal has a service agreement with the Company under which he received a salary of £925,000 per annum.

Mr Navin Agarwal and Mr MS Mehta have service agreements with Sterlite Industries (India) Ltd ('Sterlite') which have been augmented by letters of appointment to the Board of the Company. During the year, Mr Agarwal was entitled to CTC of INR 45,200,007 per annum and Mr Mehta was entitled to CTC of INR 11,249,999 per annum pursuant to their Sterlite service agreements. They were both entitled to benefits in kind. Under their letters of appointment to the Board of the Company, Mr Navin Agarwal and Mr MS Mehta were paid fees of £60,000 per annum, to reflect the amount of time they spend on Board business.

Mr Kaura, who retired as Chief Executive on 30 September 2008, had a service agreement with Sterlite under which he was entitled to CTC of INR 28,700,002 per annum. He also received fees of £60,000 per annum for time spent on Board business.

Salaries are reviewed on an annual basis and changes will generally be implemented with effect from 1 April each year taking into account the period of service during the year.

The salary levels of Mr A Agarwal and Mr N Agarwal were agreed by the Remuneration Committee on 6 May 2009 and take effect from 1 April 2009. Mr M Mehta's salary was agreed by the Committee on his appointment on 1 October 2008 and reviewed by the Remuneration Committee on 6 May 2009.

Details of salary levels for the Executive Directors are as follows:

Designation	Vedanta salary from 1 April 2009 (£)	Sterlite salary from 1 April 2009 (INR)	Total (£)
AK Agarwal Executive Chairman	1,017,500	-	1,017,500
N Agarwal Deputy Executive Chairman	60,000	49,720,000	684,377
MS Mehta Chief Executive (appointed 1 October 2008)	60,000	14,062,000	193,558

Note: Exchange rate of INR 72.65 to £1 as at 1 April 2009.

Pensions

The Company does not provide post-retirement benefits to Mr Anil Agarwal and this is reflected in the determination of his overall remuneration package. The Indian-based Executive Directors are entitled to contribute to the Provident Fund, a Gratuity and Superannuation Fund which provides pension benefits consistent with local market practices. These are defined contribution pension arrangements.

Benefits in Kind

Mr Anil Agarwal is provided with a car and fuel in the UK for business use. For his frequent business trips to India, Mr Agarwal is also provided with a car and driver for business use and is entitled to the use of Company-owned furnished accommodation.

Benefits in kind provided to Indian-based senior executives are set in line with local market practices and include private medical insurance, accident insurance, the use of a car and driver, and for certain individuals, the provision of accommodation, either in Company-owned or leased premises. Mr Navin Agarwal is provided with leased accommodation and Mr M S Mehta is entitled to a housing loan subsidy. Mr Navin Agarwal was also reimbursed club membership fees.

Performance Bonus

The Company operates a performance bonus scheme providing the Executive Directors and the Senior Management Group with an opportunity to earn a cash amount based on the achievement of stretching performance targets. The bonus targets are reviewed by the Committee at the beginning of the financial year over which performance will be measured. The bonus is non-pensionable.

The maximum bonus payable to the Executive Directors is 100% of annual base salary, whilst for other members of the Senior Management Group, the maximum bonus payable is 50% of CTC. In respect of Mr Navin Agarwal and Mr MS Mehta salary means the aggregate of Vedanta salary together with CTC payable by Sterlite.

Performance conditions are attached to all bonus arrangements, which are set by reference to individual KRAs, personal quality measures and the financial performance indicators of the Group. The majority of KRA targets are linked to the Group's vision and business plan of respective companies. However, certain KRAs monitor performance in respect of softer issues, or 'enablers', for example, people management, thus allowing a more rounded approach to be taken to incentivisation.

For the year ended 31 March 2009, the payment of the annual bonus was dependent on the following business operational performance and projects, including green field and expansion projects. In addition it was linked to strategic initiatives in mergers and acquisitions and effective stakeholder management which resulted in recognition and achievement of awards in CSR, safety, quality, business excellence and best employer status.

Operational Performance

- Record production of 462,000 tonnes of aluminium, an increase of 16.7% over the previous year.
- Record delivery of refined zinc metal production of 552,000 tonnes, up by 29.6% compared with the previous year.
- Achievement of highest ever production of saleable silver at 3.38 million troy ounces.
- Record production of saleable iron-ore produced at 15 plus million tonnes, an increase of 28.5% over last year.

