

## 27<sup>th</sup> July 2011, VEDANTA ANNUAL SHAREHOLDERS MEETING 2011, London

### 8:00am, London: Protest outside Anil Agarwal's House near Marble Arch

At 8am this morning Anil Agarwal was woken up at his £20 million Mayfair apartment (previously owned by the Shah of Iran) by seven demonstrators with pots and pans and whistles. They shouted 'blood on your hands', 'murderer' and 'Vedanta ka anta ho!' meaning Vedanta should cease to exist, and held placards. They distributed pamphlets to curious passer bys and explained the cause.

One placard cited the communities in Zambia, Australia and India who are affected by pollution and ill health from Vedanta's mines and industry. Another named two tribal activists – Sukru Majhi and Arsi Majhi – allegedly killed by Vedanta at their Niyamgiri mine project.

40 min later, after having made enough noise in that sanitized neighbourhood as they walked away from the house, diplomatic police arrived in two cars. Protesters continued to walk away with smiles and satisfaction of a protest done well. However, they were not prepared to meet a highly emotional policeman who ran upto them and shared his angst, "Why are you being rude to us? What have we done? We came because someone from the house called us. But it seems everything is fine. Then why are you ignoring our repeated calls? We are not aggressive police. We are diplomatic police". This strange encounter left protesters grinning top to toe and we made our way to a nearby park for breakfast.



Figure 1 Morning protest at Anil Agarwal's house.



Amidst much sloganeering shareholders made their way to the 5<sup>th</sup> floor of the building where the AGM was being hosted. The hall was big enough to accommodate some 200 people though on this day only some hundred were present. Vedanta staff was in black. The seven member board was sitting on a slightly higher pedestal. These were:-

- a) Aman Mehta, Chairman Auditing committee, Non exec Director
- b) Navin Agarwal, Deputy Chairman
- c) Naresh Chandra, Non exec Director
- d) Anil Agarwal, Exec Director
- e) Deepak Kumar, Company Sec
- f) Mahendra S. Mehta, CEO
- g) Euvan McDonalds, Non exec Director

The floor was opened to questions after introducing the Dos and Don'ts, guidelines for operating the hand set etc.

**Lady Shareholder 1:** I hold some 580 shares of this company. I am not only disappointed but also sad that Vedanta shares are not making the profit and the rates are constantly going down. What do you have to say to that?

Anil Agarwal, Vedanta Board: We practice transparency in our business. Share prices are not in our hands but we assure you we are taking measures and company is bound to prosper in future. Don't worry.

**Lady Shareholder 2, Aviva Investors:** We are very concerned about the repeated violation of law in India, sustainable practice of business, declaration of human rights and breach of OECD guidelines. Environment regulatory measures are being constantly flouted in India. This impact the share prices as lack of confidence of the company translate itself into its declining growth. We hope you would take our concerns seriously.

Anil Agarwal, Vedanta Board: India is a country of 1.2 billion people. Most of them are poor and unemployed. What we have there is only 5% industrialization. We believe that the world needs 100% industrialization! We stand by our commitment to sustainable development and growth and there is no compromise in adopting best policies and technology. We are very vigilant on these issues. We have taken recommendations of Scott Wilson's report seriously and draft policies are constantly being reviewed and scrutinized.

**Shareholder 3, Simon Chambers:** What do you have to say about Korba which has become heavily polluted. In Sept 2009 there was a horrific chimney disaster. People are angry. Number of deaths is around 30-40, although the exact number is still unknown. No efforts have been made by company to either ascertain these or to correct the wrong. You carried on with construction despite Korba Municipal Corporation's many notices for instance; 17<sup>th</sup> June, 12<sup>th</sup> Aug 2008 and 12<sup>th</sup> Feb 2010

notices.. By violating law you contradict your own position about sustainability. You do not show up in Korba courts or to its police commissioner when pressed with criminal trespass charges.

Anil Agarwal, Vedanta Board: India is a democratic country with great legal system. We have full faith in the law of the country.

Shareholder, Roger Moody: Answer the question. Don't waste our time.

