

STERLITE ENERGY LIMITED

Our Company was incorporated on February 2, 1995 in Mumbai under the Companies Act with the Registrar of Companies, Maharashtra.

Registered Office: SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin 628 002, Tamil Nadu, India. **Corporate Office:** 232, Solitaire Corporate Park, Chakala, Andheri (East), Mumbai 400 093, Maharashtra, India **Tel:** +(91 22) 4005 8000; **Fax:** +(91 22) 4005 8011; **Email:** sandeep@vedanta.co.in; **Website:** www.sterliteenergy.co.in; **Company Secretary and Compliance Officer:** Mr. Sandeep Agrawal. For details of changes in the name and registered office of our Company, see “*History and Certain Corporate Matters*” on page 91.

THE PROMOTER OF OUR COMPANY IS STERLITE INDUSTRIES (INDIA) LIMITED.

PUBLIC ISSUE OF UP TO [●] EQUITY SHARES OF RS. 10 EACH OF STERLITE ENERGY LIMITED (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATING RS. 51,000 MILLION (THE “ISSUE”). THE ISSUE WILL CONSTITUTE [●]% OF THE POST-ISSUE PAID-UP EQUITY CAPITAL OF OUR COMPANY.

Our Company is considering a Pre-IPO Placement of up to Rs. 2,000 million with certain investors (“Pre-IPO Placement”). Our Company will complete the issuance of such Equity Shares, if any, prior to the filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital being offered to the public.

PRICE BAND: Rs. [●] TO Rs. [●] PER EQUITY SHARE OF FACE VALUE OF Rs. 10.

THE FLOOR PRICE IS [●] TIMES OF THE FACE VALUE AND THE CAP PRICE IS [●] TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional working days after the revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Bombay Stock Exchange Limited (the “BSE”) and the National Stock Exchange of India Limited (the “NSE”), by issuing a press release, and also by indicating the change on the websites of the Global Co-ordinators and Book Running Lead Managers (“GCBRLMs”), Book Running Lead Managers (the “BRLMs”) and at the terminals of the members of the Syndicate.

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, this being an Issue for less than 25% of the post Issue paid-up equity capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”) and such portion the “QIB Portion”, provided that our Company may allocate up to 30% of the QIB Portion, to Anchor Investors, on a discretionary basis (the “Anchor Investor Portion”). For details, see “*Issue Procedure*” on page 229. Further 5% of the QIB Portion less the Anchor Investor Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 per Equity Share and the Floor Price is [●] times the face value and Cap Price is [●] times the face value. The Issue Price has been determined and justified by the GCBRLMs, BRLMs and the Company as stated in the section “*Basis for Issue Price*” on page 40) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (the “SEBI”), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled “*Risk Factors*” on page xiii.

IPO GRADING

This Issue has been graded by [●] as [●], indicating [●]. The IPO Grading is assigned on a five-point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. For details, see “*General Information*” on page 14.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the Designated Stock Exchange shall be [●].

GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS



KOTAK MAHINDRA CAPITAL COMPANY LIMITED
3rd Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021, India
Tel: + (91 22) 6634 1100
Fax: + (91 22) 2284 0492
E-mail: sel.ipo@kotak.com
Investor Grievance E-mail: kmccredressal@kotak.com
Website: www.kmcc.co.in
Contact Person: Mr. Chandrakant Bhole
SEBI Registration No.: INM000008704



ENAM SECURITIES PRIVATE LIMITED
801, Dalamal Towers
Nariman Point
Mumbai 400 021, India
Tel: + (91 22) 6638 1800
Fax: + (91 22) 2284 6824
E-mail: selipo@enam.com
Investor Grievance E-mail: complaints@enam.com
Website: www.enam.com
Contact Person: Ms. Anusha Bharadwaj
SEBI Registration No.: INM000006856



J.P. MORGAN INDIA PRIVATE LIMITED
7th Floor, J.P. Morgan Tower
Off. C.S.T. Road, Kalina
Santacruz - East
Mumbai 400 098, India
Tel: + (91 22) 6157 3000
Fax: + (91 22) 6157 3911
E-mail: sel_ipo@jpmorgan.com
Investor Grievance E-mail: investorsmb.jpmipl@jpmorgan.com
Website: www.jpmipl.com
Contact Person: Mr. Nitin Maheshwari
SEBI Registration No.: INM000002970



MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED
Office No. 55-56, Floor 5, Free Press House, Free Press
Journal Marg, Nariman Point
Mumbai 400 021, India
Tel: + (91 22) 6621 0555
Fax: + (91 22) 6621 0556
Email: sel_ipo@morganstanley.com
Investor Grievance E-mail: investors_india@morganstanley.com
Website: www.morganstanley.com/indiaofferdocuments
Contact Person: Mr. Sunil Khaitan
SEBI Registration No.: INM000011203

BOOK RUNNING LEAD MANAGERS



ICICI SECURITIES LIMITED
ICICI Centre
H. T. Parekh Marg
Churchgate
Mumbai 400 020, India
Tel: +(91 22) 2288 2460
Fax: +(91 22) 2282 6580
E-mail ID: sel.ipo@icicisecurities.com
Investor Grievance Id: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Gaurav Gupta
SEBI Registration Number: INM000011179



JM FINANCIAL CONSULTANTS PRIVATE LIMITED
141, Maker Chambers III
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 (22) 6630 3030
Fax: +91 (22) 2204 2137
E-mail: venugopal.nyalapelli@jmfincial.in
Investor Grievance E-mail: grievance.ibd@jmfincial.in
Website: www.jmfincial.in
Contact Person: Mr. Venugopal Nyalapelli
SEBI Registration No.: INM000010361



SBICAPITAL MARKETS LIMITED
202, Maker Towers ‘E’
Cuffe Parade
Mumbai 400 005, India
Tel: +(91 22) 2217 8300
Fax: +(91 22) 2218 8332
E-mail: sel.ipo@sbicaps.com
Investor Grievance E-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Apurva Kumar
SEBI Registration No.: INM000003531



UBS SECURITIES INDIA PRIVATE LIMITED
2/F, 2 North Avenue, Maker Maxity
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051, India
Tel: +(91 22) 6155 6000
Fax: +(91 22) 6155 6292
E-mail: customercare@ubs.com
Investor Grievance Id: customercare@ubs.com
Website: www.ubs.com/indianoffers
Contact Person: Mr. Abhishek Dhacholia
SEBI Registration Number: INM000010809

REGISTRAR TO THE ISSUE

[●]

[●]

BID/ISSUE PROGRAMME*

BID/ISSUE OPENS ON [●]

BID/ISSUE CLOSES ON [●]

*Anchor Investors, if any, shall submit their Bid on the Anchor Investor Bidding Date, which is one day prior to the Bid Opening Date.

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Red Herring Prospectus, and references to any statute, regulation or policy shall include amendments notified thereto, from time to time.

Company-Related Terms

Term	Description
“SEL”, “the Issuer”, “the Company” or “our Company”	Sterlite Energy Limited, a public limited company incorporated under the Companies Act on an unconsolidated basis
“we”, “us” or “our”	Sterlite Energy Limited, our Subsidiary TSPL, and our joint venture RCMEPL, on a consolidated basis
Articles of Association	Articles of Association of our Company, as amended
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges
Auditor	The statutory auditors of our Company, Deloitte, Haskins & Sells, Chartered Accountants
BALCO	Bharat Aluminium Company Limited, one of our Group Entities
Board/ Board of Directors	The board of directors of our Company, duly constituted or a committee thereof
Corporate Office	The corporate office of our Company located at 232, Solitaire Corporate Park, Chakala, Andheri (East), Mumbai 400 093, Maharashtra, India
Directors	Directors of our Company
GRIDCO	Grid Corporation of Orissa Limited
Group Entities	The companies and entities mentioned in “ <i>Our Promoter and Group Entities</i> ” on page 110, promoted by our Promoter
HZL	Hindustan Zinc Limited, one of our Group Entities
Identified Projects	The construction and development of the Jharsuguda Power Project and the Talwandi Power Project
Jharsuguda Power Project	Our project to build a coal-based commercial power plant with a planned power generation capacity of 2,400 MW (comprising four units of 600 MW each) in Jharsuguda in the State of Orissa
MALCO	Madras Aluminium Company Limited
MCL	Mahanadi Coalfields Limited
Memorandum of Association	Memorandum of Association of our Company, as amended
OFCDs	Optionally fully convertible debentures issued by our Company
Promoter	Sterlite Industries (India) Limited
Promoter Group	In addition to our Promoter, includes entities constituting our promoter group pursuant to Regulation 2(1)(zb) of the ICDR Regulations namely, (i) Hindustan Zinc Limited; (ii) Bharat Aluminium Company Limited; (iii) Vedanta Aluminium Limited; (iv) Sterlite Opportunities and Ventures Limited; (v) Sterlite Paper Limited; (vi) Twinstar Holdings Limited; (vii) Monte Cello BV; (viii) Copper Mines of Tasmania Pty Ltd; (ix) Thalanga Copper Mines Pty Limited; (x) Fujairah Gold FZE; (xi) Sterlite (USA) Inc.; (xii) Vedanta Resources plc; (xiii) Vedanta Resources Holdings Limited; and (xiv) Volcan Investments Limited.
RCCPS	Redeemable cumulative convertible preference shares of Rs. 10 each of our Company
RCMEPL / Joint Venture	Our joint-venture company, Rampia Coal Mine and Energy Private Limited
Registered Office	The registered office of our Company located at SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin 628 002, Tamil Nadu, India
SEPCO	SEPCO Electric Power Construction Corporation
SEPCO III	SEPCO III Electric Power Construction Corporation
Sterlite Industries	Our promoter, Sterlite Industries (India) Limited
Subsidiary or TSPL	Our subsidiary, Talwandi Sabo Private Limited
Talwandi Power Project	Our project to build a coal-based commercial power plant with a planned power generation capacity of 1,980 MW (comprising three units of 660 MW each) at Talwandi Sabo in the State of Punjab
Vedanta	Vedanta Resources plc.
Vedanta Aluminium	Vedanta Aluminium Limited, one of our Group Entities
Vedanta Group	All entities in which Vedanta Resources plc., a Promoter Group company, holds a majority equity interest

Issue Related Terms

Term	Description
Allotted/Allotment/Allot	Unless the context otherwise requires, the issue and allotment of Equity Shares pursuant to this Issue to the successful Bidders
ASBA / Application Supported by Blocked Amount	The application (whether physical or electronic) used by a Resident Retail Individual Bidder to make a Bid authorizing the SCSB to block the Bid Amount in his/her specified bank account maintained with the SCSB
ASBA Account	Account maintained by an ASBA Bidder with an SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bid cum Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus
ASBA Bidder	Any Resident Retail Individual Bidder who intends to apply through ASBA and (i) is bidding at Cut-off Price, with a single option as to the number of Equity Shares; (ii) is applying through blocking of funds in a bank account with the SCSB; (iii) has agreed not to revise his/her Bid; and (iv) is not bidding under any of the reserved categories
Allottee	A successful Bidder to whom Equity Shares are being / have been Allotted
Anchor Investor	A Qualified Institutional Buyer, who applies under the Anchor Investor Portion with a minimum Bid of Rs. 100 million
Anchor Investor Bid	Bid made by an Anchor Investor
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus and the Prospectus to the Anchor Investors, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the GCBRLMs and BRLMs
Anchor Investor Margin Amount	An amount representing 25% of the Bid Amount payable by Anchor Investors at the time of submission of their Bid
Anchor Investor Portion	Upto 30% of the QIB Portion, equal to a maximum [●] of Equity Shares of the Company, which may be allocated to Anchor Investors by our Company in consultation with the GCBRLMs and BRLMs, on a discretionary basis. One third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Anchor Investor Bids being received from domestic Mutual Funds at or above the price at which allocation will be made to Anchor Investors
Anchor Investor Bidding Date	The date which is one day prior to the Bid Opening Date, prior to or after which the Syndicate will not accept any Bids from Anchor Investors
BRLMs/ Book Running Lead Managers	ICICI Securities Limited, JM Financial Consultants Private Limited, SBI Capital Markets Limited and UBS Securities India Private Limited
Banker(s) to the Issue	The bank(s) which is / are clearing member and registered with the SEBI as Bankers to the Issue with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in “ <i>Issue Procedure</i> ” on page 229.
Bid	An indication to make an offer during the Bidding Period by a Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of a Bid cum Application Form to subscribe to our Equity Shares at a price within the Price Band, including all revisions and modifications thereto For the purposes of ASBA Bidders, a Bid means an indication to make an offer during the Bidding Period by a Retail Resident Individual Bidder pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares at Cut-off Price
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by a Bidder on submission of a Bid in the Issue
Bid Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and SCSBs will not accept any Bids, which shall be notified in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation
Bid Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and SCSBs shall start accepting Bids, which shall be notified in an English national newspaper, a Hindi national newspaper and a Tamil newspaper, each with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares and which shall be considered as the application for the issue of Equity Shares pursuant to the terms of the Red Herring Prospectus and the Prospectus including the ASBA Bid cum Application as may be applicable

Term	Description
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, including an ASBA Bidder and an Anchor Investor
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date, inclusive of both days during which prospective Bidders (excluding Anchor Investors) can submit their Bids, including any revisions thereof
Book Building Process	Book building process as provided in Schedule XI of the ICDR Regulations, in terms of which this Issue is being made
Business Day	Any day other than Saturday and Sunday on which commercial banks in Mumbai, India are open for business
CAN / Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted, including any revisions thereof
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate Bids in the Issue by ASBA Bidders with the GCBRLMs, BRLMs, the Registrar to the Issue and the Stock Exchanges, a list of which is provided on http://www.sebi.gov.in/pmd/scsb.pdf
Cut-off Price	The Issue Price finalized by our Company in consultation with the GCBRLMs and BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form used by ASBA Bidders and a list of which is available at http://www.sebi.gov.in/pmd/scsb.pdf
Designated Date	The date on which funds are transferred from the Escrow Account(s) to the Public Issue Account and the amount blocked by the SCSBs are transferred from the bank account of the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to the Allottees
Designated Stock Exchange	[●]
Draft Red Herring Prospectus	This Draft Red Herring Prospectus dated October 29, 2009 filed with the SEBI and issued in accordance with Section 60B of the Companies Act, which does not contain complete particulars on the price at which the Equity Shares are offered and the size (in terms of value) of the Issue
Eligible NRI	An Non-Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares
Equity Shares	Equity Shares of our Company of face value Rs. 10 each
Escrow Account (s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount
Escrow Agreement	Agreement to be entered into among our Company, the Registrar, the GCBRLMs, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and remitting refunds, if any of the amounts to the Bidders (excluding ASBA Bidders) on the terms and conditions thereof
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form or the ASBA Bid cum Application Form
Floor Price	The lower end of the Price Band, at or above which the Issue Price will be finalized and below which no Bids will be accepted including any revisions thereof
GCBRLMs/ Global Co-ordinators and Book Running Lead Managers	Kotak Mahindra Capital Company Limited, Enam Securities Private Limited, J.P. Morgan India Private Limited and Morgan Stanley India Company Private Limited
Issue	This public issue of [●] Equity Shares of Rs. 10 each at the Issue Price by our Company aggregating up to Rs. 51,000 million. Our Company is considering a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Issue size offered to the public would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital
Issue Agreement	The agreement entered into on October 29, 2009, amongst our Company, the

Term	Description
	GCBRLMs and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	The final price at which Equity Shares will be issued and Allotted to successful Bidders, which may be equal to or lower than the Anchor Investor Issue Price, in terms of the Red Herring Prospectus and the Prospectus. The Issue Price will be decided by our Company in consultation with the GCBRLMs and BRLMs on the Pricing Date
Margin Amount	The amount paid by the Bidder (excluding Anchor Investors) at the time of submission of the Bid, being 10% to 100% of the Bid Amount
Monitoring Agency	[●]
Mutual Fund(s)	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Mutual Fund Portion	5% of the Net QIB Portion equal to a minimum of [●] Equity Shares available for allocation to Mutual Funds only on a proportionate basis
Net Proceeds	Proceeds of the Issue that are available to our Company, excluding Issue-related expenses
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors, being a minimum of [●] Equity Shares to be Allotted to QIBs on a proportionate basis
Non-Institutional Bidders	All Bidders, including sub-accounts of FIIs registered with the SEBI, which are foreign corporate or foreign individuals that are not QIBs (including Anchor Investors) or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non-Institutional Portion	The portion of the Issue being not less than [●] Equity Shares available for allocation to Non Institutional Bidders
Non-Resident Indian / NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended
Pay-in Date	With respect to QIB Bidders, the Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable and which shall with respect to the Anchor Investors, be a date not later than two days after the Bid Closing Date
Pay-in-Period	Except with respect to ASBA Bidders, those Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date; and With respect to Bidders, except Anchor Investors whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the last date specified in the CAN With respect to Anchor Investors, the period commencing on the Anchor Investor Bidding Date and extending until the last date specified in the CAN which shall not be later than two days after the Bid Closing Date
Pre-IPO Placement	A Pre-IPO Placement of up to Rs. 2,000 million with certain investors is being considered by our Company and will be completed prior to the filing of the Red Herring Prospectus with the RoC
Price Band	Price band of a minimum Floor Price of Rs. [●] and a maximum Cap Price of Rs. [●] including revisions thereof
Pricing Date	The date on which our Company in consultation with the GCBRLMs and BRLMs will finalize the Issue Price
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information and including any corrigendum thereof
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing at least 10% of the Bid Amount payable by QIBs (other than Anchor Investors) at the time of submission of their Bid
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and sub-accounts registered with the SEBI, other than a sub-account which is a foreign corporate or foreign individual, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with the SEBI, foreign venture capital investors registered with the SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million and the National Investment Fund set up by

Term	Description
	resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the Government of India published in the Gazette of India
QIB Portion	The portion of the Issue being a minimum [●] Equity Shares to be Allotted to QIBs, including the Anchor Investor Portion
Red Herring Prospectus / RHP	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which will not have complete particulars of the price at which the Equity Shares shall be issued and which shall be filed with the RoC at least three days before the Bid Opening Date and will become the Prospectus after filing with the RoC after the Pricing Date
Refund Account(s)	Account(s) opened with Escrow Collection Bank(s) from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made
Refund Bank(s)	The bank(s) which is a/ are clearing member(s) and registered with the SEBI as Bankers to the Issue, at which the Refund Accounts will be opened, in this case being [●]
Registrar / Registrar to the Issue	Registrar to the Issue in this case being [●]
Resident Retail Individual Bidder	Retail Individual Bidder who is a person resident in India as defined in the Foreign Exchange Management Act, 1999 and who has Bid for Equity Shares for an aggregate amount not more than Rs. 100,000 in all of the bidding options in the Issue
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have submitted Bids for Equity Shares for an aggregate amount less than or equal to Rs. 100,000 in all of the bidding options in the Issue
Retail Portion	The portion of the Issue being up to [●] Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by Bidders (excluding ASBA Bidders) to modify the quantity of Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, Tamil Nadu, located at Chennai
Self Certified Syndicate Bank/ SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf
Stock Exchanges	The BSE and the NSE
Syndicate / Underwriters	The GCBRLMs, BRLMs and the Syndicate Members
Syndicate Agreement	Agreement among the Syndicate and our Company in relation to the collection of Bids (excluding Bids from ASBA Bidders) in this Issue
Syndicate Members	[●]
TRS / Transaction Registration Slip	The slip or document issued only on demand by the Syndicate or the SCSB to the Bidder as proof of registration of the Bid
Underwriting Agreement	The Agreement among the Underwriters and our Company to be entered into on or after the Pricing Date