Projects

- All of the designated projects are in line with time schedules and project milestones. Project costs have been lowered taking the economic situation as an opportunity for growth.

Employee Share Schemes

The Group aims to provide superior rewards for outstanding performance and a high proportion of 'at risk' remuneration for Executive Directors. Three types of employee share schemes were approved by shareholders on Listing. The Board has no intention at present to introduce any further share schemes.

The Vedanta Resources Share Reward Plan was adopted solely for the purpose of rewarding employees who had contributed to the Company's development and growth over the period leading up to the Company's Listing in December 2003. No further awards have been made under that plan nor are any planned in the future.

Similarly, it is not intended that options will be granted in the foreseeable future under the Vedanta Resources Share Option Plan, which was adopted on Listing to provide maximum flexibility in the design of incentive arrangements over the long term.

Long-Term Incentive Plan ('LTIP')

The Company operates a Long-Term Incentive Plan, launched in 2004, for Executive Directors and senior management. Since its inception, the LTIP has been used to support the Board's objective of incentivising and developing the potential within the wider management group. Each year the aim has been to broaden the constituency of employees eligible to participate in the LTIP so as to increase the alignment of interests between shareholders and the management population.

It is the Committee's intention that the LTIP will continue to be operated for these purposes and in the way described below during the forthcoming year.

The vesting of LTIP awards is subject to measurement of the Company's performance in terms of Total Shareholder Return ('TSR', being the movement in the Company's share price plus reinvested dividends), compared over a three-year period from the date of grant with the performance of the companies constituting the FTSE Worldwide Mining Index (excluding precious metals).

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Remuneration Report (continued)

The Remuneration Committee has adopted a specific list of companies as a comparator group for the purpose of facilitating periodic assessments of the Company's TSR performance. It has selected companies which it believes are the Group's peers and competitors and therefore will provide a meaningful comparison against which to measure the Group's performance. The full list of companies against whose performance Vedanta's TSR is measured is as follows (the 'Comparator Group'):

1. Anglo American
2. Grupo Mexico
3. Xstrata
4. Vale
5. Antofagasta
6. Rio Tinto
7. BHP Billiton
8. Hindalco
9. Teck Cominco
10. Alcoa

There have been no changes to the Comparator Group during the year.

The extent to which an award vests will depend on the Company's TSR ranking against the Comparator Group at the end of the three-year performance period.

The vesting schedule is shown in the table below, with straight-line vesting in between the points shown rounded down to the nearest whole share.

Vedanta's TSR Performance against the Comparator Group	% of award vesting
Below median	nil
At median	40
At or above upper quartile	100

The performance condition is measured by taking the Company's TSR over the four weeks immediately preceding the date of grant and over the four weeks immediately preceding the end of the three-year performance period and comparing its performance with that of the Comparator Group. The information to enable this calculation to be carried out on behalf of the Committee will be provided by the Company's advisers. The Committee considers that this performance condition provides a reasonable alignment of the interests of the Executive Directors and the Senior Management Group with those of the shareholders.

As the majority of the Group's employees are domiciled in India, the Remuneration Committee has to be cognisant of Indian market practice in order to be sure of retaining high calibre employees in that market. The most common form of executive share option scheme in India is one in which a certain percentage of options vest every year, and the total options vest fully (100%) over three to four years. However, the full extent of awards under the Vedanta LTIP is known only after

three years. In addition, unlike the LTIP, the benefits under these schemes are not linked to relative TSR performance with a peer group of companies. Considering the multiplicity of factors (including vesting term duration, performance relative to peer group companies and the relatively modest maximum award level under the LTIP of 100% of the aggregate of annual salary and CTC fees compared to other companies of a similar size) that determine benefits under LTIP, the Remuneration Committee believes that 40% vesting for median performance is warranted, and the minimum required to maintain the LTIP's role as a strong motivational and retention tool for the high calibre management team. However, the Committee will continue to monitor the appropriateness of this approach.

The maximum value of shares that can be conditionally awarded to an Executive Director in a year is 100% of the aggregate of annual salary and CTC fees. The maximum value of shares that can be awarded to members of the Senior Management Group is calculated by reference to the fixed salary (CTC) and share-based remuneration consistent with local market practice.