Anil Agarwal, Vedanta Board: I gave you a patient hearing it is my turn to speak now. You have to allow me. We could not have operated in Jungle Raj. Because we complied with all necessary regulatory measures we are allowed operations in India. You see, Balco is regarded as India's Navratna.

Shareholder, Simon Chambers: Spare us that. Tell us why you didn't show up to account for charges of criminal trespass?

*(anil agarwal shifting uncomfortably in his chair)*

Naresh Chandra, Vedanta Board: You have to see our position holistically.

- a) International authorities and luminaries like IIT (Indian Institute of Technology) conducted audit and gave clearance to the company.
- b) Matter is still sub-judice. The fact that notices have been issued shows that police is conducting investigations independently.
- c) We have the right to attend the court by counsel.
- d) Balco is a company of reputation. It gave contract to another A class company in India and hence supervision of operations doesn't remain directly with Vedanta.

You have to see the position in the light of the facts I just presented to you.

Shareholder, Simon Chambers *(interrupting)*: 12 of your employees have been arrested in this regard. It shows something about the company. How do you account for that?

Naresh Chandra, Vedanta Board: You are rushing to a judgment. Let the court decide.

Share holder, Simon Chamber: But you don't show up in the court! Since you refuse to answer my question I will stand till the end of the proceedings.

*(Audience claps)*



**Figure 4** Simon Chambers stand in protest

**Shareholder 4, Agrotosh Mukherjee:** Are you trying to align yourself with the view that Vedanta is representative of India's democracy and legal system? If that is the case every Indian present here is ashamed. You mentioned Wilson's report and IIT reports, what about N.C Saxena report? N.C Saxena is very well respected and his report is a very damning report that has been commissioned and accepted by the Ministry of Environment in India. Among various serious charges, it finds Vedanta guilty of violating the law of the land, of illegal mining, flouting Forest Rights Act and environmental laws and gross corruption. It is a very damning report and it resulted in the Government of India scrapping your plans to mine in Niyamgiri and your plans to expand the Lanjigarh refinery. What do you have to say to that? Your inability and unwillingness to do that challenges not only the resolution 205(8), and special resolution 11 but all the resolutions that you have in here on this piece of paper. (*Waving the paper first to the board and then to the fellow shareholders*). There should be some accountability that the board should have. Are you ready for that? Are you prepared to stand accountable to shareholders?

Naresh Chandra, Vedanta: Who is Saxena? He is no expert. He was an IAS (Indian Administrative Service) officer and he worked under me. His report is not a court order. Moreover it is not accepted by the Company.

Shareholder, Agrotosh: How come you didn't think it is important to communicate the details of N.C Saxena report to your shareholders?

*(At this point Board asked another Vedanta staff to take up this question)*

Vedanta Official (medium height, Indian): Let me bring to your attention that we made a physical presentation to the Ministry regarding this. All documentary proofs have been given. Government has allowed the operation to continue.

Anil Agarwal, Vedanta: Government has over turned N.C Saxena report.

**Shareholder 5, Shalini Sharma:** Please introduce this official. Do we take this exchange as a commitment towards sharing full information on Saxena report and steps taken by you, responding to its allegations, with your shareholders?

Anil Agarwal to the Vedanta employee: Yes, please introduce yourself.

Vedanta Official: I am Dr Mukesh Kumar, head of operations in Lanjigarh. We will share the information.

**Shareholder 6, Bianca Jagger:** I represent Amnesty International and would like to share AI's report on Vedanta's operations. In the light of the charges made in this report would you stop expanding the refinery and abandon plans on proposed mining?

Mahendra Mehta, Vedanta: It is important to give you a background in Orissa. There is no substantial mining in Orissa. Bauxite mining in Niyamgiri is much less. Country needs more Aluminium so more bauxite deposits are explored and hence plans for more refineries. Tony will elaborate further on this.

Tony, Vedanta: I have just come back from Orissa after spending good couple of months there. We acknowledge your concerns. However, since we receive the report very late from you (AI) it will take sometime before it's discussed at high level. But we assure you we would very much like to continue dialogue on this and possibly come over and bring over our experts to discuss these issues with you.