Conventional and General Terms

Term	Description
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act	Companies Act, 1956
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	Depositories Act, 1996
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
Electricity Act	The Electricity Act, 2003
ERC Act	Electricity Regulatory Commissions Act, 1998
FEMA	Foreign Exchange Management Act, 1999
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Financial Year/ fiscal	Period of 12 months ended March 31 of that particular year
GIR No	General index register number
ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Indian GAAP	Generally accepted accounting principles in India
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
P/E Ratio	Price/earnings ratio
RBI Act	Reserve Bank of India Act, 1934

Term	Description
Rs.	Indian Rupees
SEBI Act	Securities and Exchange Board of India Act 1992
State Government	The government of a state of the Republic of India
Supply Act	The Electricity (Supply) Act, 1948
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
US GAAP	Generally accepted accounting principles in the United States of America
USD / US\$	United States Dollars

Technical/Industry Related Terms

Term	Description
BTG	Boiler, Turbine and Generator
CDM	Clean Development Mechanism
CEA	Central Electricity Authority
CER	Certified Emission Reduction
CERC	Central Electricity Regulatory Commission
CFBC	Circulating Fluidized Bed Combustion
COD	Commercial Operation Date
CPCB	Central Pollution Control Board
CTU	Central Transmission Utility as defined in the Electricity Act
EIA	Environmental Impact Assessment
EPC	Engineering, Procurement and Construction
ERC	Electricity Regulatory Commission
ERU	Electricity Reduction Unit
FERV	Foreign Exchange Rate Variation
FI	Financial Institutions
GCV	Gross Calorific Value
HVDC	High Voltage Direct Current
IM	Information Memorandum
IPP	Independent Power Producers
KW	Kilo Watt
kWh	Kilo Watt Hour
MLD	Million Litres per Day
MMT	Million Metric Tonnes
MOC	Ministry of Coal, Government of India
MoEF	Ministry of Environment and Forests, Government of India
mtpa	Million tonnes per annum
MU	Million units where one unit is one kWh
MW	Megawatts
NLDC	National Load Dispatch Centre
NTPC	NTPC Limited
O&M	Operation and Maintenance
OERC	Orissa Electricity Regulatory Commission
OIIDC	Orissa Industrial Infrastructure Development Corporation
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PPA	Power Purchase Agreement
RFP	Request for Proposal
RFQ	Request for Qualification
RLDC	Regional Load Dispatch Centre
SEBs	State Electricity Boards
SERC	State Electricity Regulatory Commission
SEZ	Special Economic Zone
SPV	Special Purpose Vehicle
Standard Coal	Non-coking thermal run-of-mine recoverable coal meeting the specifications that is substantially free from impurities, including bone, slate, earth, rock, pyrite or wood.
STU	State Transmission Utility as defined in the Electricity Act, 2003
sq. km.	Square kilometre
Trading License Regulations	CERC (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2009
UMPP	Ultra Mega Power Project
Units	kWh

Term	Description
VERs	Verified Emission Reductions

Abbreviations

Term	Description
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Company Identification Number
DP ID	Depository Participant's Identity
ECS	Electronic Clearing Service
EGM	Extraordinary General Meeting
EPS	Earnings per share, i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
FDI	Foreign Direct Investment
FII(s)	Foreign Institutional Investors as defined under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995 registered with the SEBI
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 registered with SEBI
GDP	Gross Domestic Product
GoI / Government	Government of India
GoO	Government of Orissa
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
I.T. Act	Income Tax Act, 1961
IPO	Initial Public Offering
MoU	Memorandum of understanding
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NR / Non-Resident	A person residing outside India, as defined under the FEMA and includes a Non-Resident Indian
NRI	Non Resident Indian, is a person resident outside India, as defined under the FEMA and the FEMA Regulations
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the FEMA Regulations. OCBs are not allowed to invest in this Issue.
PAN	Permanent Account Number allotted under the I.T. Act
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
RBI	Reserve Bank of India
RoNW	Return on Net Worth
RTGS	Real Time Gross Settlement
Supreme Court/SC	Supreme Court of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
UIN	Unique Identification Number
US / USA	United States of America
VAT	Value added tax
w.e.f./wef	With effect from

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Draft Red Herring Prospectus to "**India**" are to the Republic of India. All references in this Draft Red Herring Prospectus to the "**US**", "**USA**" or "**United States**" are to the United States of America.

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial statements as of the end of and for the six months ended September 30, 2009 and fiscal 2009, 2008, 2007, 2006, and 2005, in each case, prepared in accordance with the Generally Accepted Accounting Principles in India ("**Indian GAAP**") and the Companies Act, and restated in accordance with the ICDR Regulations which differ in certain respects from International Financial Reporting Standards ("**IFRS**") and U.S. GAAP.

Our consolidated financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or U.S. GAAP. There are significant differences between Indian GAAP, IFRS and U.S. GAAP. This Draft Red Herring Prospectus does not contain a reconciliation of our consolidated financial statements to IFRS or U.S. GAAP nor does it include any information in relation to the differences between Indian GAAP, IFRS and U.S. GAAP. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. See, "*Risk Factors –Risk Factor -60- Significant differences exist between Indian GAAP and other accounting principles such as U.S. GAAP and IFRS, which may be material to investors' assessment of our financial condition. Our failure to successfully adopt IFRS effective April 2011 could have a material adverse effect on the price of our Equity Shares.*"

Accordingly, the degree to which the financial information prepared in accordance with Indian GAAP and restated in accordance with the ICDR Regulations, included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian standards and accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

Our fiscal year commences on April 1 and ends on March 31, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

Currency and Units of Presentation

All references to "**Rupees**" or "**Rs.**" are to Indian Rupees, the official currency of the Republic of India. All references to "**US\$**" or "**USD**" or "**U.S. Dollar**" are to United States Dollars, the official currency of the United States of America. All references to "**A\$**" are to Australian Dollars, the official currency of the Commonwealth of Australia. All references to "**GBP**" are to Great Britain Pounds, the official currency of the United Kingdom.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Draft Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Exchange Rates

The following table shows the exchange rate of USD into Rupees:

	Year/ Month End	Average	High	Low
Year				
2005	43.75	44.93	46.47	43.42
2006	44.62	44.27	46.31	43.18
2007	43.48	45.23	46.88	43.04
2008	40.12	40.26	43.15	39.27
2009	50.73	45.82	51.97	39.77
Month				
April, 2009	50.09	50.10	50.52	49.67
May, 2009	47.09	48.52	49.91	47.09
June, 2009	47.90	47.78	48.61	46.95
July, 2009	47.94	48.45	49.08	47.89
August, 2009	48.83	48.33	48.96	47.52
September, 2009	48.11	48.45	49.03	47.96

(Source Bloomberg)

The following table shows the exchange rate of GBP into Rupees:

	Year/ Month End	Average	High	Low
Year				
2005	82.70	82.88	86.09	78.19
2006	77.52	79.02	84.07	75.53
2007	85.55	85.64	88.85	77.57
2008	79.58	80.83	85.62	76.78
2009	72.67	78.31	86.48	67.88
Month				
April, 2009	74.00	73.80	74.79	72.94
May, 2009	76.28	75.09	76.28	73.50
June, 2009	78.85	78.27	79.88	75.29
July, 2009	80.34	79.41	80.34	78.23
August, 2009	79.66	79.95	80.89	78.78
September, 2009	76.88	78.95	80.99	76.25

(Source Bloomberg)

The following table shows the exchange rate of A\$ into Rupees:

	Year/ Month End	Average	High	Low
Year				
2005	33.81	33.21	35.66	31.04
2006	31.97	33.32	34.82	31.48
2007	35.15	34.61	35.84	31.93
2008	36.63	34.95	38.33	32.75
2009	35.07	36.04	42.21	29.98
Month				
April, 2009	36.31	35.87	36.51	34.98
May, 2009	37.75	37.19	37.93	36.56
June, 2009	38.63	38.31	39.00	37.37
July, 2009	40.18	39.02	40.18	38.06
August, 2009	41.27	40.41	41.27	39.76
September, 2009	42.47	41.71	42.47	40.51

(Source Bloomberg)

NOTICE TO INVESTORS

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are being offered and sold (a) in the United States or only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs do not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “**QIBs**”) in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

This Draft Red Herring Prospectus has been prepared on the basis that all offers of Equity Shares will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (“**EEA**”), from the requirement to produce a prospectus for offers of Equity Shares. The expression “Prospectus Directive” means Directive 2003/71/EC of the European Parliament and Council and includes any relevant implementing measure in each Relevant Member State (as defined below). Accordingly, any person making or intending to make an offer within the EEA of Equity Shares which are the subject of the placement contemplated in this Draft Red Herring Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Underwriters to produce a prospectus for such offer. None of the Company and the Underwriters has authorised, nor do they authorize, the making of any offer of Equity Shares through any financial intermediary, other than the offers made by the Underwriters which constitute the final placement of Equity Shares contemplated in this Draft Red Herring Prospectus.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “contemplate”, “expect”, “estimate”, “future”, “goal”, “intend”, “propose”, “may”, “objective”, “plan”, “project”, “seek”, “shall”, “should”, “will”, “will continue”, “will pursue”, “will likely result”, “will seek to” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our ability to commence operations as expected;
- Our ability to raise additional capital to fund the construction and development of our projects and future capital requirements or to obtain the necessary funds on commercially acceptable terms or in a timely manner;
- Availability of water, quality coal at competitive prices, power evacuation facilities, land or transportation infrastructure for our power plants;
- Our ability to enter into off-take arrangements in a timely manner and on terms that are commercially acceptable to us;
- Our ability to effectively manage our growth or to successfully implement our power projects and growth strategy;
- Our ability to retain our senior management team and other key personnel and hire and retain sufficiently skilled labour to support our operations;
- Changes in tariffs, custom duties and government assistance;
- Changes in foreign exchange rates, equity prices or other rates or prices;
- Outcome of outstanding litigation in which we, our Directors, our Promoter or our Group Entities are involved;
- Worldwide economic and business conditions and political or general economic instability in India;
- Changes in applicable laws and regulations;
- Costs of compliance with environmental laws or damage due to natural or man-made disasters or events;
- Increasing competition in the Indian power sector;
- The monetary and interest policies of India, inflation, deflation and unanticipated increases in interest rates; and

- Terrorist attacks and other acts of violence, natural calamities and other environmental conditions in India and around the region.

For further discussion of factors that could cause our actual results to differ from our expectations, see “**Risk Factors**”, “**Our Business**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages xiii, 63 and 178 respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Our Company, the GCBRLMs, the BRLMs, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, we will ensure that investors in India are informed of material developments until the time of the grant of final listing and trading approvals by the Stock Exchanges.

SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved.

Unless otherwise stated, the financial information of the Company used in this section is derived from our audited consolidated financial statements under Indian GAAP, as restated. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Risk Related to our Business

1. Our Promoter, Sterlite Industries (India) Limited (“Sterlite Industries”) is involved in proceedings relating to alleged fraudulent and unfair trading practices.

In April 2001, SEBI ordered prosecution proceedings to be brought against Sterlite Industries, alleging that it violated regulations prohibiting fraudulent and unfair trading practices and also passed an order prohibiting Sterlite Industries from accessing the capital markets for a period of two years. SEBI’s order was overruled by the SAT on October 22, 2001. On November 9, 2001, SEBI appealed to the Bombay High Court, which is pending.

SEBI’s order was based on its finding that Sterlite had manipulated the price of its shares in connection with its proposed acquisition of shares in the Indian Aluminium Company Limited (“INDAL”) and its proposed open offer to the shareholders of INDAL in 1998. SEBI also alleged that Madras Aluminium Company Limited (“MALCO”) provided funds to an entity Sterlite Industries allegedly controlled to enable its associate to purchase Sterlite Industries’ shares, as part of a connected price manipulation exercise.

In the event the Bombay High Court decides the above matters unfavourably against Sterlite Industries, it may be prohibited from accessing the capital markets for a period of two years and/or may become liable to pay penalties. Further, certain of Sterlite Industries’ key officers and directors may be imprisoned, pursuant to any such adverse order of the Bombay High Court which would have an adverse effect on our reputation, business and operations.

In addition to the civil proceedings, SEBI also initiated criminal proceedings before the Court of the Metropolitan Magistrate, Mumbai, against Sterlite Industries, Mr. Anil Agarwal (a Director of our Company and Sterlite Industries) among others in connection with alleged price manipulation. When SEBI’s order was overruled in October 2001, Sterlite Industries filed a petition before the Bombay High Court to quash those criminal proceedings on the ground that SAT had overruled SEBI’s order. An order has been passed by the Bombay High Court in Sterlite Industries’ favour, granting an interim stay of the criminal proceedings. The matter is pending at the stage of final arguments. If Sterlite and the individuals named in the criminal proceedings do not prevail before the Bombay High Court, our reputation, business and operations may be materially and adversely affected.

2. Our Promoter, Sterlite Industries and certain of our Directors are involved in criminal proceedings.

In addition to the litigation mentioned above, Sterlite Industries and our Director, Mr. Anil Agarwal are involved in certain criminal proceedings.

Goyal M.G. Gases Private Limited has filed a criminal case (No. 1365/2007) on August 22, 2007 against Sterlite Industries, Mr. Anil Agarwal and others before the Special Magistrate (CBI), Ghaziabad under Section 406 of Indian Penal Code, 1860 (“IPC”) for alleged non-payment of Rs. 0.13 million and withholding of 35 industrial gas cylinders supplied during the period 1999-2003. In addition, certain shareholders of Sterlite Industries have

filed five criminal proceedings against Sterlite Industries for alleged non-payment of dividend, non-transfer and non-receipt of shares. Further, some of our Directors have been impleaded as parties in these criminal proceedings. For details see “*Outstanding Litigation and Material Developments*” on page 194.

Any adverse order could have an adverse effect on our business.

3. *We have no operating history and it may be difficult for prospective investors to evaluate our business and estimate our future performance.*

We currently have no power plants in operation or any other revenue generating operations, and we have no significant operating history from which you can evaluate our business, future prospects and viability. In addition, because of our lack of operating history, our historical financial results may not accurately predict our future performance. The development of power projects involves various risks, including among others, regulatory risks, construction risks, financing risks and the risk that these projects may prove to be unprofitable. Further, we have limited experience in building, operating and managing power plants and competing in the commercial power generation business. Any inability to effectively develop and operate our power projects could materially and adversely affect our business, prospects, financial condition and results of operations. Moreover, you should not evaluate our prospects and viability based on the performance or capabilities of our Promoter, Sterlite Industries, or other affiliates. Any evaluation of our business and our prospects must be considered in light of the risks and uncertainties inherent in new business ventures.

4. *If we are unable to commence operations as expected, our business, prospects, financial condition and results of operations will be materially and adversely affected.*

Power projects generally have long gestation periods due to the process involved in commissioning power projects. In addition, while significant capital investment is required between the time that a decision to initiate development of a project is made and the commencement of commercial operation, power projects typically require months after being commissioned before positive cash flows can be generated, if at all. Also, given the significant amount of developmental activity in the power sector in India, the commercial viability of our power projects may need to be re-evaluated and we may not be able to realize any profits or returns on investments as expected. The scheduled completion targets for our power projects are estimates and are subject to delays as a result of numerous risks and uncertainties such as:

- non-availability of adequate financing on terms acceptable to us or at all;
- inability to acquire all of the necessary land for our projects in a timely manner;
- contractor performance shortfalls;
- unforeseen engineering problems;
- delays in definitive agreements or termination of existing agreements for purchase of power;
- changes in laws or regulations that make our current execution plans unfeasible or unprofitable;
- disputes involving workers at our power projects;
- *force majeure* events, such as floods, earthquakes, cyclones etc;
- inability to secure fuel, water supply or equipment, in each case to the extent required for the full planned capacity of our power projects on competitive terms and in a timely manner;
- delays in the construction of evacuation facilities and transmission lines; and
- inability to obtain government approvals and comply with the terms thereof.

The occurrence of any of the foregoing could give rise to delays, cost overruns or the termination of a power project’s development. For instance, the first 600 MW unit of our Jharsuguda Power Project is expected to be commissioned in the fourth quarter of fiscal 2010 and may therefore involve a delay of approximately three to

four months compared to our original estimates, primarily attributable to delays in obtaining land clearance for coal handling and related facilities and difficulties faced by technicians of our EPC contractor from outside India to obtain entry permits to enter the country. Further, the financial closure for the Talwandi Power Project has been delayed due to the recent global economic downturn. There can be no assurance that our power projects will be completed in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors. We cannot assure you that all potential liabilities that may arise from delays or shortfall in performance of contractors will be accurately estimated as part of the planned costs of the projects or that the damages that may be claimed from such contractors will be adequate to compensate any loss of revenues or profits resulting from such delays, shortfalls or disruptions. In addition, failure to complete a power project according to its original specifications or schedule or at certain efficiency levels may result in higher costs, penalties or liquidated damages, lower returns on capital or reduced earnings and could render certain benefits under various government statutes, such as deduction of 100% of the profits derived from the power generation for income tax purposes and concessional customs duties on imports being unavailable. There can be no assurance that we will recover our investment in this business or that our returns on investment will be as expected or that we will realize a profit, any of which may have a material adverse effect on our business, results of operations, financial condition and prospects.

5. *We may not be able raise additional financing to fund the construction and development of our projects and if we are unable to obtain the necessary funds on acceptable terms, or at all, we may not be able to fund our power projects and our business may be materially and adversely affected.*

The development of power projects is capital intensive and our power projects require significant capital expenditure. Our ability to finance our capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including tariff regulations, borrowing or lending restrictions imposed by applicable government regulations, the amount of dividends that can be paid to our shareholders and general economic and capital market conditions. We cannot assure you that we will be able to obtain sufficient funds to meet our capital expenditure requirements and on terms acceptable to us, or at all.

The combined cost of development of our current power projects are estimated at Rs. 175.2 billion, of which we intend to finance approximately 70% from third party debt and loans from our Promoter and approximately 30% from equity contributions by our Promoter and the Net Proceeds of the Issue. While we believe that the aforementioned mix of debt and equity components for the financing reflects the current industry practice for financing power projects in India, this standard may change or financial institutions or investors may require an increase in the proportion of equity contributions from us in our current projects. If this occurs, it will reduce our leverage for the project being financed and may negatively impact our expected returns. If we are unable to raise the capital needed to fund the costs of our power projects, or experience any delays in raising such funds, there could be a material adverse effect on our ability to complete these power projects and on our business, prospects, financial condition and results of operations.

Although we have entered into definitive loan agreements to finance at least 70% of the estimated costs of the Jharsuguda Power Project and have drawn down Rs. 12,056.77 million as an interim disbursement we are still in the process of meeting the pre drawal conditions. Additionally, the lenders could cancel the facilities and decline to lend to us under such loan agreements in the event of default in complying with the conditions stipulated in such agreements. Further, while we have received an in-principle sanction letter for a loan of Rs. 25 billion for our Talwandi Power Project, the grant of the loan is subject to a number of conditions precedents, including the appointment of independent engineers among others. We may not be able to fulfil all or any of the conditions, in which case such lenders would have no obligation to provide any loans to us. Additionally, we may not be able to arrange sufficient borrowings to refinance our projects on commercially acceptable terms, or at all. If we are unable to raise the capital needed to fund the costs of our power projects, or experience any delays in raising such funds, there could be an adverse effect on our ability to complete these power projects and on our revenues and profitability.