Nominations for awards under the LTIP are made by the chief executive officers of each operating company and heads of large independent projects based on guidelines issued by the Group. Individuals are assessed and categorised by reference to the importance of their roles to the relevant business unit, past performance and future potential. The size of awards is linked to fixed salary, being a factor of CTC, based on how the individual has been assessed in accordance with the Group's guidelines.

During the year, the Remuneration Committee resolved to award a total of 11,200 LTIP options to three individuals hired through the Company's global recruitment programme.

Details of the awards held by the Executive Directors as at 31 March 2009 are shown in the table of Directors' Long Term Incentive Awards on page 51.

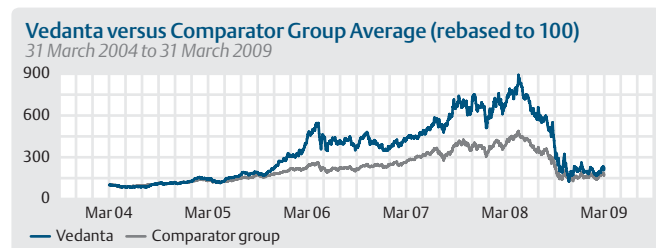
Vesting of LTIP Awards

Ernst & Young reviewed the Company's TSR performance relative to the Comparator Group for the 36-month performance period for LTIP awards made in 2006. Ernst & Young reported that TSR performance of Vedanta over the three year period was at the median ranking triggering a 40% vesting of awards. Accordingly, the Remuneration Committee approved the vesting of 718,180 ordinary shares under the LTIP awards to 872 eligible employees. This included the vesting of awards to the Executive Directors as follows:

Mr Anil Agarwal	17,000 shares
Mr Navin Agarwal	13,360 shares
Mr Kuldip Kaura	26,225 shares
Mr MS Mehta	8,000 shares

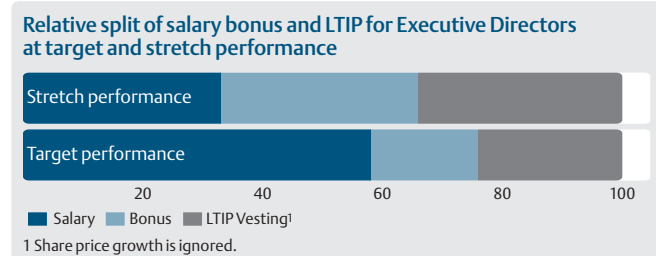
Total Shareholder Return Performance Graph

The graph below shows the TSR performance of the Company in comparison with that of the Comparator Group for the period from 31 March 2004 to 31 March 2009. To provide more detail, the graph presents performance on a daily basis rather than using year end dates as required by the Regulations.



Relative Importance of Fixed and Variable Pay

A significant proportion of the remuneration of the Executive Directors is performance-linked. The chart below demonstrates the balance of fixed and variable pay in these circumstances for the Executive Directors assuming: (i) maximum bonuses were paid and full vesting of LTIP awards ('Stretch Performance'); and (ii) actual bonus payouts as earned in 2009 and median vesting of LTIP awards ('Target Performance').



Executive Directors' Service Contracts

Mr Anil Agarwal and Mr Navin Agarwal are employed under contracts of employment with the Company which are not for a fixed term but which may be terminated by not less than six months' notice. Provision is made in Mr Agarwal's contract for payment to be made in lieu of notice on termination which is equal to basic salary and costs to the Company for providing certain benefits during the notice period or part thereof.

Mr Navin Agarwal has a letter of appointment with Vedanta which may be terminated by giving six months' notice. Mr Navin Agarwal's appointment as a Director of Sterlite expires on 31 July 2013, being the expiry date specified in his Sterlite contract, with a notice period of three months'. His appointment as a Director of Vedanta is a rolling contract.

Mr Mahendra Mehta has a service contract with Sterlite and a letter of appointment with Vedanta which may be terminated by giving three months' notice. There is a payment in lieu of notice clause in his contract allowing for the payment of compensation in the case of early termination.

It is the Group's policy that no Directors' service contract should be terminable on more than 12 months' notice.

Copies of all Executive Directors' service contracts and the letters of appointment of the Non-executive Directors are available for inspection during normal business hours at the registered office of the Company.