**Shareholder 7, Peter Frankental:** I represent Amnesty International. In June UN Human Rights Counsel endorsed guiding principles on business. Then there are recommendations made by another report. Vedanta violated both. It didn't address the human rights impact; it didn't address India's regulatory records and impact assessment requirements. No Alternative site assessment done, No cumulative impact assessment, potential sources of pollution remain unidentified/ disclosed by Vedanta, In Lanjigarh impact of dust pollution remain un addressed. The report that you yourself referred to, Scott Wilson's report, it recommends addressing a) respiratory problems and mechanics, b) need for water and availability for water to meet those needs c) cultural needs of Dhongria tribe. Before dialogue a comprehensive impact assessment should have been done. However considering none of these measures, guidelines, recommendations made by international agencies have been adhered to will you consider any attempts to stop further expansion and suspend further mining in Lajnigarh?

Dr. Mukesh, Vedanta: Let me share the facts with you.

a) Transport of bauxite by road started after approval from MoEF-India

b) MoEF-India clarified that none of the allegations made by AI were found true. This is given on Ministry's own website.

c) Ministry of Chemical, Pollution Control Board commended Lanjigarh refinery for being world's first zero discharge refinery.

d) Not only EIA but many other agencies including National Oceanography Institute, National Institute of Hydrology, Wildlife Institute of India have acknowledged as such.

Since, we just got your report we will respond later. But to put it on records, EIA needs to be applied retrospectively and not prospectively.

Shareholder, Simon Chambers: Really! Absolutely...Bravo!!

Dr. Mukesh, Vedanta (*ignoring Simon's interjections*): Nearly 22 Inspection reports are available. Ph is found to be between 7.5-7.7%.

Anil Agarwal (cutting Mukesh short): I am sure Tony will give additional information.

Tony, Vedanta: Yes, we will be able to show you those reports. I have been in Lanjigarh 3-4 times. All these reports will be shared on the website.

**Shareholder 8, Stephen Corry from Survival International:** You can't deny the alarmingly huge number of allegations made on you regarding breaking laws, overstepping them or simply violating them. Does Board choose to look at it as mere NGO connivance? Will Board appoint an independent body/person to look into these allegations and report to shareholders? (*Applause*)

Naresh Chandra, Vedanta: To address allegations there are judicial investigations. You don't ask for a trial by shareholders in such situations. And, why do you assume there is confrontation? The trust deficit is not something that an independent body can remove. At every AGM we face such questions. We have our response and steps taken regarding all regulatory bodies and our work available in print. We are open to talk but please be open to listening to us. It is difficult to address 50-60 allegations within a 2 hour AGM.

Share holder, Simon Chambers (interrupting): But you are not answering! No one is answering any allegation!

Share holder, Peter (AI): Mr. Mukesh Agarwal, one of the most significant reports to mention here is from the High Court on Kalahandi in Orissa. It accuses you of illegal activity.

Mukesh Agarwal, Vedanta: We went to court only for interpretation of a certain clause. Read para 30 of the court order. Not only Vedanta but 122 other companies misinterpreted this clause. And then the circular regarding procedures came out.

Shareholder, Agrotosh (who following Simon has been standing so far interrupts Mukesh): So you are one of many thieves. Is this what you are saying?

(*Applause*)

**Shareholder 9, Ramesh Gopalkrishnan, Amnesty International (AI):** Essentially your argument seems to be- That since 122 others are violating laws then let us also violate. Lanjigarh is a huge risk activity. Ministry never talks to communities but to you. What measures or preventive steps have you taken

and/or shared with community in instances of emergencies. Considering it is near the river side. And while am at it let me also tell you that now you say that AI report came late and hence you will respond later but the fact is we have already written several letters to you. And you responded to none ever.

Anil Agarwal, Vedanta Board: Look. We now have had 5-6 representations from AI. Let us be fair to others. We can talk this separately.

Shareholder, Agrotosh: So you are not answering even this question!

Anil Agarwal, Vedanta Board: It is only since last 5 years that we are hearing questions about Niyamgiri.

Mukesh Agarwal, Vedanta: This plant should not be compared with Hungary plant. There is no water inside a red mud plant. Entire plant is full of solid mass.