In addition, as there are a number of large-scale infrastructure projects currently under development in India, our ability to obtain additional funding may be impaired and we may not be able to receive adequate debt funding on commercially reasonable terms in India. In the event, we may be required to seek funding internationally, which may result in exposure to foreign exchange risks and which may require approval under, or be restricted by, laws and regulations relating to exchange controls, including RBI regulations.

Further, we have historically depended on guarantees provided to our lenders by our Promoter and loans from our Promoter in order to fund our power projects. None of our Promoter and any other Vedanta Group entity

and affiliate of our Company has committed to provide such forms of credit support in the future and our Promoter may recall such loans or guarantees at any time. We may be unable to obtain future financing on favourable terms or at all without such support, and without such support our operations may be curtailed.

If the funding requirements of a particular power project increase, we will need to obtain additional sources of finance, which may not be readily available, or may not be available on terms acceptable to us, which may have an adverse effect on the profitability of that power project. We may face cost overruns during the construction of our power projects, which may require us to revise our project cost estimates. Any significant change in the estimated funding requirements and development costs of the projects may have an adverse effect on our cash flows, financial condition and results of operations. If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance our indebtedness.

6. *Our operations will have significant coal requirements, and we may not be able to ensure the availability of quality coal at competitive prices, which could have an adverse effect on our results of operations.*

The success of our operations will depend on, among other things, our ability to source substantive quantities of coal at competitive prices. For instance, the coal requirement for the Jharsuguda Power Project is estimated to be approximately 12.49 mtpa considering a gross calorific value of 3,200 kcal/kg (the average gross calorific value of coal in the area) and the PLF at 85%. In January 2008, the Ministry of Coal (“MOC”) jointly allocated the coal blocks in Rampia and Dip Side Rampia (“**Rampia Coal Blocks**”) in the State of Orissa to six companies, including us. Our proportionate share in these coal blocks is estimated at 112.22 million tons of F/G grade coal, which we believe would meet the coal requirements for only 1,000 MW of the 2,400 MW total planned capacity at the Jharsuguda Power Project for approximately 22 years. We and our joint venture partners have received a show cause notice from the MOC in September 2009 alleging non-completion of certain milestones as stipulated in the MOC allocation letter dated January 17, 2008 and that the progress of the development of the mine was not satisfactory and has been inordinately delayed. In the event we and our joint venture partners do not comply with the conditions of the allocation letter, the MOC may revoke the allocation of the Rampia Coal Blocks. Further the MOC has yet to grant the mining lease for the mining of the coal blocks allocated and any such lease may include terms that are not commercially reasonable.

Pending the development of the Rampia Coal Blocks, we have obtained a provisional assurance from the Mahanadi Coal Limited (“MCL”) for the supply of 2.57 mtpa of coal (E/F grade) which is expected to meet a substantial portion of the coal requirements of the first 600 MW unit of the power plant. We have applied to the MOC for a coal linkage to meet a substantial portion of our coal requirement for the remaining three units totalling 1,800 MW. We intend to procure the remaining requirement for all the units of the power plant from the open market. However, there is no assurance that we will be able to secure such coal linkage in a timely manner or at all. In addition, to the extent that we operate at a higher PLF, our coal requirements will increase. In that event, there can be no assurance that we will be able to source for additional coal in a timely manner or on terms acceptable to us or at all.

The total requirement of coal for the Talwandi Power Project is estimated at 7.90 mtpa. We have obtained a provisional assurance from MCL pursuant to letter of assurance dated August 14, 2008 for the supply of 7.72 mtpa of Grade E/F coal. We have applied to the MOC for an increase in the allocation of linkage allotted to meet our remaining requirement. In addition, to the extent that we operate at a higher PLF, our coal requirements will increase and we may be required to source additional coal from the open market. There is no assurance that we will be able to source for additional coal or secure such coal linkage on terms commercially acceptable to us or in a timely manner or at all.

The supply of coal from the MCL under the coal linkages for both our power projects is subject to the execution of fuel supply agreements, which are conditional upon us fulfilling various conditions including receipt of environment and forest clearance from Ministry of Environment and Forests (“MoEF”), commitment of equity contribution from our Promoter and financial closure. There is no assurance that we will be able to satisfy these conditions in a timely manner or at all, or that we will be able to enter into such fuel supply agreements in a timely manner to meet the coal requirements for both our power projects or on terms acceptable to us.

Failure to enter into or renew such fuel supply agreements in a timely manner or at all may require us to procure coal at a significantly higher spot price from the market for carrying out our operations. There can be no assurance that we will be able to obtain coal supplies both in sufficient quantities, acceptable quality and on

commercially acceptable terms for proposed power plants. If we are not able to obtain the necessary additional coal supplies for these or other power plants we may develop in the future on favourable terms, or at all, our business, financial condition and results of operations may be adversely affected.

7. *Failure to enter into off-take arrangements in a timely manner and on terms that are commercially acceptable to us could adversely affect our business, prospects, financial condition and results of operations.*

We are developing power projects with a combined installed capacity of 4,380 MW. Of this, we have entered into power purchase agreements (“PPAs”) with PSEB and GRIDCO pursuant to which such entities have agreed to purchase or have acquired the right to purchase approximately up to 2,559.40 MW power produced from our projects. In the event such entities do not purchase the power produced by us, we may not be able to find alternate consumers for the purchase of such power in a timely manner or at all. Further, we will need to enter into additional off-take agreements for the balance of the power to be generated by our power projects. As power plants are currently not permitted to sell electricity directly to retail power consumers, the consumer base for our power projects without PPAs is limited to state owned utility companies, electricity boards, industrial consumers and licensed power traders. We cannot assure you that we will be able to enter into off-take arrangements in relation to the remaining power on terms that are favourable to us, or at all. Further, increased competition may have an adverse effect on the sale of power under short-term PPAs and on spot basis. Failure to enter into off-take arrangements in a timely manner and on terms that are commercially acceptable to us could materially and adversely affect our business, financial condition and results of operations. In addition, see “*Risk Factor-12- Our PPAs may expose us to certain risks that may affect our future results of operations*” below.

8. *We have incurred significant indebtedness and intend to incur additional substantial borrowings in connection with the development of our power projects. The indebtedness incurred and the conditions and restrictions imposed by our financing arrangements could adversely impact our ability to conduct our business operations and we may not be able to meet our obligations under these debt financing arrangements.*

As of September 30, 2009, we had total outstanding indebtedness of Rs. 24,518.80 million. Our debt-to-equity ratio as at September 30, 2009 was 0.81. For further details regarding our indebtedness, see “*Financial Statements*” and “*Financial Indebtedness*” on pages F1 and 190, respectively. The indebtedness incurred and the restrictions imposed on us by our current or future loan arrangements could adversely impact our ability to conduct our business operations and result in other significant adverse consequences, including, but not limited to, the following:

- we may be required to dedicate a significant portion of our cash flow towards repayment of our existing debt, which will reduce the availability of cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- we may also be required to maintain certain financial ratios. If we breach any financial or other covenants contained in any of our financing arrangements, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. Furthermore, certain of our financing arrangements may contain cross default provisions which could automatically trigger defaults under other financing arrangements. Additionally, because some of our borrowings are secured against our assets, lenders may be able to sell those assets to enforce their claims for repayment.
- our ability to obtain additional financing through debt or equity instruments in the future may be impaired;
- if we are unable to service our indebtedness or otherwise comply with the financial covenants of such indebtedness, it could cause the lenders to declare an event of default under the loan agreements and we will be required to immediately repay our borrowings either in whole or in part together with related costs;
- we may be required to obtain approval from our lenders, regarding, among other things, our reorganization, amalgamation or merger, our incurrence of additional indebtedness, the disposition of assets and the expansion of our business and we cannot assure you that we will receive such approvals in a timely manner or at all.

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- it could limit our flexibility in planning for, or reacting to, changes in our business and the industry; and
- increasing our project cost since we capitalise our interest during the construction of our power facilities.

Further, some of our loans are granted for specific projects and we may not be able to utilize the sanctioned amounts for other purposes, including meeting the requirements of any other project. Additionally, we have availed of unsecured loans and such loans may be recalled by the lenders at any time. For details see “**Financial Indebtedness**” on page 190. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow generated by our business over time, as well as our ability to tap the capital markets as a source of capital. We cannot assure you that we will generate sufficient cash to enable us to service our existing or future borrowings, comply with covenants or fund other liquidity needs. If we fail to meet our debt service obligations or financial covenants required under the financing documents, the relevant lenders could declare us in default under the terms of our borrowings, accelerate the maturity of our obligations or take over the financed power project. We cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay these borrowings. Failure to meet our obligations under the debt financing arrangements could have a material adverse effect on our cash flows, business and results of operations.

Future debt financing, if available, may result in increased finance charges, increased financial leverage, decreased income available to fund further acquisitions and expansions, decreased working capital and the imposition of restrictive covenants on our business and operations. Our planned and any proposed future expansions and projects may be materially and adversely affected if we are unable to obtain funding for such capital expenditures on satisfactory terms, or at all, including as a result of any of our existing facilities becoming repayable before its due date.

9. *Increases in interest rates may affect our results of operations.*

Increases in interest rates will adversely affect the cost of our borrowings, as nearly all of our borrowings have a floating rate of interest. We do not currently enter into any interest rate hedging or swap transactions in connection with our loan agreements. We cannot assure you that we will be able to enter into interest hedging contracts or other financial arrangements on commercially reasonable terms, or that any of such agreements will protect us fully against our interest rate risk. Any increase in interest expense may have an adverse effect on our business, prospects, financial condition and results of operations.

10. *If power evacuation facilities are not made available by the time our power projects are ready to commence operations, we may incur significant transmission costs or may be unable to transmit any or all the power we generate and our operations could be adversely affected.*

Evacuation of power from our power plants to our customers poses significant challenges due to transmission constraints. Evacuating power to a customer is either our responsibility or the responsibility of the customer, depending upon identity of the customer, the location of the power project and other factors. For instance, in relation to the Jharsuguda Power Project, power to GRIDCO will be evacuated by GRIDCO from the bus bar of the power facility. The remaining power sold will be evacuated by us via a 400 KV ‘loop in loop out’ transmission line being developed by Power Grid Corporation of India Limited (“**PGCIL**”) near Jharsuguda.

With respect to the Talwandi Power Project, the contracted power generated from the power plant is to be procured by the Punjab State Electricity Board (“**PSEB**”) from the bus bar of the power project. The PPA for the Talwandi Power Project provides for the power generated from the project to be evacuated by PSEB through three separate double circuit 400 KV transmission lines, one of which will be connected to the existing network of PGCIL for system stability. While PSEB is responsible for constructing these lines, if construction of such transmission lines is not completed by the time our power projects are ready to commence operation or if we incur significant transmission costs or if we are unable to transmit all the power we are capable of generating, our financial condition and results of operations could be adversely affected.

11. *Our success depends on stable and reliable transportation infrastructure and any disruption of transportation services could affect our operations.*

We depend on various forms of transport, such as roadways, railways, canals and pipelines to receive fuel, raw materials, equipment and water during construction of our power projects and during their operation. The building of transportation infrastructure entails obtaining approvals, rights of way and development by the Government of India or the state governments and their nominated agencies. As a result, we will not have total control over the construction, operation and maintenance (“O&M”) of the transportation infrastructure. Undertaking such development will require significant capital expenditure and active engagement with the Government of India or state government and its agencies responsible for organizing transport infrastructure. Such transportation infrastructure may not be constructed in a timely manner, operated on a cost effective basis and maintained at adequate levels, which may affect the estimated commissioning dates for our power projects. Further, disruptions of transportation services because of weather-related problems, strikes, inadequacies in the road or rail infrastructure, or other events could impair the ability of our suppliers to deliver fuel and raw materials and may have an adverse impact on our operations.

12. *Our PPAs may expose us to certain risks that may affect our future results of operations.*

Our profitability is largely a function of our ability to operate our power projects at optimal levels as per minimum performance standards that may be imposed on us from time to time by national and state regulatory bodies and our ability to manage our costs during the terms of our PPAs. Any failure to meet such minimum performance standard or manage our costs may have an adverse affect on our business and results of operation. For example, our PPA in respect of the Talwandi Power Project requires us to comply with certain specified conditions, including achieving financial closure within the specified schedules and guaranteeing certain minimum performance standards, such as plant availability and generation capacity. In the event we are unable to achieve financial closure before December 2, 2009 in accordance with the time period stipulated in our PPA with PSEB, we may be liable to provide performance guarantees, pay liquidated damages or our PPA may be terminated. Termination of our PPA by our customers may also adversely affect our reputation.

In addition, as per the PPA for our Jharsuguda Power Project, the tariffs for the purchase of power will be fixed by Orissa Electricity Regulatory Commission (“OERC”). Therefore, in the event of any inefficiency in managing our operating costs, the prices at which we supply power may not cover our costs, which may materially and adversely affect our profitability and margins or cause them to fluctuate significantly. If we are unable to manage our costs effectively or operate our power projects at optimal levels, our business prospects, financial condition and results of operations may be materially and adversely affected.

Further, we have entered into long-term PPAs with terms of 25 years each pursuant to which our customers have agreed to purchase or have acquired the right to purchase approximately up to 2,559.40 MW power produced from our projects. Such long-term arrangements have inherent risks which may not be within our control as they restrict our operational and financial flexibility. For example, our long-term PPAs provide for the sale of power to the customers at predetermined tariffs and terms. Accordingly, if there is an industry wide increase in tariffs, we will not be able to renegotiate the terms of the PPAs to take advantage of the increased tariffs or negotiate satisfactory alternative off take arrangements. These limitations render us more vulnerable to unforeseen business and industry changes and our inability to react to such changes may have an adverse effect on our financial results and business prospects.

We may enter into a power purchase agreement with Vedanta Aluminium, a group company, although the terms of such power purchase agreement have not been finalised. There are inherent conflicts in entering into transactions with related parties and these conflicts may not be resolved in our favour.

In addition, under the Electricity Act, 2003, in case of shortage of power, the state governments have inherent powers to regulate (although the primary function is that of the CERC) and impose restriction on sale of power to parties outside the state, which may create a shortfall in performance of our power supply obligations as well as lead to a loss of potential opportunities.

We also expect to enter into short-term PPAs or sell power on a merchant basis to entities, including entities affiliated with us, which may create additional variability in our revenues and could expose our business to risks of market fluctuations in demand and price for power.

13. *We depend on contractors or specialist agencies to construct and develop our power projects and we are exposed to risks relating to the timing or quality of their services, equipment and supplies.*

We depend on the availability of skilled third party contractors for the development and construction of our power projects, supply of certain key equipment, laying of water pipelines/ canals and transmission lines. We do not have direct control over the timing or quality of services, equipment or supplies provided by these contractors. We may be exposed to risks relating to the quality of the services, equipment and supplies provided by contractors necessitating additional investments by us to ensure the adequate performance and delivery of contracted services and to pay for cost overruns. The risks we face include:

- contractors hired by us may not be able to complete construction and installation on time, within budget or to the specifications and standards that have been set in the contracts with them and as such our projects may contain construction defects;
- delays in meeting project milestones or achieving commercial operation by the scheduled completion date could increase the financing costs associated with the construction of the power plants and cause our forecast budgets to be exceeded or result in delayed payment to us by customers, invoke liquidated damages or penalty clauses or performance guarantees or result in termination of contracts;
- contractors may not be able to obtain adequate working capital or other financing on favourable terms as and when required to complete construction and installation;
- contractors may not obtain relevant approvals required to be obtained by them or be able to source required technicians from outside India;
- we may not be able to pass on certain risks to our contractors such as unforeseen site and geological conditions, which may cause delays and cause us to incur additional costs; and
- as we expand geographically, we may have to use contractors with whom we are not familiar, which could increase the risk of cost overruns, construction defects and failure to meet scheduled completion dates.

In particular, our EPC contracts for both our power projects are with SEPCO and its affiliated entities. Any deterioration of our relationship with SEPCO, or SEPCO's ability to perform its obligations under the EPC contracts or any inability to engage another skilled contractor on terms acceptable to us to replace or supplement SEPCO's services could have a material adverse effect on our ability to construct and develop our power projects. SEPCO's performance in their projects for the Vedanta Group may adversely affect our relationship with SEPCO. For example, a chimney under construction by SEPCO at BALCO's Korba facility collapsed recently resulting in 45 fatalities to personnel working on-site and SEPCO and its sub-contractor are currently under investigation by the Chhattisgarh government. If the Chhattisgarh government finds SEPCO responsible for the accident and imposes a fine, penalty or other sanctions on SEPCO, its ability to perform its obligations under the EPC contracts for our projects may be impaired and this may in turn have a material adverse effect on our business and prospects. In addition, termination of the EPC contracts executed with SEPCO and its affiliates may have an adverse effect on the timely completion of our power projects. Further, under the terms of the EPC contracts, the liability of SEPCO in paying liquidated damages in case of any failure in meeting the completion schedule or conforming to the performance guarantees given, has been capped. Additionally, while we have entered into fixed price EPC contracts, any significant price increase of raw materials on account of general economic conditions, shortages, duties and taxes payable, among others may require us to renegotiate our existing contracts. Any such renegotiation could have an adverse impact on the estimated cost of development of our power project resulting in an adverse effect on our business, financial condition and results of operations.

In addition, as a result of increased industrial development in India in recent years, the demand for contractors with specialist design, engineering and project management skills and services has increased, resulting in a shortage of and increasing costs of services of such contractors. We cannot assure you that such skilled and experienced contractors will continue to be available at reasonable rates in the areas in which we conduct our operations, and we may be exposed to risks relating to the quality of their services, equipment and supplies.

Also, we require the continued support of certain original equipment manufacturers to supply necessary services and parts to maintain our power projects at affordable cost. If we are not able to procure the required services or parts from these manufacturers (for example, as a result of the bankruptcy of the manufacturer), or if the cost of these services or parts exceed the budgeted cost, we may incur additional and substantial costs. Additionally, we may outsource the O&M of our power plants to third party contractors and there can be no assurance that such

parties will effectively maintain our power plants.

Contractors and suppliers in our business are generally subject to performance guarantees and liquidated damage payments for failure to achieve timely completion or performance shortfalls. We may not be able to recover from a contractor or supplier the full amount of losses that may be suffered by us due to failure to achieve timely completion or performance shortfalls.

Any of the above results could have a material and adverse effect on our business, financial condition and results of operations.

14. *We require a number of approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.*

Our business is subject to extensive government regulation. To conduct our business we must obtain various approvals, licenses, registrations and permits for our business. Certain approvals that we have applied for in connection with the construction and development of our power projects are currently pending.

The following applications made by us in relation to the Jharsuguda Power Project are pending:

- Application for consent to operate under the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981; and
- Application for approval for allocation of additional coal linkages from the MOC.

The following applications made by us in relation to the Talwandi Power Project are pending:

- Application for approval for increase of allocation of additional coal linkage to 10 mtpa, from the MOC;
- Application for final approval for allocation of water; and
- Application for final approvals from the Railway Board for movement of coal and construction of railway siding.

Further, TSPL intends to make an application to the MoEF for modification of the current approval due to a change in the capacity, technology and land requirements of the Talwandi Power Project and an application to the Punjab State Pollution Control Board for modification of the current approval due to the change in installed capacity of this project. In addition, approvals under the Hazardous Waste Management Rules have to be obtained by both the Jharsuguda and Talwandi Power Projects. We will be required to seek other approvals as our projects are progressively implemented and operated, which include approvals under Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 for the Talwandi Power Project. Additionally, our Director Mr. G.S. Kang, has applied for a DIN which is pending.