Individual Service Contract Details

	Date of contract	Notice period	Outstanding term
AK Agarwal	27 November 2003	6 months	Rolling notice period
N Agarwal (Vedanta)	4 May 2005	6 months	Rolling notice period
N Agarwal (Sterlite)	1 August 2003	3 months	Until 31 July 2013
Mr MS Mehta	1 October 2008	3 months	Until 30 September 2011
N Chandra ¹	1 June 2007	3 months	Until 31 May 2009
A Mehta	24 November 2004	3 months	Until 23 November 2009
ER Macdonald	23 March 2005	3 months	Until 22 March 2010
Former Director			
Mr K Kaura (Vedanta)	4 May 2005	3 months	Not applicable – retired 30 September 2008
Mr K Kaura (Sterlite)	20 October 2004	3 months	Not applicable – retired 30 September 2008

¹ Mr Chandra is engaged on a contract renewable every 12 months.

Non-executive Directors' Fees

The Board is responsible for setting Non-executive Directors' fees. In 2007–08 the Board commissioned HNBS to undertake a peer group review of current fee levels. HNBS's review took account of the Group's complexity, the significant travel and time commitments required for attending Board and other meetings in India and the UK and the risk profile of the Company. Accordingly, Non-executive Directors' fees were revised as follows:

1. Base fee, £60,000.
2. Committee membership fee, up to £5,000.
3. Committee chairmanship fee, up to £20,000.

Remuneration Report (continued)

It is envisaged that a similar review will be carried out for the forthcoming year, 2009–10.

In the case of fees paid in respect of membership and chairmanship of Board committees, the fee depends on the scope of the committee concerned.

Chairman's Salary

The Chairman's salary is approved by the Board (without the Chairman being present) on the recommendation of the Committee.

Non-executive Directors' Letters of Appointment

The Non-executive Directors have letters of appointment which may be terminated by either party by giving three months' notice. The Non-executive Directors' letters of appointment set out the time requirements expected of them in the performance of their duties. Non-executive Directors are normally expected to spend at least 20 days per year on Company business. There is no provision in the letters of appointment of the Non-executive Directors for compensation to be paid in the event of early termination.

External Appointments

The Board's policy on external appointments is that an Executive Director may, with the prior approval of the Board, accept one appointment external to the Group (other than any appointment to related parties or Volcan in the case of Messrs Anil Agarwal and Navin Agarwal) as a Non-executive Director of a publicly listed company anywhere and that the fees for any such appointment may be retained by the individual.

Currently, none of the Executive Directors holds any such outside appointments, other than Messrs Anil Agarwal and Navin Agarwal who hold directorships of related parties or Volcan.

Equity Dilution Resulting from Employee Share Schemes

The dilution limits set out in the rules of the Employee Share Schemes in December 2003 allow up to an aggregate of 10% of the Company's issued share capital to be issued or issuable pursuant to awards under any of the Company's employee share schemes over a period of 10 years. Up to 5% of the Company's issued share capital may be used for the Company's discretionary schemes over a 10-year period. Shares issued or issuable pursuant to awards made under the Reward Plan are not counted for these purposes. Currently, 0.68% (2008: 1.33%) of the Company's issued share capital is issuable in respect of outstanding awards under the LTIP.

Directors' Interests in Ordinary Shares

The interests of the Directors (which are beneficial unless otherwise stated) in ordinary shares at 31 March 2009 were:

	Ordinary shares at 1 April 2008 (or at date of appointment if later)	Ordinary shares at 31 March 2009
AK Agarwal ¹	154,157,921	158,876,393 ²
AK Agarwal	55,400	55,440
N Agarwal ¹	200,000	213,360
MS Mehta	31,521	31,521
N Chandra	–	–
A Mehta	–	–
ER Macdonald	–	–

¹ Mr Anil Agarwal and Mr Navin Agarwal each held nominee shares in direct and indirect subsidiaries. These holdings are non-beneficial.

² Mr Agarwal's holding of 158,876,393 shares are registered in the name of Volcan Investments Limited which is a company owned by a family trust.

There have been no changes in the beneficial shareholdings of the Directors between the end of the financial year and the date of this report.

Part II (Audited)**Directors' Remuneration Year Ended 31 March 2009**

The following table sets out an analysis of the pre-tax remuneration for the year ended 31 March 2009 for individual Directors who held office in the Company during this period. All amounts are in UK pounds sterling although payments in India under service contracts with Sterlite are paid in Indian rupees.

