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30 July 2007

Dear Ms. Jellema

Thank you for your letter dated 27 July 2007 with regard to Vedanta Alumina Limited's alumina project in Lanjigarh, Orissa (the "Lanjigarh project"). We appreciate your contacting us with regard to the allegations that you have been presented with. We are keen to show the real situation at Lanjigarh and while refute these allegations as baseless, our response to your queries is as follows:

1. Contrary to these allegations, which we know to be baseless, there has not been a single case of forcible evacuation of any people amid any physical threats, supported by the fact that no complaint has been filed with the local authorities alleging any such instance. We are a value driven company and to engage in any form of force or intimidation is completely against our philosophy of conducting business. We also wish to inform you that according to available survey reports, there is no habitation in the proposed mining site of the project at Niyamgiri.
2. All procedures and clearances as required under the Indian Land Acquisition Act, 1894 were followed for the purpose of acquisition of land for the refinery project. Vedanta Resources gave a compensation that was 25%-50% more than the rate per acre admissible, under the relevant provisions of the Government rules, to every family that was displaced for the acquisition of their land, and the same has been disbursed fully.
3. A total of 103 families were displaced by the Lanjigarh project. The relief and rehabilitation package is the best package offered by any company so far. In addition to the financial compensation, we have also constructed a rehabilitation colony for all the displaced families comprising houses and associated infrastructure. This has tremendously improved their standard of living compared with the facilities available earlier. Each house has a floor area of 45 sq. meters and each family is provided with 0.10 acre of land for homestead purposes free of cost in the rehabilitation colony. All infrastructure facilities like roads, drainage systems, drinking water, electrification, a community center building for school, health center etc. have also been provided in the colony. All these families are happily residing in the resettlement colony.

4. Further, as per the conditions of rehabilitation, we are offering jobs to at least one member per displaced family. Out of the 103 displaced families, 67 persons have already voluntarily opted for employment. Their skills are currently being upgraded to meet the industry requirements and they are being inducted in the regular rolls of the company, after successful completion of their training.
5. All requisite permits and approvals under Indian environment laws have been received by us for the construction of the refinery. The due processes, including the environmental impact assessments, public hearings and scrutiny by the State and Central Government authorities, were followed before permission was accorded to us.
6. It may be noted that the refinery project has been designed in consultation with Worsley, a reputed Australian firm, employing the Bayers technology, which is being used by all alumina refineries in the world. The equipment chosen in the refinery are eco-friendly and best of their kind in terms of compliance with environmental regulations. The Mining Plan for operation of the mine has been prepared by Engineers India Limited, a reputed consultant in India, with state of the art technology being employed. The operating practices at the Lanjigarh project are in compliance with approved environmental standards.

We also actively engage with the local communities in terms of CSR efforts such as establishing Selg Help Groups, sustainable livelihood projects, health care services, literacy and education initiatives and vocational training programmes. Our main focus has been and will continue to be improve the quality of life and sustainability in the communities in which we operate.

We would be only too happy to engage with Action Aid to ensure that you are aware of the work we are doing with the local communities in Lanjigarh. We trust this adequately addresses the matters contained in your letter. Please do not hesitate to contact the undersigned, should you have any additional questions or require any further information.

Regards



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