For more information, see “***Government and Other Approvals***” on page 206. Further, some of these approvals are subject to certain conditions, the non-fulfilment of which may result in revocation of such approvals.

Even after we have obtained the required licenses, permits and approvals, our operations are subject to continued review and the governing regulations may change. Further, certain of our contractors and other counterparties are required to obtain approvals, licenses, registrations and permits with respect to the services they provide to us. We cannot assure you that such contractors or counterparties have obtained and will maintain the validity of such approvals, licenses, registrations and permits. We cannot assure you that we or any other party will be able to obtain or comply with all necessary licenses, permits and approvals required for our power plants in a timely manner to allow for the uninterrupted construction or operation of our power plants, or at all.

Furthermore, our government approvals and licenses, including environmental approvals are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure, specifically with respect to compliance with environmental laws. We cannot assure you that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs, be subject to penalties and suffer a disruption in our operations, any of which could materially and adversely affect our business and results of operations. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or

any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our operations.

15. *We will rely on the cooperation of our joint venture partners to conduct our mining operations with respect to our Jharsuguda Power Project. If our relationships with these joint venture partners deteriorate, it could have a material adverse effect on our business and results of operations.*

In January 2008, the MOC jointly allocated the coal blocks in the Rampia Coal Blocks to us and five other companies namely, GMR Energy Limited, Arcelormittal India Limited, Lanco Group Limited, Navabharat Power Private Limited and Reliance Energy Limited, all of whom are our competitors. The six companies have entered into a memorandum of agreement regarding the mining of the Rampia Coal Blocks through a joint venture company, Rampia Coal Mine and Energy Private Limited (“RCMEPL”), which was incorporated in February 2008 to acquire mining rights in the allotted Rampia Coal Blocks. The parties have not yet entered into an agreement to address among other things, the modalities of the operation and maintenance, distribution, financing and other aspects with respect to the Rampia Coal Blocks.

We have only a 17.39% equity interest in RCMEPL, the joint venture company that has been allotted the Rampia Coal Blocks. Our joint venture partners may:

- be unable or unwilling to fulfil its obligations, whether of a financial nature or otherwise;
- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to the joint ventures’ policies and objectives;
- fail to provide timely financial and operating data in order to comply with periodic reporting obligations to clients, lenders or as required by law;
- take actions that are not acceptable to regulatory authorities; or
- have disputes with us.

We also need the cooperation and consents of our joint venture partners for the development of the mine, which may not be given in a timely manner or at all and may not always be forthcoming and we may not always be successful at managing our relationships with such partners. Any joint venture partner disputes could cause delays to the development of the Rampia Coal Blocks while the matter is being resolved. A change of ownership interests in a joint venture might also cause an event of default under such joint venture’s financing arrangements with lenders, which may contain restrictions on changes to the capital structure of a joint venture and restrictions on the divestment of interests by joint venture partners. Any of these factors could have a material adverse effect in the development of the coal mine and our ability to source coal for the Jharsuguda Power Project at competitive costs or at all, which may in turn have an adverse affect on our business and results of operations.

16. *Our costs of compliance with environmental laws are expected to be significant, and the failure to comply with existing and new environmental laws could adversely affect our results of operations.*

Our power projects are subject to national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental regulation of industrial activities in India may become more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental, or pollution regulations, including international environmental standards, we may be required to incur significant amounts on, among other things, environmental monitoring, pollution control equipment and emissions management.

We expect to generate a considerable amount of ash in our power projects. There are limited options for utilizing ash and therefore the demand for ash is currently low. While we continue to explore methods to utilize or dispose of ash, our ash utilization activities may be insufficient to dispose of the ash we expect to generate. We also require land to store this ash and have not yet acquired land for our Jharsuguda Power Project. Failure

to acquire such land may adversely affect our business.

We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that any environmental hazards are found at the site of any of our power stations, or if the operation of any of our power stations results in contamination of the environment. We may be the subject of public interest litigation in India relating to allegations of environmental pollution by our power projects, as well as in cases having potential criminal and civil liability filed by state pollution control authorities. If such cases are determined against us, there could be an adverse effect on our business, including the suspension of our operations, and results of operations.

17. *The development or operation at one or more units of our power plants or our coal mines could be disrupted, which may have an adverse effect on our financial condition and results of operations.*

The development or operation of our power projects or coal mines jointly allotted to us may be disrupted for reasons that are beyond our control, including explosions, fires, natural disasters such as cyclones, to which the State of Orissa is particularly prone, breakdown, failure or substandard performance of equipment, non-availability of fuel of desired quantity and quality, improper installation or operation of equipment, accidents, transmission or transportation interruptions, environmental disasters, significant social or political disruptions including terrorism and naxalite driven activities to which the States of Punjab and Orissa have been historically vulnerable, and labour disputes. The occurrence of any of the foregoing may result in operational difficulties or interruptions which may have a material adverse effect on our business and results of operations.

Power generation facilities are also subject to mechanical failure and equipment shutdowns. In such situations, undamaged units may be dependent on or interact with damaged sections or units and, accordingly, may also be rendered inoperative. Although in certain cases manufacturers are required to compensate us for certain equipment failures and defects, such arrangements may not fully compensate us for the damage that we suffer as a result of equipment failures and defects or the penalties under our agreements with our customers. Further, such arrangements do not generally cover indirect losses such as loss of profits or business interruption. If such operational difficulties occur in the future, the ability of our power projects to supply electricity to our customers may be adversely affected. In the event any power generation facility is significantly damaged or forced to shut down for a significant period of time, this would have an adverse effect on our business, financial condition and results of operation. Additionally, as per the terms of our EPC contracts with SEPCO and its affiliated entity, if we for any reason suspend work on the projects for more than 180 days, SEPCO is entitled to terminate the EPC contracts by serving a 30 day notice on us and claim 105% of the reasonable cost already incurred by SEPCO until the date on which the EPC contracts have been terminated by SEPCO.

18. *Estimates of coal reserves are subject to assumptions, and if the actual amounts of such reserves are less than estimated, or if the quality of the coal reserves is lower than estimated, our results of operations and financial condition may be adversely affected.*

Actual reserves and production levels in any coal mines that are part of the Rampia Coal Blocks or any future coal blocks that we may be allotted may differ significantly from estimates, as such estimates are subject to various assumptions such as interpretations of geological data obtained from sampling techniques and projected rates of production in the future. For instance, the MOC has estimated that the Rampia Coal Blocks, jointly allotted to us, in the State of Orissa contains reserves of approximately 645 million tons of coal. Our proportionate share is estimated at 112.22 million tons of F/G grade coal, which we believe would meet the coal requirements for 1,000 MW of our 2,400 MW power plant at Jharsuguda for approximately 22 years. However, actual reserves and production levels may be significantly lower than the estimates. Additionally, there is no assurance that the mines from which MCL intends to source our coal requirements for both our power projects, or that linkages awarded to us, would be able to meet all our coal requirements. Further, the quality of coal might be lower than estimated. If the quantity or quality of our coal reserves has been overestimated, we would deplete our coal reserves more quickly than expected or incur increased costs to process relatively lower levels of coal if the quality of coal mine is lesser than expected and in such event, we may have to source the required coal in the open market. Prices for coal in the open market may exceed the cost at which we might otherwise be able to extract coal and may involve substantial transportation costs, which would increase our operating costs and adversely affect our business, financial condition and results of operations. In addition, there can be no assurances that we will be successful in mining coal from the coal blocks that have been or may be allotted to us at a low enough cost for such coal blocks to benefit the profitability of our business or that the coal mined will meet the coal specifications required for use in our power plants.

19. Any inability to effectively execute our power projects and manage our growth or to successfully implement our business plan and growth strategy could have an adverse effect on our operations, results and financial condition.

We expect that the execution of power projects and our growth strategy will place significant demands on our management, financial and other resources. In particular, we do not have experience in managing and operating power plants with super-critical technology which is proposed to be implemented at our power plant at Talwandi Sabo. Further, continued expansion increases the challenges involved in financial and technical management, recruitment, training and retaining sufficient skilled technical and management personnel, and developing and improving our internal administrative infrastructure. We may intend to evaluate and consider expansion in the future to pursue existing and potential market opportunities. Our inability to manage our business plan effectively and execute our growth strategy could have an adverse effect on our operations, results, financial condition and cash flows.

In order to manage the execution of power projects and growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our expected schedule of implementation, hire and retain new employees, pursue new business, complete future strategic agreements or operate our business effectively. There can be no assurance that our existing or future management, operational and financial systems, procedures and controls will be adequate to support future operations or establish or develop business relationships beneficial to future operations.

20. We have experienced negative cash flows in fiscal 2009 and fiscal 2008. Any negative cash flows in the future would adversely affect our results of operations and financial condition.

For fiscal 2009 and fiscal 2008, we had a negative cash flow from operating activities of Rs. 11.29 million and Rs. 0.22 million, respectively, primarily as we are continuing to invest in the construction and development of our power projects and we have not yet commenced operations. Any negative cash flows in the future could adversely affect our results of operations and financial condition.

21. We face significant competition as a result of deregulation in the Indian power sector. We cannot assure you that we will be able to compete effectively, and our failure to do so could result in an adverse effect on our business prospects, financial condition and results of operations.

The commercial power generation business is highly competitive and we will be competing with established commercial power generation companies, including National Thermal Power Corporation Limited, Tata Power Limited and Reliance Power Limited, with significant resources and many years of experience in the commercial power generation business. In particular, there are power plants being set up by other power companies in Jharsuguda near to our Jharsuguda Power Project. Further, the deregulation of the Indian power sector that enables us to develop a commercial power generation business has increased the opportunities for other private sector participants to enter the market. The Electricity Act, 2003 removed certain licensing requirements for thermal power generation companies, provides for open access to transmission and distribution networks and also facilitated additional capacity generation through captive power projects. These reforms provide opportunities for increased private sector participation in power generation. Specifically, the open access reform enables private power generators to sell power directly to distribution companies, enhancing the financial viability of private investment in power generation. As a result, we may compete with other Indian companies seeking to expand their power generation business and international power companies when negotiating or bidding for power projects and the land, coal, water and other resources required for power projects, in addition to having to compete with the established central and state power utilities. Competitive bidding for power procurement further increases the competition among the power generators. Our competitors may have greater resources than we do and may be able to achieve better economies of scale, allowing them to bid at more competitive rates. We may face the pressure of decreased margins and other unfavourable terms and conditions for the sale of our power due to such competition. Further, there is no assurance that our existing customers may not purchase power from our competitor after substantial investment in a project on the basis of specifications agreed upon between us and the customer, which could have a material and adverse affect our business, financial condition and results of operations and our ability to obtain any further financing. We cannot assure you that we will be able to compete effectively, and our failure to do so could result in an adverse effect on our business, profitability, prospects, financial condition and results of operations.

22. *Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by our or our contractors work force or any other kind of disputes involving our work force.*

We expect to employ significant number of employees and contract labourers once we commence operations at our power projects. Historically, we have not experienced any significant strikes at any of our projects. In future, there can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Furthermore, in the event our or our contractor's work force (including contract labourers) unionizes in the future, collective bargaining efforts by labour unions may divert management's attention and result in increased costs. We may be unable to negotiate acceptable collective bargaining agreements with those employees who have chosen to be represented by unions, which could lead to union-initiated work stoppages, including strikes, thereby adversely affecting our business and results of operations. Any shortage of skilled personnel or work stoppages caused by disagreements with our work force could have an adverse effect on our business, and results of operations.

We had entered into contracts with independent contractors to complete specified assignments and these contractors may be required to source the labour necessary to complete such assignments. Although we do not engage these labourers directly, it is possible under Indian law that we may be held responsible for wage payments, or benefits and amenities to labourers engaged by our independent contractors should such contractors default on wage payments or in providing benefits and amenities. Any requirement to fund such payments may adversely affect our business, financial condition and results of operations. Furthermore, under Indian law, we may be required to absorb a portion of such contract labourers as our employees. Any such order from a court or any other regulatory authority may adversely affect our business and results of our operations.

23. *We have entered into long term PPAs with two customers for a significant portion of the power to be produced from our power projects. Any deterioration of our relationship with these clients could harm our results of operations.*

We are currently developing power projects with a combined installed capacity of 4,380 MW. Of this, we have entered into PPAs with the PSEB and GRIDCO pursuant to which they have agreed to purchase or have acquired the right to purchase, up to 2,559.40 MW of power to be produced from our completed power projects. Therefore, we anticipate that a significant portion of our future revenue would be derived from a relatively limited number of customers. Any deterioration of our relationship with these customers or termination of these PPA on account of default by us in complying with the terms and conditions of the respective PPAs would adversely affect our results of operations.

24. *Our customers may have weak credit histories.*

Our customers will predominantly comprise of state owned utility companies who will be invoiced on a monthly basis. Certain of these entities may have had weak credit histories and we cannot assure you that these entities will always be able to pay to us in a timely manner, if at all. Any change in the financial position of our customers that adversely affects their ability to pay us may in turn adversely affect our own financial position and results of operations. In addition, there can be no assurance that, in the event any customers default on payment, the security arrangements we may have will adequately cover the payments due from such customers.

25. *The terms of our off-take arrangements may not match the terms of our financing arrangements.*

The duration of our off-take arrangements may not match the duration of the related financing arrangements and we may be exposed to refinancing risk. In the event of an increase in interest rates, our debt service cost may increase at the time of refinancing our loan facilities and other financing arrangements, but our revenues under the relevant PPA may not correspondingly increase. In addition, a PPA may expire or be terminated and we may not have sufficient revenues to meet our debt service obligations or be able to arrange sufficient borrowings to refinance those obligations on commercially acceptable terms, or at all. This mismatch between the financing arrangements and the relevant PPAs may have a material adverse impact on our business, financial condition and results of operations.

26. *Activities in the power generation business can be dangerous and can cause injury to people or property in certain circumstances. This could subject us to significant disruptions in our business, legal and regulatory actions any of which could adversely affect our business, financial condition and results of operations.*

The power generation business requires us to work under potentially dangerous circumstances, with highly flammable and explosive materials. Despite compliance with requisite safety requirements and standards, our operations are subject to hazards associated with handling of such dangerous materials. If improperly handled or subjected to unsuitable conditions, these materials could hurt our employees or other persons, cause damage to our properties and properties of others and harm the environment. Due to the nature of these materials, we may be liable for certain costs related to hazardous materials, including cost for health related claims, or removal or treatment of such substances, including claims and litigation from our current or former employees for injuries arising from occupational exposure to materials or other hazards at our power plants. This could subject us to significant disruption in our business, legal and regulatory actions, which could adversely affect our business, financial condition and results of operations.

27. *The construction and operation of our power projects or mining operations may face significant opposition from local communities and other parties, which may adversely affect our results of operations and financial condition.*

The construction and operation of our current or future power projects and mines may face opposition from the local communities where these power projects are located and from special interest groups. In particular, local communities, the forest authorities and other authorities may oppose our mining operations, land acquisitions and power projects due to various reasons including the perceived negative impact such activities may have on the environment and increased demand on resources such as water from the rivers and reservoirs which may negatively impact or restrict such local communities access to resources. For instance, there are around 200 land cases filed by the erstwhile owners of land for enhancement of compensation. The MANSA District Administration and PSEB which acquired the land, is defending the case and TSPL has not been made party to these cases. There may be a liability on TSPL in the case of awards in favor of land owners. Significant opposition by local communities, non-governmental organizations and other parties to the land acquisition process and construction of our power projects and mining operations may delay project implementation adversely affect our results of operations and financial condition. In the future, as our mining activity increases and we start to infringe on local habitations, we may have to resettle the local inhabitants. We may have to incur significant expenditure on any such resettlement, which may adversely affect our financial condition and result of operations.

28. *Land required in connection with our power projects has not been fully acquired and the costs of acquisition for the land may be substantially higher than we originally expected. Delays in the acquisition of land may adversely affect the timely performance of our obligations under implementation agreements, power purchase agreements, and financing agreements.*

We have not acquired 543.49 acres of land required for our Jharsuguda Power Project from the government and private parties and 274 acres of land for our Talwandi Power Project from the government.

The actual acquisition cost of lands for both the power projects cannot be ascertained until the land acquisition process is complete and it is possible that the actual acquisition cost may be higher than estimated. For instance, there are around 200 land cases filed by the erstwhile owners of land for enhancement of compensation. The MANSA District Administration and PSEB which acquired the land, is defending the case and TSPL has not been made party to these cases. There may be a liability on TSPL in the case of awards in favor of land owners. If the actual acquisition costs of the land are significantly greater than expected, our overall cost for this project will correspondingly increase and this may have an adverse effect on our business and results of operations. Our ability to fund any such increase in land acquisition costs is subject to risks. Our plans require significant capital expenditures and if we are unable to obtain the necessary funds on acceptable terms for the acquisition of land, we may not be able to fund our projects and our business may be adversely affected.

Even when the Government of India and/or state governments are required to facilitate the acquisition or lease of, or secure rights of way over, tracts of land, we cannot assure you that all requisite approvals related to, and the acquisition of, or lease of, or right of way over land or the registration of land will be completed in a timely manner and on terms that are commercially acceptable to us, if at all. If we are unable to complete the foregoing in a timely manner, this may delay financial closure, delay locking-in interest rates, and cause construction delays. A delay in achieving financial closure could in turn be a breach and an event of default under implementation agreements or power purchase agreements leading to possible disputes with concerned parties.

29. *Our insurance coverage may prove inadequate to satisfy future claims against us.*

Operations in our power generation business carry inherent risks of personal injury and loss of life, damage to or destruction of property, plant and equipment and damage to the environment, and are subject to risks such as fire, theft, flood, earthquakes and terrorism. SEPCO and its affiliates, as applicable, are required to insure the plant and machinery of the projects from freight on board point of shipment up to the time we take over the units. We believe that we and/or SEPCO have insured the projects in a way which we believe is typical in our industry and in amounts which we believe to be commercially appropriate. See ***“Our Business- Insurance”*** on page 75. However, we may become subject to liabilities against which our projects are not insured adequately or at all or cannot insure, including when the loss suffered is not easily quantifiable and in the event of severe damage to our reputation. Even if a claim is made under an existing insurance policy, due to exclusions and limitations on coverage, we may not be able to successfully assert our claim for any liability or loss under such insurance policy.

In addition, in the future, we or our contractors may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider acceptable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material and adverse effect on our business, results of operations, financial condition and cash flows.

30. *Our net income would decrease if we are unable to avail of certain tax benefits in the future.*

In accordance with and subject to the condition specified in Section 80-IA of the Income Tax Act, 1961 (“**IT Act**”), our power projects would, with respect to the computation of total income subject to be taxed, be entitled to deduction of 100% of profits derived from the generation, distribution or transmission of power for any 10 consecutive assessment years out of 15 years beginning from the year in which the undertaking generated power or commences transmission or distribution of power before March 31, 2011. If such tax benefits become unavailable, our business, financial condition and results of operations could be materially and adversely affected.

31. *If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of production may increase relative to our competitors, which would have a material adverse effect on our ability to compete, results of operations, financial condition and prospects.*

Our profitability and competitiveness are in large part dependent on our ability to maintain a low cost of production. Changes in technology and high fuel costs of thermal power projects may make newer generation power projects or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facilities. In addition, there are other technologies that can produce electricity, most notably oil, nuclear, hydro, fuel cells, micro turbines, windmills and photovoltaic (solar) cells. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging power generation industry standards and practices in a cost-effective and timely manner that is competitive with other thermal power projects and other methods of power generation. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

32. *We may not be selected for projects we bid for in the future or those projects that we will bid upon in the future, if selected, may not be finalised within the expected time frame or on expected terms.*

We may submit bids for various power projects from time to time. There might be delays in the bid selection process or our bids, may not be selected or, if selected, may not be finalised within the expected time frame or on expected terms or at all owing to a variety of reasons which are beyond our control, including an exercise of discretion by the government or customers and greater resources of our competitors to make a competitive bid.