**Shareholder 9, Carmen Miranda, Save Goa Campaign UK:** Let me bring your focus to Goa. Given its small size and it is already bearing 95 mile long mining belt. What is your strategy and plans for mining in Goa? Goa people are concerned. Will you start phasing out in Goa? If not, then it will take place practically in people's backyards. Do something else in Goa that is sustainable but not mining.

Anil Agarwal, Vedanta Board: We are not initiating any new mining there.

*(At this point Simon Chambers goes up to the board and hands out reports. He further goes to the shareholders and distributes the report among them)*

Naresh Mehta, Vedanta Board: a) We will take permissions whenever and wherever required b) We should also worry about the livelihood of people. If we phase out how many people will be rendered jobless?

Carmen Miranda: Livelihood is a myth. 105 units are mining in such small territory. ILO reports the miniscule contribution of mining to GOA's GDP. Mining is finite. It will finish some point how will you then account for people's employment? You will have to go to China to get the land. *(Claps from the shareholders)*

**Shareholder 10, British shareholder:** Sad to see that the meeting is being taken over by social and environment groups. However, my question is what matters in business. It is regarding operation. Have you adopted or are considering adopting the policy of reducing sale price to increase the volume?

Naresh Chandra, Vedanta Board: We don't set the sale price. I am happy you raised this question even though this comes after 1 hour of social issues. There is a little bit of oversupply but India is a growing economy and a balance will strike soon. Energy and Power both are profitable operations.

**Shareholder 11, A Lady:** But, you can't mine in Niyamgiri if not given clearance. How much will it cost you?

Anil Agarwal, Vedanta Board: Aluminium is a green metal. It replaces wood. India is far behind China in AL production. Orissa gov told us that will give 120 acres for mining. Kalahandi is world's most backward

area. We worked on the assumption that Niyamgiri was on the back burner. Our real temples are sites of Bokaro, Balco and other mining bauxite sites.

**Shareholder 12:** I am a minority investor of Vedanta however I would like to correct the point held by gentlemen who asked the question a moment ago. There is no distinction between operation issues and allegations made in the business especially when violations relate to law. Business needs to consider and work with the ambit of law. Does the Company accept or deny accepting these allegations and responsibility of violating laws? And will they assure shareholders and investors that they will resign if such allegations are found true?

Anil Agarwal, Vedanta Board: We adhere to law. When you go for a body checkup you can never say if you are 100% cured. We have taken best of policies. You have to remember that world needs 100% industrialization and India is only 5% industrialized so far. We assure you that we will never compromise any position on CSR, Sustainability etc.

**Shareholder 13, Felix Padel:** I would like to correct you Mr. Agarwal. Aluminium is not a green metal. In fact it is the worst because it consumes water. No refinery that has anything to do with AL can claim to be green. Other aspect is cultural. The mining activity is completely destroying the way of life of the Dongria Kondh people. As an anthropologist I can describe what is happening in Niyamgiri is cultural genocide. There has been an increase in crime, mafia activity, prostitution, illegal liquor shops and alcoholism, domestic violence and the local community has been torn apart by the mining operations. It is high time you take note of Niyamgiri and Dongria tribe and excesses they have suffered.

Anil Agarwal, Vedanta Board: No industry can run on sustainability. If you want sustainability then go for agriculture state.

**Shareholder, Roger Moody.:** There is a total lack of ethics in the company's policies. Don't go far, just recently on July 16 after what happened in Goa you said that it was an unforeseen because of unprecedented rains in the area. I agree it was unforeseen. But does that explain why you were unprepared? Goa Pollution Control Board confirms that you have been operating illegally. See the report we just shared with you (referring to reports that Simon handed out to board a while ago). Look at the pictures then. Now answer the questions for once!

Naresh Chandra, Vedanta Board: Photos are something to be commented on by technical experts. I am not sure how you were allowed in the area to take pictures of technical units.

*(Boo!!! Boo!!)*



**Figure 5 Roger flagging the report to the board. He too joins Simon in 'stand till the end' protest gesture.**

Anil Agarwal, Vedanta Board: We have been running for 62 years. We have all compliance in check. If you give me your name I will revert to you.