Directors' Remuneration

	UK salary £000	CTC fees £000	Pensions £000	Annual performance bonus £000	Benefits in kind £000	2009 Total £000	2008 Total £000
Executive Directors							
AK Agarwal ¹	925	–	–	278	51	1,254	1,326
N Agarwal ²	60	498	91	172	76	897	861
MS Mehta ³	30	66	4	44	4	148	–
Former Executive Director							
KK Kaura ⁴	30	217	52	159 ⁵	22	480	541
Non-executive Directors							
N Chandra	95	–	–	–	–	95	95
A Mehta	85	–	–	–	–	85	85
ER Macdonald	72	–	–	–	–	72	72
Former Non-executive Director							
SK Tamotia ⁶	82	–	–	–	–	82	82
Total	1,379	781	147	653	153	3,113	3,062

Notes:

1 Mr Anil Agarwal's benefits in kind include provision of a car and fuel in the UK and India for business purposes.

2 Mr Navin Agarwal's benefits in kind include use of leased accommodation in India club membership and use of car and driver.

3 Mr MS Mehta was appointed to the Board on 1 October 2008. His benefits in kind include use of car and housing loan subsidy.

4 Mr Kaura retired from the Board on 30 September 2008. His benefits in kind included use of leased accommodation in India and use of car and driver.

5 Payments to former Director

This sum is in respect of an assignment completion bonus that Mr Kaura was entitled to under his employment contract with Sterlite for successful completion and discharge of his role and responsibilities as Managing Director of Sterlite. This was a contractual arrangement in place before he was appointed to the Board of Vedanta. The Committee reviewed Mr Kaura's achievements and considered that he had fulfilled his contractual obligations. Accordingly, the Committee approved a bonus payment of INR 12,500,000 to Mr Kaura in February 2009.

6 Dr Tamotia resigned from the Board on 6 March 2009.

Directors' Long-Term Incentive Plan Awards

	Option granted	Exercise price (US cents)	1 April 2008 ¹	Movements during the year			31 March 2009	Earliest/latest exercise dates	Date award exercised	Market price on exercise £	Market price at grant £	Aggregate gain on exercise £
				Grants	Exercised	Lapsed						
AK Agarwal	1 Feb 2006 ³	0.10	42,500	–	–	25,500	17,000	1 Feb 2009 to 1 Aug 2009	–	–	9.89	–
	14 Nov 2007	0.10	37,000	–	–	–	37,000	14 Nov 2010 to 14 May 2011	–	–	19.69	–
N Agarwal	1 Feb 2006 ³	0.10	33,400	–	13,360	20,040	–	1 Feb 2009 to 1 Aug 2009	24 Feb 2009	5.29	9.89	69,338
	14 Nov 2007	0.10	24,500	–	–	–	24,500	14 Nov 2010 to 14 May 2011	–	–	19.69	–
MS Mehta	1 Feb 2006	0.10	20,000	–	–	12,000	8,000	1 Feb 2009 to 1 Aug 2009	–	–	9.89	–
	14 Nov 2007	0.10	8,000	–	–	–	8,000	14 Nov 2010 to 14 May 2011	–	–	19.69	–
Former Director²												
KK Kaura	1 Feb 2006 ³	0.10	25,000	–	22,222	2,778	–	1 Feb 2009 to 1 Aug 2009	13 Feb 2009	6.67	9.89	145,999
	14 Nov 2007	0.10	16,500	–	4,033	12,467	–	14 Nov 2010 to 14 May 2011	13 Feb 2009	6.67	19.69	26,497

1 Or at date of appointment if later.

2 On his retirement in September 2008, Mr Kaura was entitled to the vesting of a proportion of his LTIP awards based on TSR performance to that date pro-rated for time elapsed since the award.

Accordingly, of the February 2006 award, 100% vested pro-rated for 32 months, and of the November 2007 award 88% vested pro-rated for 10 months.

3 TSR performance over three years was measured as at median ranking therefore 40% of the 2006 LTIP awards vested.

The mid-market price of the shares at 31 March 2009 was 675.5 pence and from 1 April 2008 to 31 March 2009, the share price varied between 387.75 pence and 2,780.00 pence.

Signed on behalf of the Board of Directors.

Naresh Chandra
Chairman of the Remuneration Committee

6 May 2009

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Directors' Report

The Directors present this Annual Report on the business of the Group, together with the financial statements and auditors' report, for the year ended 31 March 2009.