Further, in selecting power producers for major projects, customers generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although the price competitiveness of the bid is the most important selection criterion. Pre-qualification is key to our winning such major projects. In order to bid for larger projects, we may need to enter into memoranda of understanding and joint venture agreements with partner companies to meet capital

adequacy, technical and other requirements that may be required to qualify for a bid. However, there is no assurance that we will be successful in forging an alliance with partner companies to meet such requirements.

33. *Our success will depend on our ability to attract and retain our key personnel. If we are unable to do so, it would adversely affect our business and results of operations.*

Our future success substantially depends on the continued service and performance of the members of our and the Vedanta Group's senior management team and other key personnel in our business for project implementation, management and running of our daily operations, and the planning and execution of our business strategy. All our key managerial personnel have been seconded to us by our Promoter or certain Vedanta Group companies and are not our permanent employees.

There is intense competition for experienced senior management and other key personnel with technical and industry expertise in the power business and if we lose the services of any of these or other key individuals and are unable to find suitable replacements in a timely manner, our ability to realize our strategic objectives could be impaired. We do not own key man insurance and the loss of key members of our senior management or other key team members, particularly to competitors, could have an adverse effect on our business and results of operations. Our performance also depends on our ability to attract and train highly skilled personnel. If we are unable to do so, it would materially and adversely affect our business and results of operations.

34. *Certain Vedanta Group companies operate in related areas of business. In case of any conflict, our Promoter (or persons in control of our Promoter) or members of our Promoter Group may favour the interest of the other Vedanta Group companies over us.*

Four of the Vedanta Group companies, BALCO, MALCO, Vedanta Aluminium and HZL, operate power plants which supplied approximately 651.79 MU of surplus power in fiscal 2009 for commercial use by third parties. The Vedanta Group has been building and managing captive power plants since 1997 and depending upon their requirements, these power plants may from time to time sell the surplus power to commercial users. Other Vedanta Group companies may also develop power generation projects in the future that may compete with us. As a result, there may be conflicts of interest between the Vedanta Group companies and us in bidding for supply of fuel and other resources or services and in selling power from projects that are operated by us and by other entities of the Vedanta Group. None of our Promoter or any entity within the Vedanta Group has undertaken not to compete with our business. In addition, we are controlled by our Promoter and persons who control our Promoter and they can determine the allocation of business opportunities among, as well as strategies and actions of, us, itself and its other subsidiaries, group companies or affiliates. While Vedanta has indicated to us that all its future commercial power generation projects in India will be developed by our Company, Vedanta may determine to have another of its subsidiaries, instead of us, pursue business opportunities in the power generation business, or any other business, or cause such companies or us to undertake corporate strategies, the effect of which is to benefit such companies instead of us and which could be detrimental to our interests. If Vedanta were to take any such actions, our business, results of operations, financial condition and prospects could be materially and adversely affected. In addition, our management's time and services are shared between the Vedanta Group and us. As a result, our management, including our senior management, is not solely focused on our business and may be distracted by, or have conflicts as a result of, the demands of Vedanta or other businesses within the Vedanta Group, which may materially and adversely affect our business, results of operations and financial condition. For further information on Group Entities, see "*Financial Statements*" and "*Our Promoter and Group Entities*" on pages F1 and 110.

35. *We benefit from and continue to rely on our Promoter, Group Entities and members of our Promoter Group for certain key development and support activities and guarantees and our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.*

We have entered into and may continue to enter into a number of related party transactions with our Promoter, Group Entities and associates. For details, see "*Our Promoter and Group Entities*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Related Party Transactions*" on pages 110, 178, F1 and 120, respectively. For instance, we source the power required for the construction of the Jharsuguda Power Project from our Group Entity, Vedanta Aluminium. Additionally, we may also sell power produced from the Jharsuguda Power Project to Vedanta Aluminium which may be for a significant amount of power. We have also availed short term loans of Rs. 27,175.08 million from our Promoter, Sterlite Industries, of which Rs. 22,175.08 million is outstanding as of October 15, 2009.

Further, our power projects will depend upon the services of our Promoter and our Group Entities with respect to development and support, including the identification, negotiation and conclusion of the various facilities, agreements, access and support infrastructure for our power projects. We will also pay costs apportioned by our Promoter for shared management and other resources. While we believe that all our related party transactions have been conducted on an arm's length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

36. Our Promoter will continue to retain majority shareholding in us after the Issue, which will allow it to continue to exercise significant influence over us. We cannot assure you that our Promoter will always act in our best interest.

Upon completion of the Issue, our Promoter will own [●] Equity Shares, or [●]% of our post-Issue Equity Share capital. Accordingly, our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. Additionally, our Promoter may cause some or all our assets to be transferred to other companies within the Vedanta Group which may not be in the best interests of our Company or our shareholders. This concentration of ownership also may delay, defer or even prevent a change in control and may make some transactions more difficult or impossible without the support of these stockholders. The interests of the Group Entities as our controlling shareholder could conflict with our interests or the interests of its other shareholders. We cannot assure you that the Group Entities will act to resolve any conflicts of interest in our favour.

37. There is outstanding litigation against us, our Directors, our Promoter and our Group Entities, which if determined adversely, could affect our results of operations and reputation.

We are defendants in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable, excluding contingent liabilities and include amounts claimed jointly and severally from us and other parties. Should any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities.

Litigation against the Company

S. No.	Nature of the litigation	No. of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Statutory notices	1	-
2.	Civil cases	1	-

Litigation against the Directors

S. No.	Name of the Director	Nature of the litigation	No. of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Anil Agarwal	Criminal cases	6	-
2.	Sandeep Junnarkar	Criminal cases	6	-

Litigation against the Promoter

S. No.	Nature of the litigation	No. of outstanding litigations	Aggregate approximate amount involved (in Rs. million)
1.	Statutory notices	1	-
2.	SAT cases	1	-
3.	Criminal cases	7	-
4.	Civil cases	3	158.00

5.	Income tax	6	1,600.00
6.	Excise tax	97	2,811.47
7.	Customs duty	32	393.59
8.	Sales tax	16	4,650.36
9.	Service tax	14	165.87
10.	Factories Act cases	7	-
11.	Environmental cases	7	Not ascertainable
12.	Cases by shareholders	189	-

Litigation against the Group Entities

S. No.	Name of the Group Company	Nature of the litigation	No. of outstanding litigations	Aggregate approximate amount involved (in Rs. Million unless otherwise stated)
1.	Vedanta Aluminium	Statutory notices	2	-
		Criminal cases	2	-
		Excise tax cases	5	240.00
		Service tax cases	6	20.70
		Sales tax cases	1	19.30
		Entry tax cases	2	1,640.90
		Customs duty cases	1	-
		DEPB Scheme cases	1	27.40
2.	BALCO	Criminal cases	15	-
		Environmental cases	1	-
		Income tax cases	12	1,546.48
		Excise tax cases	47	40.08
		Service tax cases	13	86.94
		Sales tax cases	10	42.70
		Entry tax cases	2	68.24
		Customs duty cases	1	7.49
		Civil cases	35	585.00
		Arbitration proceedings	3	224.88
		Labour proceedings	54	81.70
		Motor accident cases	2	-
3.	HZL	Criminal cases	2	-
		Arbitration cases	16	286.70
		Land related cases	158	147.51
		Environmental cases	2	-
		Labour and employee related cases	145	80.82
		Civil cases	56	117.23
		Land tax cases	8	428.00
		Royalty related cases	6	3,938.00
		Income tax cases	46	4,513.40
		Excise and service tax cases	520	2,370.00
Sales tax cases	74	160.00		
4.	Thalanga Copper Mines (in A\$ million)	Civil cases	1	-
5.	Copper Mines of Tasmania (in A\$ million)	Labour related cases	1	0.31
6.	Sterlite Opportunities and Ventures Limited	Tax cases	1	-

For further details of outstanding litigation against us, our Directors, our Promoter and our Group Entities, see “*Outstanding Litigation and Material Developments*” on page 194.

38. We have issued Equity Shares during the last one year at a price that may be below the Issue Price.

In the last one year, we have issued Equity Shares at a price that may be lower than the Issue Price. Our

Company has issued 821,215 Equity Shares to Sterlite Industries, our Promoter, on October 5, 2009 at an issue price of Rs. 213 each and redeemed the RCCPS that had been previously issued to Twinstar Infrastructure Limited. The price at which the Equity Shares have been issued in the last one year is not indicative of the price at which Equity Shares may be offered in the Issue or at the price at which they will trade upon listing.

39. *Certain properties, including the land on which we are constructing our Jharsuguda Power Project, are not owned by us and we enjoy only a leasehold right over these properties. In the event we are unable to renew the lease agreements, or if such agreements are terminated, our business, financial condition and results of operations could be adversely affected.*

Our Jharsuguda Power Project is being constructed on land that has been leased to us by Orissa Industrial Infrastructure Development Corporation (“**OIIDC**”) on a long-term basis. Upon the termination of the lease, we are required to return the lands to the lessors. The term of the lease deeds may not be co-terminus with the lifetime of the power project. Further, as per the terms of the lease deeds we are required to start construction of the project within six months, install the plant and machinery and commence commercial production within 24 months of allocation of land, among others. In the event that the lessors terminate the lease deeds on account of our non-compliance with the terms of the lease deeds or do not renew the lease deeds on commercially acceptable terms, or at all, our business, financial condition and results of operations could be adversely affected. We need to obtain additional land and property to fully operationalize our power projects. Any such land or property which is leased or may be leased in future for our projects may also be subject to risks similar to those outlined above.

In addition, the premises on which our Registered Office is situated has been assigned to us by Sterlite Industries pursuant to an assignment agreement dated April 1, 2008 for a consideration of Rs. 100 per month. Further, we have the right to use our Corporate Office at Mumbai pursuant to a letter dated April 1, 2008 from Vedanta Aluminium. If Sterlite Industries or Vedanta Aluminium decides to terminate the agreements, we may suffer a disruption in our operations.

40. *The management of the Company will have significant flexibility in temporarily investing the Net Proceeds of the Issue.*

The Company intends to use the Net Proceeds of the Issue for the capital expenditures described in the section “**Objects of the Issue**” on page 31. Pending utilization of the Net Proceeds for the objects specified in this Draft Red Herring Prospectus, the Company may temporarily invest Net Proceeds in interest bearing liquid instruments including deposits with banks and investments in mutual funds and other financial products, such as principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures in accordance with the policies established by the Board. The management of the Company will have significant flexibility in temporarily investing the Net Proceeds.

41. *The development and construction costs of our projects in relation to the Net Proceeds of the Issue are subject to change.*

In view of the highly competitive nature of the power industry and owing to factors such as geological assessments, exchange or interest rate fluctuations, changes in design or configuration of the power project, any rehabilitation and other preoperative expenses and other external factors which may not be within the control of management of the Company, the estimated cost of construction and development of our power projects may need be revised from time to time and consequently our funding requirements may also change. Significant revisions to our funding requirements or the deployment of the Net Proceeds of the Issue may result in the rescheduling of our project expenditure programmes and an increase or decrease in our proposed expenditure for a particular project or other delays with respect to our power projects, which could have a material and adverse effect on our business, results of operation and financial condition.

42. *We require the prior written consent of our lenders to invest the Net Proceeds in our Talwandi Power Project.*

We require the prior consents of certain of our lenders to invest the Net Proceeds in our Talwandi Power Project. In the event we do not receive such consents in a timely manner or at all, we may not be able to utilize the Net Proceeds or develop the Talwandi Power Project in the manner disclosed in this Draft Red Herring Prospectus, and may require the approval of our shareholders to utilise the Net Proceeds for other purposes. Failure to raise all the necessary capital will have a material adverse impact on the implementation of the

Identified Projects, project costs and schedules and in turn on our business, financial condition and results of operations.

- 43. *The information memoranda prepared in relation to our power projects identify possible risk factors that could adversely affect our Company and its business, prospects, financial condition and results of operations.***

The information memorandum prepared by SBI Capital Markets, IDBI Bank Limited and Deutsche Bank AG Global Markets in July 2008 in relation to our Jharsuguda Power Project and the information memorandum prepared by SBI Capital Markets in October 2009 in relation to our Talwandi Power Project, among other things, identified possible risks factors that could adversely affect our power projects. The possible risk factors identified by the information memoranda that may affect us include risks relating to project funding and cost overruns, withdrawal of the Promoter, construction of the power project, availability of land and water, fuel supply (including risks related to our joint venture RCMEPL), fuel transportation, fuel price, power evacuation, off-take arrangements, payment, plant performance levels, force majeure events, foreign exchange exposure, interest rate exposure, refinancing, non-availability of mega-power status and any import duty/export benefits and environmental emission norms.

- 44. *We may not be able to identify or correct any defects or irregularities in title to the lands upon which we intend to develop our power projects.***

There may be various legal defects and irregularities in title to the lands on which we intend to develop our power projects, which we may not be able to fully identify or assess. Our rights in respect of these lands may be compromised by improperly executed, unregistered or insufficiently stamped conveyance instruments in the property's chain of title, unregistered encumbrances in favour of third parties, rights of adverse possessors, ownership claims of family members of prior owners, or other defects that we may not be aware of. Any defects or irregularities of title may result in loss of development rights over land, which will prejudice the success of our power projects and may require us to write off substantial expenditures in respect of a project. Any inability to identify defects or irregularities of title, and any inability to correct any such defects or irregularities of title may have an adverse effect on our business, financial condition and results of operations. Any decision to acquire land based on inaccurate, incomplete or dated information may result in risks and liabilities associated with acquiring and owning such parcels of land.

- 45. *Some of our Group Entities have incurred losses in the last three years.***

Some of our Group Entities have incurred losses during the last three years (as per their stand alone financial statements financial statements), as set forth in table below:

S. No.	Name of the Group Entity	Profit/ (Loss) After Tax		
		Fiscal 2009	Fiscal 2008	Fiscal 2007
1.	Vedanta Aluminium Limited (Rs. in million)	(5,303.73)	(49.09)	0.07
2.	Sterlite Paper Limited (Rs. in million)	(6.25)	(2.34)	(6.40)
3.	Monte Cello B.V. (Euro in million)	(0.12)	10.30	0.70
4.	Thalanga Copper Mines Pty. Limited (A\$ in million)	2.20	(1.42)	(0.88)

- 46. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.***

Our business is capital intensive and we may plan to make additional capital expenditures to complete the power projects that we are developing. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements. Our ability to pay dividends is also restricted under certain financing arrangements that we have entered into and expect to enter into. In the past, we have not made dividend payments to holders of Equity Shares. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements for the power projects, financial condition and results of operations.

47. *Contingent liabilities which have not been provided for could adversely affect our financial conditions.*

The following table sets forth our contingent liabilities as of the dates indicated:

		<i>(In Rs. Million)</i>	
Particulars		September 30, 2009	March 31, 2009
1	Export Obligation against EPCG License taken for Import of Capital Goods	58,678	45,658
2	Bank Guarantees provided under contractual/ legal obligations.	2,205	2,205
3	Dividend on 2% Redeemable Cumulative Convertible Preference Shares ("RCCPS")*	0.16	0.16

* The RCCPS have been redeemed on October 5, 2009.

There are around 200 land cases filed by the erstwhile owners of land for enhancement of compensation. The MANSA District Administration and Punjab State Electricity Board which acquired the land, is defending the case and TSPL has not been made party to these cases. There may be a liability on TSPL in the case of awards in favor of land owners.

If any or all of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation.

48. *Our financial results may be subject to seasonal variations and inclement weather could adversely affect our business and results of operations.*

Our revenues and results may be affected by seasonal factors. For example, inclement weather, including during monsoon season, may delay or disrupt development of our power projects undergoing construction at such times. Further, some of our power consumers may be engaged in businesses which are seasonal in nature and a downturn in demand for power by such consumers could reduce our revenue during such periods.

Risk Related to India

49. *Demand for power in India may not increase as we anticipate.*

It is generally believed that, demand for power in India will increase in connection with expected increases in India's GDP. For details, see "**Industry**" on page 51. However, there can be no assurance that demand for power in India will increase to the extent we expect or at all. In the event demand for power in India does not increase as we expect, our results of operations and expansion strategy may be materially and adversely affected.

50. *Recent global economic conditions have been unprecedented and challenging and have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business and our financial performance and may have an impact on the price of our Equity Shares.*

Recent global market and economic conditions have been unprecedented and challenging with tighter credit conditions and recession in most major economies continuing into 2009. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, the availability and cost of credit, and the global housing and mortgage markets have contributed to increased market volatility and diminished expectations for western and emerging economies. In the second half of 2008, added concerns fuelled by the United States government conservatorship of the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association, the declared bankruptcy of Lehman Brothers Holdings Inc., the United States government financial assistance to American International Group Inc., Citigroup Inc., Bank of America and other federal government interventions in the United States financial system led to increased market uncertainty and instability in both United States and international capital and credit markets. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have contributed to volatility of unprecedented levels.

As a result of these market conditions, the cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Concern about the stability of the markets

generally and the strength of counterparties specifically has led many lenders and institutional investors to reduce, and in some cases, cease to provide credit to businesses and consumers. These factors have led to a decrease in spending by businesses and consumers alike and corresponding decreases in global infrastructure spending and commodity prices. Continued turbulence in the United States and international markets and economies and prolonged declines in business consumer spending may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs. These global market and economic conditions have had, and continue to have, an adverse effect on the Indian financial markets and the Indian economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and may adversely affect the prices of our Equity Shares.

51. *As the domestic Indian market will constitute our only source of our revenue, the downturn in the rate of economic growth in India due to the unprecedented and challenging global market and economic conditions, or any other such downturn for any other reason, will be detrimental to our results of operations.*

We have entered into PPAs pursuant to which our customers who are in India have agreed to purchase or have acquired the right to purchase up to 2,559.40 MW of power to be generated from our completed power plants. In addition, we intend to enter into short-term PPAs for the sale of balance power with other state electricity boards and state-owned utility companies and Indian industrial consumers. The performance and growth of our business are necessarily dependent on the health of the overall Indian economy. Any downturn in the rate of economic growth in India, whether due to political instability or regional conflicts, economic slowdown elsewhere in the world or otherwise, may have a material adverse effect on demand for the commodities we produce. The Indian economy, following a period of significant growth, has more recently been adversely affected by the unprecedented and challenging global market and economic conditions that has caused and may continue to cause a downturn in the rate of economic growth in India. The Indian economy is also largely driven by the performance of the agriculture sector, which depends on the quality of the monsoon, which is difficult to predict. The current economic slowdown has had and could continue to have, and any future slowdown in the Indian economy could have, a material adverse effect on our financial condition and results of operations.

52. *Depreciation of the Rupee against foreign currencies may have an adverse effect on our results of operations.*

While all our future income will be denominated in Rupees, we have incurred and expect to incur indebtedness denominated in foreign currencies to finance the development of power projects. Further, the payments under some of our EPC contracts and equipment are denominated in foreign currencies. As on September 30, 2009 our unhedged foreign currency exposure is USD 293 million. We bear the exchange rate risk for payments made pursuant to the letter of credit until the relevant project is substantially complete. Accordingly, any depreciation of the Rupee against these currencies will significantly increase the Rupee cost to us of servicing and repaying our foreign currency payables. For example, the US\$ / Rupee exchange rate was US\$ 1 = Rs. 39.97 as of March 31, 2008 and depreciated to US\$ 1 = Rs. 50.95 as of March 31, 2009. If we are unable to recover the costs of foreign exchange variations through our tariffs, depreciation of the Rupee against foreign currencies may adversely affect our results of operations and financial condition.