Naresh Chandra, Vedanta Board: Let us not call it a disaster. It was an accident. I will NOT call it a disaster!

Anil Agarwal, Vedanta Board: Let me tell you it was the rainy season.

*(Boo!!! Boo!!)*

**Shareholder. Roger Moody.:** 26 of your employees were killed because of your mining operations. You have not even bothered to give the names of those who have died and where and how in your AGM report. What kind of a company are you?! You have the worst record of deaths in service among any FTSE 100 company! And you do not even mention who these people were or where they worked and how and why they died! , You have no decency towards victims!!

Anil Agarwal (very uncomfortable): Tony, will you say something.

*(laughter!!)*

Tony, Vedanta: We are making sure that such thing is not repeated. We are aiming to achieve zero harm.

Shareholder, Roger Moody: Mr. Tony, you have an uphill task! May be you should examine patterns and other similar sites for eg Zambia.

Tony, Vedanta: Thanks for your comments. We are looking into special programmes.



**Figure 6 Mr Tony stands to respond. Next to him seated is Mr Mukesh Agarwal.**

Anil Agarwal, Vedanta Board: Let us now move to Resolution 129.

**Shareholder 15, Samrendra Das:** You have to take my question. I have had my hand up for long!

Anil Agarwal, Vedanta Board: Be quick.

Shareholder 15, Samrendra Das: Are you an Indian Company or British? Who owns shares off shore board- Vulcan Investments?

Anil Agarwal: What is your Question?

Samrendra Das: Who owns the Company? Is it India?

Anil Agarwal: It is given in the annual report. Sit down. We will read exact words for you. It is owned by a family trust (Anil Agarwal's family!)

Shareholder, Roger Moody (interrupts): Why sit? Stand up if you like. It is our meeting not theirs!

Vedanta official reads out from the annual report. Page 76. ....It is owned by the family trust.

**Shareholder 14, Richard Harkinson:** I want to come back to Korba in Chattisgarh. It is the most polluted. What will you do about this?

Anil Agarwal, Vedanta Board: We have State Pollution Control Boards which continue to monitor.

Naresh Chandra, Vedanta Board: For specific queries you can refer to Tony. We can assure you that all plants are new with best of technology. It is true that Korba has been declared heavy pollution area. But, we are working with the government and others in the industries, who are co producers of power, to help reduce pollution.

Shareholder, Richard H: You are again in effect saying that if others are polluting then you too get the license to pollute. At one point you say you are working with the government while on the other you refuse to comply with government's reports, notices and legal procedures. You mean Vedanta is a company that operates like a house with no toilet?

*(Laughter!!)*

Anil Agarwal: Don't get excited. It is not good for health. Calm down.

*(More laughter and Boo!!)*

Anil Agarwal: That was the last question. Let us now move on to voting on Resolution.

Simon Chambers: Since you have no respect or willingness to answer the questions raised by shareholders I walk out of this voting.

*(He walks out. Most others follow him. Some remain seated. Board confused but continue to read the resolution.)*

**POSTSCRIPT:**

LONDON -(Dow Jones)- Shareholders in U.K.-listed, India-focused Vedanta Resources PLC (VED.LN) Wednesday approved the [company's](#) proposed remuneration report but a high percentage nonetheless showed their opposition.

At the company's annual general meeting in London, the vote in favor of the remuneration was 86.29% while the vote against was 13.71%.

--Aviva Investors vote against pay report and committee chair

Vedanta is a [FTSE 100](#) diversified metals and mining company that produces aluminum, copper, zinc, lead, iron ore and commercial energy at operations in India, Zambia and Australia. The bulk of operations are in India.

--Shareholders approve GBP 980,000 in bonuses for top directors

--Board compensation packages up at least 20% despite 26 deaths in 2011

Read more: <http://www.foxbusiness.com/industries/2011/07/27/vedanta-bonus-report-approved-but-no-vote-is-high/#ixzz1UX46O4A5>

Read more: <http://www.foxbusiness.com/industries/2011/07/27/vedanta-bonus-report-approved-but-no-vote-is-high/#ixzz1UX3t3DGM>