Principal Activities

Vedanta Resources plc is the UK parent company of a diversified metals and mining group. The four major areas of activity are as follows:

- Aluminium: bauxite mining, alumina refining and aluminium smelting operations in India.
- Copper: smelting and refining operations in India, copper ore mining in Australia and an integrated copper production operation in Zambia.
- Zinc: zinc-lead mining and smelting operations in India.
- Iron ore: Iron ore mine in India.

Analysis of revenue, operating profit, principal activities and geographical origins appears in note 3 of the financial statements and a list of the principal subsidiaries and associated undertakings of the Group may be found in note 38 to the financial statements.

The Chairman's Statement, the Business Review and Financial Review, which together give a fair view of the historic and likely future developments of the operations of the Group, should be read in conjunction with the Directors' Report. These sections together with the sections referred to in the Business Review section below form part of this Directors' Report.

There are no material changes from 31 March 2009 to the date of this report except as disclosed.

Business Review

The Company is required under Section 417 of the Companies Act 2006 to provide a business review the purpose of which is to inform the shareholders how the Directors have performed their duty to promote the success of the Company for the benefit of its members. The information that fulfils the requirements of the business review, including principal risks and uncertainties, can be found within the following sections, which are incorporated in this report by reference:

Information	Location in the Annual Report	Page
Key Performance Indicators	Business Review	06
Description of the principal risks and uncertainties facing the Group	Financial Review	28
Strategy	Chairman's Statement and Business Review	04
Future developments	Business Review	08
Review of operations	Business Review	08
Financial Review	Financial Review	24
Environmental matters	Sustainable Development Report	32
Health and safety matters	Sustainable Development Report	32
Community issues	Sustainable Development Report	32

The Business Review also includes details of the main trends and factors likely to affect the future development, performance and position of the Company's business, an indication of its activities in the field of research and development, details of the key performance indicators that management use and information about persons with whom the Company has contractual or other arrangements that are essential to the business of the Company.

Post Balance Sheet Events

There have been no significant events since the Balance Sheet date.

Dividends

The Directors recommend a final dividend for the year ended 31 March 2009 of 25 US cents per ordinary share (2008: 25 US cents per ordinary share). Subject to shareholders approving this recommendation at the Annual General Meeting on 27 July 2009, the final dividend will be paid on 5 August 2009 to shareholders on the register of members as at 10 July 2009.

Taken together with the interim dividend of 16.5 US cents per ordinary share paid to shareholders on 14 January 2009, the total dividend for the year is 41.5 US cents per ordinary share (2008: 41.5 US cents per ordinary share).

Directors

The names, specific responsibilities and biographical details of the current Board of Directors are shown on page 36. Details of the remuneration of the Directors, their interests in the shares of the Company and service contracts are contained in the Remuneration Report on pages 45 to 51.

The following Directors held office during the year ended 31 March 2009:

	Appointed	Resigned	Designation
Executive Directors			
AK Agarwal	16 May 2003		Executive Chairman
N Agarwal	24 November 2004		Deputy Executive Chairman
MS Mehta	1 October 2008		Chief Executive
Non-executive Directors			
N Chandra	18 May 2004		Non-executive Director
A Mehta	24 November 2004		Non-executive Director
ER Macdonald	23 March 2005		Non-executive Director
Former Directors			
KK Kaura	23 March 2005	30 September 2008	Chief Executive
SK Tamotia	24 November 2004	6 March 2009	Non-executive Director

Directors

Unless otherwise determined by ordinary resolution, the number of Directors (other than alternate Directors) shall not be subject to any maximum, but shall not be less than two. The powers of the Directors are described in the Corporate Governance Statement on page 38.

Retirement of Directors

The Company's Articles require that at every Annual General Meeting one-third of the Directors, or if their number is not three or multiple of three, the number nearest to one-third, shall retire from office. The Directors to retire by rotation shall be those who have been longest in office since appointment or re-appointment.

Accordingly Mr Anil Agarwal and Mr Naresh Chandra will retire by rotation at the forthcoming Annual General Meeting and being eligible will offer themselves for re-election. Mr MS Mehta will stand for election at the Annual General Meeting following his appointment to the Board on 1 October 2008.

Directors' Remuneration

Details of Directors' service contracts and emoluments, options to subscribe for shares in the Company and interests in its share capital are shown in the Remuneration Report on pages 45 to 49.