53. *Political, economic and social developments in India could adversely affect our business.*

The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by changes in the Government's policies, including taxation. Social, political, economic or other developments in or affecting India, acts of war and acts of terrorism could also adversely affect our business.

Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will be continued and any significant change in the Government of India's policies in the future could affect business and economic conditions in India in general or any political opposition to our power projects from parties who come to power over the lifetime of the projects could also affect our business and industry in particular. In addition, any political instability in India or geo-political stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could also affect the trading price of our Equity Shares.

Our performance and the growth of our business are necessarily dependent on the performance of the overall

Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Further, conditions outside India, such as slowdowns in the economic growth of other countries could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. The Government of India has recently revised its growth projection for fiscal 2009. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy and increase our participation in the power sector.

54. *The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.*

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

55. *Our ability to raise foreign capital may be constrained by Indian law. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our power projects under development and hence could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

56. *Government regulation of foreign ownership of Indian securities may have an adverse effect on the price of the Equity Shares.*

Foreign ownership of Indian securities is subject to Government regulation. Under foreign exchange regulations currently in effect in India, the RBI must approve the sale of the Equity Shares from a non-resident of India to a resident of India if the sale does not meet the requirements of a RBI Circular dated October 4, 2004. The RBI must approve the conversion of the Rupee proceeds from any such sale into foreign currency and repatriation of that foreign currency from India unless the sale is made on a stock exchange in India through a stock broker at the market price. As provided in the foreign exchange controls currently in effect in India, the RBI will approve the price at which the Equity Shares are transferred based on a specified formula, and a higher price per share may not be permitted. The approval from the RBI or any other government agency may not be obtained on terms favourable to a non-resident investor in a timely manner or at all. Because of possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increases or limiting losses during periods of price declines.

57. *Terrorist attacks, civil unrests and other acts of violence in India and around the region could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our business, results of operations, financial condition and cash flows.*

Terrorist attacks, civil unrests and other acts of violence or war in India and around the region may adversely affect worldwide financial markets and result in a loss of business confidence and ultimately adversely affect our business, results of operations, financial condition and cash flows. India has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries. Political tensions could create a perception that an investment in Indian companies involves higher degrees of risk and on our business and price of our Equity Shares.

58. *Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.*

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural sector recorded

negative growth for that period. The erratic progress of the monsoon in 2004 and 2009 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

59. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our business and financial performance, ability to obtain financing for capital expenditures and the price of our Equity Shares.

60. *Significant differences exist between Indian GAAP and other accounting principles such as U.S. GAAP and IFRS, which may be material to investors' assessment of our financial condition. Our failure to successfully adopt IFRS effective April 2011 could have a material adverse effect on the price of our Equity Shares.*

Our financial statements, including the financial statements provided in this Draft Red Herring Prospectus are prepared in accordance with Indian GAAP which differs in certain respects from IFRS and U.S. GAAP. As a result, our consolidated financial statements and reported earnings could be different from those which would be reported under IFRS or U.S. GAAP. Such differences may be material. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. Each of U.S. GAAP and IFRS differs in significant respects from Indian GAAP. In addition, this Draft Red Herring Prospectus does not include any information in relation to the differences between Indian GAAP and IFRS or U.S. GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Had the financial statements and other financial information been prepared in accordance with IFRS or U.S. GAAP, the results of operations and financial position may have been materially different. Because differences exist between Indian GAAP and IFRS or U.S. GAAP, the financial information in respect of our Company contained in this Draft Red Herring Prospectus may not be an effective means to compare us with other companies that prepare their financial information in accordance with IFRS or U.S. GAAP. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Issue and the financial information relating to our Company. Potential investors should consult their own professional advisors for an understanding of these differences between Indian GAAP and IFRS or U.S. GAAP, and how such differences might affect the financial information contained herein.

The Institute of Chartered Accountants of India, the accounting body that regulates the accounting firms in India, has announced a road map for the adoption of, and convergence with, IFRS, pursuant to which all public companies in India, including ours, will be required to prepare their annual and interim financial statements under IFRS beginning with the fiscal period commencing April 1, 2011. Because there is significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice on which to draw in respect of forming judgments regarding the implementation and application of IFRS, we have not determined with any degree of certainty the impact that such adoption will have on our financial reporting. There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholder's equity will not appear materially worse under IFRS than under Indian GAAP. As we transition to IFRS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems and internal controls. Moreover, there is increasing competition for the small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that our adoption of IFRS will not adversely affect our reported results of operations or financial condition and any failure to successfully adopt IFRS by April 2011 could have a material adverse effect on the price of our Equity Shares.

Risk Related to this Issue

61. *After the Issue, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Issue Price, or at all.*

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the power sector in India, developments relating to India and volatility in the BSE and the NSE and securities markets elsewhere in the world.

62. *There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.*

We intend to list our Equity Shares on the NSE and the BSE. Pursuant to Indian regulations, certain actions, such as crediting of demat accounts, must be completed before the Equity Shares can be listed and trading may commence. In addition, in accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval requires all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose of your Equity Shares.

The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of the Equity Shares.

63. *Any future issuance of Equity Shares by us may dilute your shareholding and future sales of Equity Shares by our Promoter and other significant shareholders may adversely affect the price of our Equity Shares.*

Any future equity issuances or sales by us, including in a primary offering, may lead to the dilution of investors' shareholding in our Company. Further, after the completion of the Issue, our Promoter will own, directly and indirectly, approximately [●]% of our outstanding Equity Shares. While certain of the Equity Shares owned by our Promoter and other shareholders are locked up as per the requirements of ICDR Regulations for a period of one year, sales of a large number of our Equity Shares by our Promoter or other shareholders after the expiry of lock-up period could adversely affect the market price of our Equity Shares. Any perception that such issuances or primary or secondary sale may occur could also adversely affect the market price of our Equity Shares.

64. *Because the Issue Price per Equity Share is likely to be substantially higher than our book value per Equity Share, purchasers in this Issue will immediately experience a substantial dilution in net tangible book value.*

Purchasers of our Equity Shares will experience immediate and substantial dilution in net tangible book value per Equity Share from the Issue Price per Equity Share. After giving effect to the sale of Equity Shares being offered and sold in this Issue and after deducting underwriting discounts and commissions and estimated Issue expenses payable by us, and the application of the net proceeds, our pro forma as adjusted net tangible book value as of March 31, 2009, would have been Rs. [●] million, or Rs. [●] per Equity Share. This represents an immediate dilution in net tangible book value of Rs. [●] per Equity Share to new investors purchasing our Equity Shares in this Issue.

65. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.*

Subsequent to listing, we will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are

not required to inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

66. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasions between listed companies and the Indian stock exchanges, and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

Prominent Notes:

1. The net worth of our Company as of September 30, 2009 was Rs. 13,518.02 million based on our restated consolidated financial statements under Indian GAAP.
2. The net asset value per Equity Share of Rs. 10 each, as of September 30, 2009 was Rs. 11.51, based on our restated consolidated financial statements under Indian GAAP.
3. The average cost of acquisition of Equity Shares by our Promoter, Sterlite Industries is Rs. 10.14.
4. Except as disclosed in “*Capital Structure*” on page 25, neither our Promoter, Promoter Group, our Directors, Directors of our Promoter nor their relatives have purchased or sold any Equity Shares or financed the sale or purchase by any other person other than in the normal course of business during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with the SEBI.
5. Our Company was incorporated as “Manjiri Finvest Private Limited” on February 2, 1995 under the Companies Act. The name of our Company was changed to “Sterlite Energy Private Limited” on May 10, 2004. Subsequently, on July 21, 2006, the name of our Company was changed to “Sterlite Energy Limited”. For details see “*History and Certain Corporate Matters*” on page 91.
6. Our Company has entered into certain related party transactions as disclosed in “*Related Party Transactions*” on page 120.
7. Except as disclosed in “*Our Management*” and “*Our Promoter and Group Entities*” on pages 102, and 110, none of our Promoter, Group Entities our Directors and our key managerial employees has any business or other interest in our Company.
8. Investors may contact the GCBRLMs and BRLMs for any complaints, information or clarifications pertaining to the Issue.

SECTION III - INTRODUCTION

SUMMARY OF OUR INDUSTRY

The information in this section has been extracted from the websites of and publicly available documents from various sources, including the MoP, the CEA and the Planning Commission of India. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has verified the information provided in this chapter. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

According to the Planning Commission of India, the 11th Plan (2007-08 to 2011-12) aims at a sustainable GDP growth rate of 9.0%. There is consensus that infrastructure inadequacies would constitute a significant constraint in realizing this development potential. To overcome this constraint, an ambitious programme of infrastructure investment, involving both the public and private sector, has been developed for the 11th Plan period by the Government of India (“GoI”).

Power (electricity) is an important infrastructural sector of a national economy. Providing adequate and affordable electric power is essential for economic development and higher standards of living. The power sector has been recognized by the GoI as a key infrastructure sector to sustain the growth of the Indian economy. As per the projections of investment in infrastructure during the 11th Plan, the power sector is expected to attract 30.4% of the total \$581.68 billion projected investment in infrastructure during the 11th Plan.

Sectors	Rs. Crore ⁽¹⁾	\$ billion ⁽²⁾	Sectoral shares (%)
Electricity (incl. NCE)	725,325	176.91	30.4
Roads	366,843	89.47	15.4
Telecom	314,118	76.61	13.2
Railways (incl. MRTS)	303,530	74.03	12.7
Irrigation (incl. Watershed)	262,508	64.03	11.0
Water Supply and Sanitation	234,268	57.14	9.8
Ports	86,989	21.22	3.6
Airports	40,880	9.97	1.7
Storage	26,327	6.42	1.1
Gas	24,118	5.88	1.0
Total	2,384,905	581.68	100.0

⁽¹⁾ 1 crore = 10 million

⁽²⁾ Exchange rate of Rs. 41.00 per US\$1.00

Source: “Projections of Investment in Infrastructure during the Eleventh Plan” available on infrastructure.gov.in/pdf/Inv_Projection.pdf

Overview of Indian Power Industry

The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India. According to the 17th Electric Power Survey, May 2007 (“EPS”), India’s peak demand is expected to grow at a CAGR of 7.6% over a period of 10 years (fiscal 2007 to fiscal 2017) and would require a generating capacity of 300,000 MW by 2017 to cater to this demand compared to an installed capacity of 132,329 MW as on March 31, 2007.

Historically, India has experienced shortages in energy and peak power requirements. Energy deficit averaged 8.9% and the peak power deficit averaged 12.8% during fiscal 2003 to fiscal 2009, primarily as a consequence of slow progress in the development of additional generation capacity. According to *Power Scenario at a Glance, July 2009* (CEA), the total energy deficit and peak power deficit during April to June 2009 was approximately 9.8% and 12.3% respectively.

The shortages in energy and peak power have been primarily due to the slow pace of capacity addition. During the 10th plan period (fiscal 2002 to fiscal 2007), capacity addition achieved compared to target capacity addition was 51.5%. During the 11th plan period (fiscal 2008 to fiscal 2012), capacity addition achieved was 9,263.0 MW or 56.7% of the target capacity addition of 16,335.2 MW in fiscal 2008, while in fiscal 2009, capacity addition achieved was 3,453.7 MW, or 31.2% of the target capacity addition of 11,061.2 MW. According to *Power Scenario at a Glance, July 2009* (CEA), as on June 30, 2009, the total installed power generation capacity in India was 150,323.4 MW.

The GoI has recognized the power sector as a key infrastructure sector to be developed to sustain Indian economic growth and has taken various steps to reform the power sector to attract private participation, increase competition and reduce aggregate technical and commercial losses (“**AT&C**”).

SUMMARY OF OUR BUSINESS

We are a company engaged in the commercial power generation business in India and we are currently developing two thermal power projects in Jharsuguda, Orissa and Talwandi, Punjab, respectively, with a combined proposed installed capacity of 4,380 MW. We intend to sell the power generated from these projects under a combination of long-term and short term PPAs to industrial consumers and state owned utility companies and on merchant basis. We are part of the Vedanta Group, a leading metals and mining group in India, and a subsidiary of one of the Vedanta Group's flagship companies, Sterlite Industries.

We leverage on the experience of the Vedanta Group in building and managing captive power plants to develop, operate and manage our power projects. The Vedanta Group has been building and managing captive power plants since 1997 and, as of September 30, 2009, the total capacity of its captive power plants and wind power plants was approximately 2,464 MW of which approximately 2,259 MW was from thermal power plants. The Vedanta Group is currently constructing power plants with an installed capacity of 6,380 MW and expects to have power plants with a capacity of approximately 3,334 MW operational by the end of fiscal 2010. In August 2006, the shareholders of our Promoter, Sterlite Industries approved a new strategy for Sterlite Industries to enter into the commercial power generation business in India, in order to leverage on Sterlite Industries' experience in building and managing captive power plants used to support its primary copper, zinc and aluminium businesses. Sterlite Industries acquired all of the outstanding Equity Shares and operational control of our Company in October 2006. Vedanta has indicated to us that all future commercial power generation projects in India to be undertaken by the Vedanta Group will be developed by our Company.

We are developing a sub-critical thermal power plant, with a power generation capacity of 2,400 MW (comprising four units of 600 MW each) at Jharsuguda in the State of Orissa at an estimated cost of approximately Rs. 82,000 million. This project is expected to be progressively commissioned with the first unit expected to be commissioned in the fourth quarter of fiscal 2010 and the project is expected to be fully commissioned in the third quarter of fiscal 2011. The power plant would require approximately 12.49 mtpa of coal. The State of Orissa has abundant coal resources estimated at 65.23 billion tons as of April 1, 2009 according to the Geological Survey of India 2009. We intend to source a portion of the fuel for this project from the Rampia Coal Blocks in the State of Orissa, which have been jointly allocated to us together with five other companies. Our proportionate share from these coal blocks is estimated at 112.22 million tons which we believe would meet the coal requirements to produce 1,000 MW of power for approximately 22 years. Pending the development of the Rampia Coal Blocks, we intend to source 2.57 mtpa of coal, which is expected to meet a substantial portion of the coal requirements of the first 600 MW unit of the power plant, from the coal linkage provisionally assured to us by MCL in June 2008. We have applied to the MOC for a coal linkage to meet a substantial portion of the remaining coal requirement for the balance three units. On September 28, 2006, we entered into a long-term PPA with GRIDCO, a nominee of the State Government of Orissa, which was amended in August 2009, granting GRIDCO the right to purchase approximately up to 718 MW from the Jharsuguda Power Project over a period of 25 years.

In July 2008, we were awarded the tender to build a 1,980 MW (comprising three units of 660 MW each) super-critical thermal power plant near Talwandi Sabo, in the State of Punjab, India, by the Government of Punjab. This project is expected to be progressively commissioned with the first unit of 660 MW expected to be commissioned in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. The estimated cost of the project is approximately Rs. 93,200 million. The power plant would require approximately 7.90 mtpa of coal. In August 2008, we secured a coal linkage from MCL, pursuant to which MCL has provisionally agreed to supply 7.72 mtpa of coal. We have applied to the MOC for an increase in the allocation of linkage allotted to meet our remaining requirement. In September 2008, we entered into a long-term PPA with the PSEB, pursuant to which PSEB has agreed to purchase 1,841.40 MW of power from this project.

We have acquired the land for the construction of the main plants and have awarded turnkey EPC contracts to SEPCO and its affiliates on a fixed price and term basis for both our power projects. We believe that by leveraging our management's experience in building and managing captive power plants and mining we can compete successfully in the commercial power generation business and capitalize on what we believe is a significant growth opportunity in India. For example, the State of Punjab has a power deficit of approximately 10.56% in fiscal 2009 according to the Northern Regional Power Committee of the Government of India. We intend to capitalize on attractive growth opportunities arising from factors including, India's economic growth, power deficit, large coal reserves and large and inexpensive labour pools. For details, see "**Industry**" on page 51.

Competitive Strengths

We believe that the following competitive strengths position us ideally to capitalize on India's economic growth, power deficit and resource potential:

- Visibility of power projects to be commissioned in the foreseeable future;
- Experienced management with project execution skills and substantial experience in mining and power generation;
- Vedanta's ability to finance and pursue industry leading power projects;
- Our power projects are strategically located;
- Procurement expertise and relationships to support entry into the Indian power sector; and
- Reduced production and pricing risks due to long-term power off-take arrangements.

Strategy

We were established to develop, construct and operate power projects and are seeking to become one of India's leading commercial power generation companies. Our goals are to generate strong financial returns and create a strong commercial power generation business in India. Key elements of our strategy to achieve our goals include:

- Capitalize on the growth of the Indian power generation sector;
- Realize the opportunities presented by power sector reforms and benefits extended by the Government of India;
- Pursue additional opportunities to expand our business;
- Leverage our management's and the Vedanta Group's project execution and operating skills and experience in mining and building and managing captive power plants to develop our commercial power generation business;
- Secure fuel supply; and
- Engage in an optimal mix of off-take arrangements.

SUMMARY FINANCIAL INFORMATION

The following tables set forth our selected historical financial information derived from the restated financial information for the six months ended September 30, 2009 and fiscal 2009, 2008, 2007, 2006 and 2005. The restated summary financial information presented below should be read in conjunction with the restated financial information included in this Draft Red Herring Prospectus, the notes thereto and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 178.

Restated Unconsolidated Statement of Assets and Liabilities

(Rs in Million)

Particulars	As At Sept 30,		As At March 31,			
	2009	2009	2008	2007	2006	2005
A Fixed Assets						
Gross Block	95.25	94.88	106.70	65.42	0.03	-
Less: Accumulated Depreciation/Amortisation	4.51	3.31	1.24	0.01	-	-
Net Block	90.74	91.57	105.46	65.41	0.03	-
Capital Work in Progress (including capital advances)	55,727.85	40,526.55	15,572.85	6,092.76	34.56	22.81
Total	55,818.59	40,618.12	15,678.31	6,158.17	34.59	22.81
B Investments	479.14	1,935.89	967.82	85.31	190.03	-
C Current Assets, Loans and Advances						
Cash & Bank Balances	3,438.27	1,959.26	88.56	3.66	123.62	1.91
Loans and Advances	3,916.42	5,098.51	1.09	6.32	100.80	421.76
Total	7,354.69	7,057.77	89.65	9.98	224.42	423.67
Total Assets (A+B+C)	63,652.42	49,611.78	16,735.78	6,253.46	449.04	446.48
D Liabilities and Provisions						
Loan Funds						
Secured Loans	3,317.58	1,998.10	-	5,860.00	-	-
Unsecured Loans	21,201.22	13,952.67	3,046.70	-	10.66	23.91
Current Liabilities and Provisions						
Current Liabilities	8,240.80	6,241.66	1,553.16	92.57	0.10	0.75
Provisions	24.80	24.80	0.19	0.18	0.18	0.28
Total	32,784.40	22,217.23	4,600.05	5,952.75	10.94	24.94
E Share Application Money Pending Allotment	17,350.00	13,350.00	-	-	140.08	140.08
F Net Worth [(A+B+C) – D– E]	13,518.02	14,044.55	12,135.73	300.71	298.02	281.46
Represented by:						
Share Capital						
-Equity Shares	11,864.94	11,864.94	11,864.94	4.94	4.94	4.94
-Preference Shares	8.03	8.03	8.03	8.03	8.03	7.88
Reserves & Surplus						
- Securities Premium	248.30	248.30	248.30	273.10	273.10	267.81

Particulars	As At Sept 30,		As At March 31,			
	2009	2009	2008	2007	2006	2005
- Hedging Reserve	1,326.49	1,994.12	-	-	-	-
- Profit and Loss A/c	70.26	(70.84)	14.46	14.64	11.95	0.83
NET WORTH	13,518.02	14,044.55	12,135.73	300.71	298.02	281.46

Notes:

1. The above statement should be read with the Significant Accounting Policies and Notes to the Restated Unconsolidated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
2. Negative figures have been shown in brackets.