Corporate Governance

Disclosures on the application of the principles and compliance with the provisions of the Combined Code can be found on pages 38 to 44.

Employees

Information on the Group's employees and its policies can be found in the Sustainable Development Report on pages 32 to 35.

Charitable Donations

During the year, the Group made charitable donations of US\$0.86 million paid to the Sterlite Foundation (2008: US\$0.6 million) and other charitable donations of US\$1.52million (2008: US\$2.9 million).

Further details about the Group's involvement with local communities during the year can be found in the Sustainable Development Report on pages 32 to 35.

UK and EU Political Donations

It is the Board's policy that neither Vedanta nor any of its subsidiary companies may, under any circumstances, make donations or contributions to political organisations within the United Kingdom or European Union. In exceptional circumstances where such political donations or contributions are deemed necessary for legitimate business reasons, they will not be made without the prior approval of the Board and the shareholders in the general meeting.

Directors' Report (continued)

Material Shareholdings

As at 2 June 2009, the Company had been notified under the Disclosure and Transparency Rules, of the following significant voting rights in its shares:

Name of holder	Number of ordinary shares of US\$0.10 each	Percentage of total ordinary share capital
Volcan Investments Ltd	160,783,163	58.16%
AXA S.A.	14,062,765	4.90%

1 The voting rights at 31 March 2009 were 279,200,089 ordinary shares.

Supplier Payment Policy

The Group does not follow any specific external code or standard on payment terms. Instead, responsibility for determining payment terms is delegated to the individual businesses within the Group, which take into consideration the commercial circumstances, local market and industry practice. The Group's policy is either to settle terms of payment with suppliers when agreeing the terms of each transaction or to ensure that the supplier is aware of the individual business's usual payment terms. Payment is made in accordance with contractual and other legal obligations and reflects local market practices.

Trade creditor days of the Company at 31 March 2009 were 86 days (2008: 92 days).

Value of Land

Land is carried in the Balance Sheet at historic cost. It is not practical to estimate the market value of land and mineral reserves and resources at any point in time since the market values depend on commodity prices which fluctuate on a day-to-day basis.

Research and Development

The Group's business units carry out research and development activities necessary to further their operations.

Policy on Derivatives and Financial Instruments

An explanation of the Group's financial management objectives and policies together with details of the Group's exposure to price risk, credit risk, liquidity risk and foreign currency risk appears in note 27 to the financial statements.

Directors' and Officers' Liability Insurance and indemnities

The Company purchases and maintains liability insurance for its Directors and officers and those of the subsidiaries of the Group, as permitted by the Companies Act 2006.

The Articles of Association of the Company contain an indemnity provision in favour of the Directors of the Company against proceedings brought by third parties subject to the Companies Act 2006.

Disclosure of Information to Auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with the provisions of section 234ZA of the Companies Act 1985.

Directors' Responsibility Statement

Each Director further confirms that, to the best of their knowledge:

- The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The Business and Financial Reviews, which are incorporated into the Directors' Report, include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Reappointment of Auditors

A resolution to re-appoint the auditors, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting. The re-appointment of Deloitte LLP has been approved by the Audit Committee, which will also be responsible for determining their remuneration on behalf of the Board, subject to the approval of shareholders at the forthcoming Annual General Meeting.

Annual General Meeting

The sixth Annual General Meeting of the Company will be held at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED on 27 July 2009 at 3pm. The Notice convening the Annual General Meeting accompanies this Annual Report and sets out details of the business to be considered.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 08 to 31. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Finance Review on pages 24 to 27. In addition note 27 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Group generates sufficient cash flows from its current operations which, together with the available cash and cash equivalents and liquid financial asset investments, provide liquidity both in the short term as well as in the long term. Anticipated future cash flows and undrawn committed facilities of US\$1,909.4 million, together with cash and liquid investments of US\$4,912.5 million as at 31 March 2009, are expected to be sufficient to meet the ongoing capital investment programme and liquidity requirement of the Group in the foreseeable future.