Restated Unconsolidated Statement of Profits and Losses

(Rs in Million)

	Particulars	For six months ended Sept 30, 2009	For the Period Ended March 31,				
			2009	2008	2007	2006	2005
A	Income						
	Other Income	141.10	9.47	-	3.50	16.91	2.64
	Total Income	141.10	9.47	-	3.50	16.91	2.64
B	Expenditures						
	Administrative and General Expenses	-	94.77	-	-	0.10	0.04
	Total Expenditures	-	94.77	-	-	0.10	0.04
C	Profit / (Loss) before Tax	141.10	(85.30)	-	3.50	16.81	2.60
D	Provision For Tax						
	-Current Tax	-	-	-	0.62	5.50	1.00
E	Net Profit / (Loss) after Tax	141.10	(85.30)	-	2.88	11.31	1.60
F	Balance brought forward from Previous Year	(70.84)	14.46	14.65	11.95	0.82	(0.78)
	Preference Dividend and tax thereon	-	-	0.19	0.18	0.18	-
	Balance carried forward to Next Year	70.26	(70.84)	14.46	14.65	11.95	0.82

Notes:

1. The above statement should be read with the Significant Accounting Policies and Notes to the Restated Unconsolidated Statement of Assets and Liabilities, Profit and Loss Account and Cash flows.
2. Negative figures have been shown in brackets.

Restated Unconsolidated Statement of Cash Flow

(Rs in Million)

	Particulars	For Six Months Ended Sept 30, 2009	For the Period Ended March 31,				
			2009	2008	2007	2006	2005
A	Cash Flow From Operating Activities						
	Net Profit/(Loss) before tax, as restated	141.10	(85.30)	-	3.50	16.81	2.60
	Adjusted for :						
	- Preliminary Expenses Written off	-	-	-	-	-	0.02
	- Exchange Loss/(Gain)	(57.56)	49.21	-	-	-	-
	- Provision for Premium on Redemption of Preference Shares	-	24.80	-	-	-	-
	- Interest earned	-	-	-	(1.82)	(16.88)	(2.59)
	- Dividend earned	-	-	-	(1.68)	(0.03)	(0.05)
	Operating Profit before Working Capital Changes	83.54	(11.29)	-	-	(0.10)	(0.02)
	Direct taxes paid	-	-	(0.22)	-	(2.31)	-
	Net Cash From Operating Activities	83.54	(11.29)	(0.22)	-	(2.41)	(0.02)
B	Cash Flow From Investing Activities						
	Purchase of Fixed Assets including Intangible Assets, Capital Work in Progress and Preoperative Expenses	(15,623.87)	(22,710.86)	(7,946.75)	(5,990.36)	(11.78)	(22.81)
	Sale of Fixed Assets	-	19.25	-	-	-	-
	Movement in:						
	- Loans and Advances	(262.71)	(3.34)	5.22	93.85	317.48	(417.93)
	- Current Liabilities	2,160.00	3,785.87	1,155.88	92.47	(0.65)	(0.10)
	Investment in Joint Venture Company(Including Share Application Money)	-	(5.22)	(5.22)	-	-	-
	Investment in Subsidiary (Including Share Application Money (Paid)/ Refunded)	280.00	(3,900.50)	-	-	-	-
	(Purchase)/Sale of current investments (Including dividend reinvestment)	1,459.36	(967.16)	(877.29)	104.71	(190.03)	-
	Interest Income	36.18	-	-	1.82	16.88	2.59
Dividend Income	17.71	48.83	38.21	11.60	0.03	0.05	
	Net Cash From Investing Activities	(11,933.33)	(23,733.13)	(7,629.95)	(5,685.91)	131.93	(438.20)
C	Cash Flow From Financing Activities						
	Proceeds From/(Refund of) Share Application Money (including Shares allotted and those pending allotment)	4,000.00	13,350.00	11,860.00	(140.08)	-	139.83
	Proceeds From Preference Shares issued (Including premium)	-	-	-	-	5.44	275.69
	Proceeds from /(Repayment of) borrowings (net)	9,222.33	11,891.72	(2,813.30)	5,849.34	(13.25)	23.90
	Interest and finance charges paid	(558.99)	(431.69)	(103.83)	(10.11)	-	-

	Particulars	For Six Months Ended Sept 30, 2009	For the Period Ended March 31,				
			2009	2008	2007	2006	2005
	Preference Share Dividend Paid including tax thereon	-	(0.19)	(0.19)	(0.18)	-	-
	Rollover Gain/(Loss)	665.46	805.28	(1,202.81)	(133.02)	-	-
	Share Issue Expenses	-	-	(24.80)	-	-	-
	Net Cash From Financing Activities	13,328.80	25,615.12	7,715.07	5,565.95	(7.81)	439.42
	Net (Decrease)/Increase In Cash And Cash Equivalents (A+B+C)	1,479.01	1,870.70	84.90	(119.96)	121.71	1.20
	Opening Cash and Cash Equivalents	1,959.26	88.56	3.66	123.62	1.91	0.71
	Closing Cash and Cash Equivalents	3,438.27	1,959.26	88.56	3.66	123.62	1.91

Notes to Cash Flow Statement:

1. The above statement should be read with the Significant Accounting Policies and Notes to the Restated Unconsolidated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
2. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.
3. Net Movement in working capital is considered as part of Investment Activities as the Company is in project stage.
4. Negative figures have been shown in brackets.

Consolidated Restated Statement of Assets and Liabilities

(Rs in Million)

	Particulars	As at Sept 30, 2009	As at March 31, 2009
A	Fixed Assets		
	Gross Block	104.98	104.55
	Less: Accumulated Depreciation/Amortisation	5.95	4.01
	Net Block	99.03	100.54
	Capital Work in Progress (including capital advances)	59,303.82	44,088.75
	Total	59,402.85	44,189.29
B	Investments	520.54	2,275.19
C	Current Assets, Loans and Advances		
	Cash and Bank balances	3,441.58	1,964.33
	Loans and Advances	294.60	1,196.91
	Total	3,736.18	3,161.24
	Total Assets (A+B+C)	63,659.57	49,625.72
D	Liabilities and Provisions		
	Loan Funds		
	Secured Loans	3,317.58	1,998.10
	Unsecured Loans	21,201.22	13,952.67
	Current Liabilities and Provisions		
	Current Liabilities	8,247.95	6,255.60
	Provisions	24.80	24.80
	Total	32,791.55	22,231.17
E	Share Application Money Pending Allotment	17,350.00	13,350.00
F	Net Worth [(A+B+C) – D-E]	13,518.02	14,044.55
	Represented by:		
	Share Capital		
	-Equity Shares	11,864.94	11,864.94
	-Preference Shares	8.03	8.03
	Reserves & Surplus		
	- Securities Premium	248.30	248.30
	- Hedging Reserve	1,326.49	1,994.12
	- Profit & Loss A/c	70.26	(70.84)
	NET WORTH	13,518.02	14,044.55

Note:

- The above statement should be read with the Significant Accounting Policies and Notes to Consolidated Restated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
- Negative Figures have been shown in brackets.

Consolidated Restated Statement of Profit and Loss

(Rs in Million)

	Particulars	For the Period Ended	
		Sept 30,2009	March 31,2009
A	Income		
	Other Income	141.10	9.47
	Total Income	141.10	9.47
B	Expenditures		
	Administrative and General Expenses	-	94.77
	Total Expenditures	-	94.77
C	Profit / (Loss) before Tax	141.10	(85.30)
D	Provision For Tax	-	-
	Net Profit / (Loss) after Tax	141.10	(85.30)
E	Balance brought forward from Previous Year	(70.84)	14.46
	Balance carried forward to Next Year	70.26	(70.84)

Note:

- 1) The above statement should be read with the Significant Accounting Policies and Notes to Consolidated Restated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
- 2) Negative Figures have been shown in brackets.

Consolidated Restated Statement of Cash Flow

(Rs in Million)

	Particulars	For the Period Ended	
		Sept 30,2009	March 31,2009
A	Cash Flow From Operating Activities		
	Net Profit/(Loss) before tax, as restated	141.10	(85.30)
	Adjusted for :		
	- Exchange Loss/(Gain)	(57.56)	49.21
	- Provision for Premium on Redemption of Preference Shares	-	24.80
	Operating Profit before working capital Changes	83.54	(11.29)
	Direct taxes paid	-	-
	Net cash from operating activities	83.54	(11.29)
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets including Intangible Assets, Capital Work in Progress and Preoperative Expenses.	(15,637.88)	(22,784.56)
	Sale of Fixed Assets	-	19.25
	Movement in:		
	- Loans and advances	(262.49)	(2.01)
	- Current liabilities	2,153.23	3,799.69
	Investment in Subsidiary	-	(0.50)
	(Purchase)/Sale of current investments (Including dividend reinvestment)	1,757.26	(1,312.18)
	Investment in FDR	-	(0.10)
	Interest Income	36.18	25.90
	Dividend Income	20.13	52.90
	Net Cash From Investing Activities	(11,933.57)	(20,201.61)
C	Cash Flow From Financing Activities		
	Proceeds From/(Refund of) share application money	4,000.00	13,350.00
	Proceeds from /(Repayment of) borrowings (net)	9,222.33	7,994.44
	Interest and finance charges paid	(560.52)	(433.39)
	Dividend including tax thereon	-	(0.19)
	Rollover Gain/(Loss)	665.47	805.28
	Net Cash From Financing Activities	13,327.28	21,716.14
	Net (Decrease)/Increase In Cash And Cash Equivalents (A+B+C)	1,477.25	1,503.24
	Opening Cash and Cash Equivalents	1,964.23	460.99
	Closing Cash and Cash Equivalents	3,441.48	1,964.23

Notes to Cash Flow Statements:

- The above statement should be read with the Significant Accounting Policies and Notes to Consolidated Restated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.
- Net movement in working capital is considered part of Investing Activities as the Company is in project stage.
- Negative Figures have been shown in brackets.

THE ISSUE

The following table summarises the Issue details:

Issue ⁽¹⁾	Up to [●] Equity Shares
<i>Of which</i>	
A) QIB Portion	At least [●] Equity Shares
i) Anchor Investor Portion	[●] Equity Shares ⁽²⁾
ii) Net QIB Portion	[●] Equity Shares ⁽³⁾
<i>Of which</i>	
Available for allocation to Mutual Funds only	[●] Equity Shares ⁽³⁾
Balance for all QIBs including Mutual Funds	[●] Equity Shares ⁽³⁾
C) Non-Institutional Portion	Not less than [●] Equity Shares ⁽³⁾
D) Retail Portion	Not less than [●] Equity Shares ⁽³⁾
Pre- and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	1,187,314,715 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue Proceeds	See “ Objects of the Issue ” on page 31

(1) Our Company is considering a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital.

*(2) Our Company may allocate up to 30% of the QIB Portion, to Anchor Investors on a discretionary basis in accordance with the ICDR Regulations. For details see “**Issue Procedure**” on page 229.*

(3) Allocation shall be made on a proportionate basis. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the GCBRLMs, the BRLMs and the Designated Stock Exchange.

GENERAL INFORMATION

Our Company, Sterlite Energy Limited, was incorporated on February 2, 1995 under the Companies Act with the Registrar of Companies, Maharashtra. For details of changes in name and registered office, see “*History and Certain Corporate Matters*” on page 91.

Registered Office of our Company

Sterlite Energy Limited
SIPCOT Industrial Complex
Madurai Bypass Road
T.V. Puram P.O.
Tuticorin 628 002
Tamil Nadu, India
Tel: + (91 461) 661 2123
Fax: + (91 461) 234 0203
Email: sandeep@vedanta.co.in
Website: www.sterliteenergy.co.in

Corporate Office of our Company

232, Solitaire Corporate Park
Chakala, Andheri (East)
Mumbai 400 093
Maharashtra, India
Tel: + (91 22) 4005 8000
Fax: + (91 22) 4005 8011
Email: sandeep@vedanta.co.in
Website: www.sterliteenergy.co.in

Details	Registration/Identification number
Company Identification Number	U67190TN1995PLC069644

Our Company is registered with the following Registrar of Companies:

Registrar of Companies, Tamil Nadu, Chennai

Block No. 6, B Wing, 2nd Floor
Shastri Bhawan 26
Haddows Road
Chennai 600 034
Tamil Nadu, India

Board of Directors

The following table sets out the current details regarding our Board as on the date of filing of this Draft Red Herring Prospectus.

Name, Designation, Term, Occupation and DIN	Age (years)	Address
Mr. Anil Agarwal <i>Designation:</i> Chairman <i>Term:</i> Liable to retire by rotation <i>Occupation:</i> Industrialist <i>DIN:</i> 00010883	56	42, Hill Street, London W1J5NU, United Kingdom
Mr. Agnivesh Agarwal <i>Designation:</i> Non-executive Director	33	113/114, Samudra Mahal, Worli, Mumbai 400 018, Maharashtra, India

Name, Designation, Term, Occupation and DIN	Age (years)	Address
<i>Term:</i> Liable to retire by rotation		
<i>Occupation:</i> Industrialist		
<i>DIN:</i> 00038950		
Mr. Pramod Suri	51	B 18 Gulmohar Park New Delhi 110 049, India
<i>Designation:</i> Wholetime Director		
<i>Term:</i> For a period of three years w.e.f. October 5, 2009		
<i>Occupation:</i> Professional		
<i>DIN:</i> 01483262		
Mr. R. Kannan	60	B-205, Karachi Citizen CHS Limited Juhu-Versova Link Road Andheri (West) Mumbai 400 053 Maharashtra, India
<i>Designation:</i> Independent Director		
<i>Term:</i> Liable to retire by rotation		
<i>Occupation:</i> Advisor and Consultant		
<i>DIN:</i> 00227980		
Mr. Sandeep H. Junnarkar	58	Flat No. 1702, Wallace Apartments, 1, Naushir Bharucha Marg Mumbai 400 007 Maharashtra, India
<i>Designation:</i> Independent Director		
<i>Term:</i> Liable to retire by rotation		
<i>Occupation:</i> Advocate and solicitor		
<i>DIN:</i> 00003534		
Mr G. S. Kang	63	House No. 100, Sector 7, Panchkula 134 109 Haryana, India
<i>Designation:</i> Independent Director		
<i>Term:</i> Liable to retire by rotation		
<i>Occupation:</i> Advisor and Consultant		
<i>Provisional DIN:</i> 02818868*		

*Mr. Kang has filed Form DIN-1 for allotment of final DIN. Form 32 will be filed by Mr. Kang after allotment of final DIN.

For further details of our Directors, see “*Our Management*” on page 102.

Company Secretary and Compliance Officer

Mr. Sandeep Agrawal
Sterlite Energy Limited
232, Solitaire Corporate Park
Chakala, Andheri (East)
Mumbai 400 093
Maharashtra, India
Tel: + (91 22) 4005 8025
Fax: + (91 22) 4005 8011
Email: sandeep@vedanta.co.in

Investors can contact our Company Secretary and Compliance Officer, the GCBRLMs, the BRLMs or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of

Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders.

Global Co-ordinators and Book Running Lead Managers

Kotak Mahindra Capital Company Limited

3rd Floor, Bakhtawar
229, Nariman Point
Mumbai 400 021, India
Tel: + (91 22) 6634 1100
Fax: + (91 22) 2284 0492
E-mail: sel.ipo@kotak.com
Investor Grievance E-mail:
kmccredressal@kotak.com
Website: www.kmcc.co.in
Contact Person: Mr. Chandrakant Bhole
SEBI Registration No.: INM000008704

Enam Securities Private Limited

801, Dalamal Towers
Nariman Point
Mumbai 400 021, India
Tel: + (91 22) 6638 1800
Fax: + (91 22) 2284 6824
E-mail: selipo@enam.com
Investor Grievance E-mail: complaints@enam.com
Website: www.enam.com
Contact Person: Ms. Anusha Bharadwaj
SEBI Registration No.: INM000006856

J.P. Morgan India Private Limited

7th Floor, J.P. Morgan Tower
Off. C.S.T. Road, Kalina
Santacruz - East
Mumbai 400 098, India
Tel: + (91 22) 6157 3000
Fax: + (91 22) 6157 3911
E-mail: sel_ipo@jpmorgan.com
Investor Grievance E-mail:
investorsmb.jpmpipl@jpmorgan.com
Website: www.jpmpipl.com
Contact Person: Mr. Nitin Maheshwari
SEBI Registration No.: INM000002970

Morgan Stanley India Company Private Limited

Office No. 55-56, Floor 5, Free Press House
Free Press Journal Marg, Nariman Point
Mumbai 400 021, India
Tel: + (91 22) 6621 0555
Fax: + (91 22) 6621 0556
Email: sel_ipo@morganstanley.com
Investor Grievance E-
mail: investors_india@morganstanley.com
Website: www.morganstanley.com/indiaofferdocuments
Contact Person: Mr. Sunil Khaitan
SEBI Registration No.: INM000011203

Book Running Lead Managers

ICICI Securities Limited

ICICI Centre
H. T. Parekh Marg
Churchgate
Mumbai 400 020, India
Tel: +(91 22) 2288 2460
Fax: +(91 22) 2282 6580
E-mail ID: sel.ipo@icicisecurities.com
Investor Grievance Id:
customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Mr. Gaurav Gupta
SEBI Registration Number: INM000011179

JM Financial Consultants Private Limited*

141, Maker Chambers III
Nariman Point
Mumbai 400 021
Maharashtra, India
Tel: +91 (22) 6630 3030
Fax: +91 (22) 2204 2137
E-mail: venugopal.nyalapelli@jmfinancial.in
Investor Grievance E-mail:
grievance.ibd@jmfinancial.in
Website: www.jmfinancial.in
Contact Person: Mr. Venugopal Nyalapelli
SEBI Registration No.: INM000010361

SBI Capital Markets Limited

202, Maker Towers 'E'
Cuffe Parade
Mumbai 400 005, India
Tel: +(91 22) 2217 8300
Fax: +(91 22) 2218 8332
E-mail: sel.ipo@sbicaps.com
Investor Grievance E-mail:
investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Mr. Apurva Kumar
SEBI Registration No.: INM000003531

UBS Securities India Private Limited

2/F, 2 North Avenue, Maker Maxity
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051, India
Tel: +(91 22) 6155 6000
Fax: +(91 22) 6155 6292
E-mail: customercare@ubs.com
Investor Grievance Id: customercare@ubs.com
Website: www.ubs.com/indianoffers
Contact Person: Mr. Abhishek Dhacholia
SEBI Registration Number: INM000010809

** Please note that the SEBI registration of JM Financial Consultants Private Limited, was valid up to August 15, 2009. The application for renewal of the certificate of registration in the prescribed manner has been made by JM Financial Consultants Private Limited on May 11, 2009 to SEBI, three months before the expiry of the period of certificate as required under Regulation 9(1) of the SEBI (Merchant Bankers) Regulations, 1992. The approval of SEBI in this regard is presently awaited. No communication has been received from SEBI rejecting the said application.*

Syndicate Members

[•]

Domestic Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.