The Group has a strong Balance Sheet that gives sufficient headroom to raise further debt should the need arise. The Group's current ratings from Standard & Poor's and Moody's are BB and Ba1 respectively. These ratings support the necessary financial leverage and access to debt or equity markets at competitive terms, taking into consideration current market conditions. The Group generally maintains a healthy net debt-equity ratio and retains flexibility in the financing structure to alter the ratio when the need arises. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Additional Information for Shareholders

The following description summarises certain provisions in the Company's Articles of Association (the 'Articles') and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006, together the 'Companies Acts'). This is a summary only and the relevant provisions of the Companies Acts or the Articles should be consulted if further information is required. The Articles may be amended by special resolution of the shareholders. Copies of the Company's current Articles are available for inspection at the Company's registered office.

Dividends and Distributions

Subject to the provisions of the Companies Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

Dividends may be declared and paid in any currency or currencies that the Board shall determine. The Board may also determine the exchange rate and the relevant date for determining the value of the dividend in any currency.

Rights and Obligations Attaching to Shares

The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles of Association. Details of the authorised and issued share capital together with movements in the Company's issued share capital during the year are shown in note 32.

In February 2006, Vedanta Finance (Jersey) Limited ('VFJL') issued 4.6% US\$725 million guaranteed convertible bonds. The bonds are first convertible into exchangeable redeemable preference shares to be issued by VFJL, which are then exchanged automatically for ordinary shares of Vedanta Resources plc represented by depositary receipts, which do not carry voting rights. Further details of the convertible bonds are set out in note 26.

Each ordinary share carries the right to one vote at general meetings of the Company. Holders of deferred shares are not entitled to attend, speak or vote at any general meeting of the Company, nor are they entitled to the payment of any dividend or to receive notice of general meetings.

Further details of the rights attaching to the deferred shares are set out in the Articles and summarised in note 32.

Variation of Rights

Subject to the provisions of the Companies Acts, the rights attached to any class may be varied with the consent of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

Deadlines for Exercising Voting Rights

Votes may be exercised at general meetings in relation to the business being transacted either in person, by proxy or, in relation to corporate members, by corporate representative. The Articles provide that forms of proxy shall be submitted not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

Restrictions on Voting and the Transfer of Shares

No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the Company, either in person or by proxy, in respect of any share held by him unless all moneys payable by him in respect of that share have been paid. Furthermore, no shareholder shall be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll if he has been served with a notice after failing to provide the Company with information concerning interests in his shares that is required to be provided under the Companies Acts.

Directors' Report (continued)

Issue of Shares

Under the Articles of Association, the Company has authority to allot the unissued shares of the Company. Such authority would be exercised having regard to the guidelines of the Investor Protection Committees.

Shares Held in Uncertificated Form

Subject to the provisions of the Uncertificated Securities Regulations 2001, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

Purchase of the Company's Own Shares

At the end of the year, the Directors had authority, under a shareholders' resolution dated 31 July 2008, to make market purchases of up to approximately 10% of the Company's ordinary shares.

The authority expires at the conclusion of the Annual General Meeting of the Company in 2009 or on 31 October 2009, whichever is the earlier. A resolution to obtain a further authority will be proposed at the 2009 Annual General Meeting.

On 2 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 above authority. The Board believes the buyback programme is value enhancing for shareholders. Since 2 December 2008 and up to the date of this report 10,680,413 ordinary shares of US\$0.10 were purchased at an average price of £5.92, representing 3.70% of the Company's issued share capital. All shares purchased will be held in treasury for subsequent cancellation or sale.

Significant Agreements: Change of Control

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank loan agreements, and capital market borrowing. Some of these are considered to be significant in terms of their likely impact on the business of the Group as a whole.

All of the Company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions.

Under the terms of the US\$725 million 4.6% Guaranteed Convertible Bonds due 2026 issued 21 February 2006, in the event of a change of control (defined as Relevant Event), the Exchange Price will be adjusted. The Change of Control Exchange Price shall only apply to Bonds in respect of which Conversion Rights are duly exercised and the Conversion Date falls within the period, commencing the date of the Relevant Event and ending on the date 60 days following the occurrence of the Relevant Event.

The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Key Relationships

The group has several significant relationships which are critical to its business. These include, but are not limited to, the group's relationships with its majority shareholders, customers, lenders, employees and governments in the jurisdiction in which it operates.

Deepak Kumar
Company Secretary
6 May 2009

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Registered in England Number 4740415

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

OVERVIEW

BUSINESS
REVIEWFINANCIAL
REVIEW

SUSTAINABILITY

BOARD + EXECUTIVE
COMMITTEECORPORATE
GOVERNANCEFINANCIAL
STATEMENTS