216, Amarchand Towers

Okhla Industrial Estate Phase III

New Delhi 110 020, India

Tel: + (91 11) 2692 0500

Fax: + (91 11) 2692 4900

Domestic Legal Counsel to the GCBRLMs and BRLMs

S&R Associates

64 Okhla Industrial Estate Phase III

New Delhi 110 020, India

Tel: + (91 11) 4069 8000

Fax: + (91 11) 4069 8001

International Legal Counsel to the GCBRLMs and BRLMs

Latham and Watkins LLP

9 Raffles Place

#42-02 Republic Plaza

Singapore 048619

Tel: + (65) 6536 1161

Fax: + (65) 6536 1171

Registrar to the Issue

[•]

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Form was submitted by the ASBA Bidders.

Bankers to the Issue and Escrow Collection Banks

[•]

Refund Bank(s)

[•]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the Applications Supported by Blocked Amount (“ASBA”) process are available at <http://www.sebi.gov.in/pmd/scsb.pdf>. Details relating to the Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at the above-mentioned link.

Bankers to the Company

ICICI Bank

Mafatlal House, Backbay Reclamation
Nariman Point, Mumbai 400 020
Maharashtra, India
Tel: + (91 22) 6653 8769
Fax: + (91 22) 6653 8888
Email: senthil.raj@icicibank.com

State Bank of India

Voltas House, J.N. Herdia Marg
Ballard Estate, Mumbai 400 001
Maharashtra, India
Tel: + (91 22) 6635 6604
Fax: + (91 22) 2267 9419
Email: cmimp.09995@sbi.co.in

Canara Bank

Mittal Tower, 'C' Wing
Nariman Point, Mumbai 400 021
Maharashtra, India
Tel: + (91 22) 2204 2805
Fax: + (91 22) 2288 2492
Email: mcity0172@canbank.co.in

HDFC Bank

Kamala Mills Compound
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: + (91 22) 2496 1616
Fax: + (91 22) 2496 3994
Email: jayesh.menon@hdfcbank.com

Auditors to the Company

Deloitte Haskins & Sells

Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli
Mumbai 400 018
Maharashtra, India
Tel: + (91 22) 6667 9000
Fax: + (91 22) 6667 9100
Email: kpastakia@deloitte.com

Credit Rating

As this is an Issue of Equity Shares, credit rating for this Issue is not required.

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●], a SEBI registered credit rating agency, as [●] indicating [●] fundamentals

DBS Bank

3rd Floor, Fort House
221 Dr. D.N. Road, Fort
Mumbai 400 001
Maharashtra, India
Tel: + (91 22) 6752 8304
Fax: + (91 22) 6638 8898
Email: devapriya@dbs.com

State Bank of India

Main Branch, Jharsuguda 768 202
Orissa, India
Tel: + (91 6645) 27 1485
Fax: + (91 6645) 27 1485
Email: not available

IDBI Bank

IDBI Tower, WTC Complex
Cuffe Parade, Mumbai 400 005
Maharashtra, India
Tel: + (91 22) 6655 2735
Fax: + (91 22) 6658 8130
Email: ka.ajithakumar@idbi.co.in

pursuant to Regulation 26(7) of the ICDR Regulations. The IPO Grading is assigned on a five point scale from 1 to 5, with IPO Grade 5/5 indicating strong fundamentals and IPO Grade 1/5 indicating poor fundamentals. A copy of the report provided by [●], furnishing the rationale for its grading will be attached as Annexure I at the time of filing the Red Herring Prospectus with the RoC and will be made available for inspection at our Registered Office from 10.00 a.m. to 4.00 p.m. on Business Days during the Bidding Period.

Experts

Except for the report of [●] in respect of this Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange our Company has not obtained any expert opinions.

Trustee

As this is an Issue of Equity Shares, the appointment of trustees is not required.

Monitoring Agency

[●]

The monitoring agency has been appointed pursuant to Regulation 16 of the ICDR Regulations.

Appraising Entities

SBI Capital Markets Limited

202, Maker Tower 'E', Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: + (91 22) 2217 8300
Fax: + (91 22) 2218 8332
Email: Gopal.Agarwal@sbicaps.com

IDBI Bank Limited

IDBI Tower, Cuffe Parade
Mumbai 400 005
Maharashtra, India
Tel: + (91 22) 6655 2205
Fax: + (91 22) 2155 5742
Email: raj.kumar@idbi.co.in

Deutsche Bank AG Global Markets

DB House, H. Somani Marg, Fort
Mumbai 400 001
Maharashtra, India
Tel: + (91 22) 6658 4600
Fax: + (91 22) 2207 2966
Email: amrish.baliga@db.com

Inter se Allocation of Responsibilities among GCBRLMs and BRLMs

The inter se responsibilities and co-ordination for various activities in connection with this Issue are set forth in the table below:

S. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments etc.	GCBRLMs, BRLMs	Kotak
2.	Due diligence of Company's operations / management / business plans / legal etc. Drafting and design of the Draft Red Herring Prospectus and statutory advertisement including memorandum containing salient features of the Prospectus. The GCBRLMs and BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same.	GCBRLMs, BRLMs	Kotak

S. No.	Activity	Responsibility	Co-ordinator
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	GCBRLMs, BRLMs	Enam
4.	Appointment of intermediaries viz. Printers and Bankers to the Issue.	GCBRLMs, BRLMs	Kotak
5.	Appointment of other intermediaries viz. Advertising Agency and Registrar.	GCBRLMs, BRLMs	Enam
6.	International Institutional Marketing of the Issue, which will cover, <i>inter alia</i> , - Finalizing the list and division of investors for one to one meetings; and - Finalizing road show schedule and investor meeting schedules	GCBRLMs, BRLMs	MS
7.	Preparation of the roadshow presentation and FAQs	GCBRLMs, BRLMs	JPM
8.	Domestic Institutional Marketing of the Issue, which will cover, <i>inter alia</i> , - Finalizing the list and division of investors for one to one meetings; and - Finalizing road show schedule and investor meeting schedules	GCBRLMs, BRLMs	Kotak
9.	Non-Institutional and Retail Marketing of the Issue, which will cover, <i>inter alia</i> , - Formulating marketing strategies, preparation of publicity budget; - Finalizing Media and PR strategy; - Finalizing centres for holding conferences for brokers etc.; - Finalizing bidding centres; - Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material; and - Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading	GCBRLMs, BRLMs	Enam
10.	Pricing, in consultation with the Company & other GCBRLMs, BRLMs, managing the book and coordination with stock exchanges during the book-building period. Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading	GCBRLMs, BRLMs	JPM
11.	The post bidding activities including management of escrow accounts, coordination non-institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post Issue activities will involve essential follow up steps, which include the finalization of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	GCBRLMs, BRLMs	Enam

Even if any of these activities are handled by other intermediaries, the GCBRLMs and BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band.

The Issue Price is finalised after the Bid Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The GCBRLMs;
- The BRLMs;
- The Syndicate Members which are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. The Syndicate Members are appointed by the GCBRLMs and BRLMs;
- The Registrar to the Issue;
- The Escrow Collection Banks; and
- The SCSBs.

This is an Issue of less than 25% of the post-Issue share capital of our Company and is being made pursuant to Rule 19(2)(b) of the SCRR through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated to QIBs on a proportionate basis. Provided that, our Company may, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price on a discretionary basis. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the GCBRLMs, BRLMs and the Designated Stock Exchange. For details of Bids by Anchor Investors and Mutual Funds, see “*Issue Procedure*” on page 229.

QIBs bidding in the Net QIB Portion cannot withdraw their Bid(s) after the Bid Closing Date. In addition, QIBs bidding in the Net QIB Portion are required to pay at least 10% of the Bid Amount upon submission of the Bid cum Application Form during the Bidding Period and allocation to such QIBs will be on a proportionate basis. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. In addition, Anchor Investors are required to pay at least 25% of the Bid Amount upon submission of the Bid cum Application Form and the remaining amount within two days of the Bid Closing Date. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see “*Issue Structure*” on page 222.

Our Company shall comply with the ICDR Regulations and any other directions issued by SEBI in respect of this Issue. In this regard, our Company has appointed Kotak Mahindra Capital Company Limited, Enam Securities Private Limited, J.P. Morgan India Private Limited and Morgan Stanley India Company Private Limited as the GCBRLMs and appointed ICICI Securities Limited, JM Financial Consultants Private Limited, SBI Capital Markets Limited and UBS Securities India Private Limited as the BRLMs to manage the Issue and procure subscriptions to the Issue.

The Book Building Process is subject to change from time to time and the investors are advised to make their own judgement about an investment through this process prior to submitting a Bid in the Issue.

Illustration of Book Building and Price Discovery Process (*Investors should note that this example is solely for illustrative purposes and is not specific to the Issue*)

Bidders (excluding the ASBA Bidders who can only Bid at Cut-Off Price) can bid at any price within the Price Band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding period. The illustrative book set forth below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the GCBRLMs and BRLMs will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid. For further details see “*Issue Procedure - Who Can Bid*” on page 230.
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form and the ASBA Bid cum Application Form, as the case may be.
3. Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, for Bids of all values ensure that you have mentioned your PAN allotted under the I.T. Act in the Bid cum Application Form or the ASBA Bid-cum-Application Form (see “*Issue Procedure – Other Instructions - Permanent Account Number or PAN*” on page 250).
4. Ensure that the Bid-cum-Application Form or the ASBA Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form or the ASBA Bid cum Application Form.
5. Ensure the correctness of your demographic details (as defined in the “*Issue Procedure-Bidders Depository Account Details*” on page 244) given in the Bid cum Application Form or the ASBA Bid-cum-Application Form, as the case may be, with the details recorded with your Depository Participant.
6. Bids by QIBs (including Anchor Investors) will have to be submitted to the GCBRLMs and BRLMs.
7. Bids by ASBA Bidders will have to be submitted to the Designated Branches of the SCSBs. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the ASBA Bid cum Application Form is not rejected.

Withdrawal of the Issue

Our Company, in consultation with the GCBRLMs and BRLMs, reserves the right not to proceed with the Issue including at any time after the Bid Opening Date but before the Board meeting for Allotment. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Bidding Programme

BID OPENS ON	 ● *
BID CLOSES ON	 ●

*The Anchor Investor Bidding Date shall be one date prior to the Bid Opening Date

The Company is considering participation by Anchor Investors in terms of the ICDR Regulations. For details see “*Issue Procedure- Bids by Anchor Investor*” on page 243.

Bids and any revision in Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form or, in case of Bids submitted through ASBA, the Designated Branches of the SCSBs, **except that on the Bid Closing Date, Bids excluding ASBA Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders;

and (ii) until 5.00 p.m or until such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1 p.m (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, the Company, the GCBRLMs, BRLMs and the Syndicate Members shall not be responsible. Bids will be accepted only on working days, i.e. Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received from Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Bid cum Application Forms as stated herein and reported by the GCBRLMs and BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company, in consultation with the GCBRLMs and BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two working days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional working Days after revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the GCBRLMs, the BRLMs and at the terminals of the members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the GCBRLMs and BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC

<i>(Amount in Rs. million)</i>		
Name, address, telephone, fax and email of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]

The above-mentioned amount is an indicative underwriting and this would be finalised after the pricing and actual allocation of the Equity Shares is determined.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors, at its meeting held on [●] has accepted and entered into the Underwriting Agreement with the Underwriters.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscriptions for/subscribe to Equity Shares to the extent of the defaulted amount, except in cases where the allocation to QIB is less than 60% of the Issue, in which case the entire subscription monies will be refunded.

The underwriting arrangements mentioned above shall not apply to the subscriptions by the ASBA Bidders in this Issue.

CAPITAL STRUCTURE

Our share capital as of the date of this Draft Red Herring Prospectus is set forth below:

(Amount in Rs. millions)

	Aggregate Value at Face Value	Aggregate Value at Issue Price
A) Authorised share capital[#]		
3,500,000,000 Equity Shares of Rs. 10 each	35,000.00	
1,000,000,000 RCCPS of Rs. 10 each	10,000.00	
Total	45,000.00	
B) Issued, subscribed and paid up share capital before the Issue		
1,187,314,715 Equity Shares of Rs. 10 each	11,873.15	
C) Present issue in terms of this Draft Red Herring Prospectus[*]		
Issue of [●] Equity Shares of Rs. 10 each	[●]	[●]
<i>Of which</i>		
QIB Portion	[●]	[●]
Non Institutional Portion	[●]	[●]
Retail Portion	[●]	[●]
D) Issued, subscribed and paid up share capital after the Issue		
[●] Equity Shares of Rs. 10 each	[●]	
E) Share premium account		
Before the Issue	141.91	
After the Issue	[●]	

[#] For details in change of the authorised capital of the Company, see "**History and Certain Corporate Matters**" on page 91.

^{*} Our Company is considering a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Issue size would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital being offered to the public. The Issue has been authorised by the Board of Directors at their meeting held on October 5, 2009 and by the shareholders of our Company at the EGM held on October 10, 2009.

Notes to Capital Structure

1. Share Capital History of our Company

(a) The following is the history of the equity share capital of our Company since incorporation:

Date of allotment	No. of equity shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, other than cash etc.)	Nature of allotment	Cumulative equity share capital (Rs.)
February 2, 1995	2	100	100	Cash	Initial subscription to the Memorandum of Association	200
April 13, 1998	49,348	100	100	Cash	Preferential allotment	4,935,000
Pursuant to a shareholders resolution dated October 27, 2007, each equity share of a face value of Rs. 100 was split into 10 Equity Shares of Rs. 10 each.						
November 5, 2007	586,000,000	10	10	Cash	Conversion of 586,000,000, 0% OFCDs	5,864,935,000
November 5, 2007	600,000,000	10	10*	Cash	Conversion of 600,000,000, 0% OFCDs	7,514,935,000*
October 5, 2009	821,215	10	213	Cash	Allotment to existing shareholders	11,873,147,150**
Total	1,187,314,715					11,873,147,150

* Rs. 2.75 was paid per Equity Share upon application. The 600,000,000 Equity Shares were made fully paid up as a result of calls of Rs. 2.25 per Equity Share made on December 31, 2007, payable on or before January 5, 2008, Rs. 2.50 per Equity Share made on December 31, 2007 payable on or before January 31, 2008 and Rs. 2.50 per Equity Share made on February 19, 2008 payable on or before March 31, 2008, respectively. The equity shares were fully paid up as on March 31, 2008.

** Includes Rs. 7.25 per Equity Share paid towards the face value of 600,000,000 Equity Shares aggregating to Rs. 4,350,000,000.

(b) The following is the history of the preference share capital of our Company:

Date of allotment/ redemption	No. of RCCPS	Face Value (Rs.)	Issue /Redemption Price (Rs.)	Consideration (Cash, other than cash etc.)	Nature of allotment	Cumulative Preference Share capital (Rs.)
March 15, 2005	78,768*	100	3,500	Cash	Preferential allotment to Twinstar Infrastructure Limited	7,876,800
March 30, 2006	1,555*	100	3,500	Cash	Preferential allotment to Twinstar Infrastructure Limited	8,032,300
Pursuant to a shareholders resolution dated October 27, 2007, each preference share of a face value of Rs. 100 was split into 10 RCCPS of Rs. 10 each.						
October 5, 2009	803,230	10	350	Cash	Redemption	Nil

* Each RCCPS of face value Rs. 100 each carries 2% dividend

1. Issue of Equity Shares in the last one year

Our Company has issued 821,215 Equity Shares to Sterlite Industries, our Promoter on October 5, 2009 at an issue price of Rs. 213 each to fund the redemption of the RCCPS.

2. Promoter contribution and lock-in

(a) Details of the build up of Sterlite Industries shareholding in our Company

Date of transfer/ allotment	Reasons for acquisition	Consideration	No. of equity shares	Face Value (Rs.)	Acquisition price (Rs. Per equity share)	Cumulative pre-Issue paid-up capital (%)	Cumulative post-Issue paid-up capital (%)
October 3, 2006	Purchased from Twinstar Infrastructure Limited and Mr. Anil Agarwal	Cash	49,344	100	100	[●]	[●]
Pursuant to a shareholders resolution dated October 27, 2007, each equity share of a face value of Rs. 100 was split into 10 Equity Shares of Rs. 10 each.							
November 5, 2007	Conversion of OFCDs	Cash	586,000,000	10	10	[●]	[●]
November 5, 2007	Conversion of OFCDs	Cash	600,000,000	10	10*	[●]	[●]
October 5, 2009	Allotment to existing shareholders	Cash	821,215	10	213	[●]	[●]
Total			1,187,314,655			[●]	[●]

* Rs. 2.75 was paid per Equity Share upon application. The 600,000,000 Equity Shares were made fully paid up as a result of calls of Rs. 2.25 per Equity Share made on December 31, 2007, payable on or before January 5, 2008, Rs. 2.50 per Equity Share made on December 31, 2007 payable on or before January 31, 2008 and Rs. 2.50 per Equity Share made on February 19, 2008 payable on or before March 31, 2008, respectively. The equity shares were fully paid up as on March 31, 2008.

(b) Details of the Promoter Contribution and Lock-in

[●] Equity Shares, aggregating up to 20% of the post-Issue Equity Share capital of our Company, held by our Promoter, Sterlite Industries shall be locked in for a period of three years from the date of Allotment or from the date of commercial production, whichever is later. Details of the same as are follows:

Date of transfer/allotment	Nature of allotment	Consideration	Number of Equity Shares locked in *	Face Value (Rs.)	Acquisition Price (Rs. per Equity Share)	% of post-Issue paid-up capital*
[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]

The Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from the person defined as promoter under the ICDR Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's contribution under Regulation 33 of the ICDR Regulations. In this connection, we confirm the following:

- (i) The Equity Shares offered for minimum 20% Promoter's contribution have not been acquired in the last three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves, or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;
- (ii) The Equity Shares offered for minimum 20% Promoter's contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- (iii) Our Company has not been formed by the conversion of a partnership firm into a company;
- (iv) The Equity Shares offered for minimum 20% Promoter's contribution are not subject to any pledge; and
- (v) The Equity Shares offered for minimum 20% Promoter's contribution does not consist of Equity Shares for which specific written consent has not been obtained from our Promoter for inclusion of their subscription in the minimum Promoter's contribution subject to lock-in.

(c) ***Details of other Equity Shares locked-in***

Other than the above Equity Shares that are locked in for three years, the entire pre-Issue capital would be locked-in for a period of one year from the date of Allotment in the Issue.

Further, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

(d) ***Other requirements in respect of lock-in***

Pursuant to Regulation 39 of the ICDR Regulations, the locked-in Equity Shares held by the Promoter can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that such pledge of Equity Shares is one of the terms of the sanction of the loan. However, Equity Shares locked-in as Promoter's contribution can be pledged only if, in addition to fulfilling the aforementioned requirements, such loans have been granted by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

The Equity Shares held by persons other than our Promoter prior to the Issue, may be transferred to any other person holding Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Code.

The Equity Shares held by the Promoter may be transferred to and amongst the Promoter Group or to new promoters or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code.

3. Shareholding Pattern

The table below presents our Equity shareholding pattern before the proposed Issue and as adjusted for the Issue.

Shareholders	Pre-Issue		Post-Issue**	
	No. of Equity Shares	Percentage of shareholding	No. of Equity Shares	Percentage of shareholding
Promoter				
Sterlite Industries	1,187,314,655	100.00	1,187,314,655	[●]
Sub Total (A)	1,187,314,655	100.00	1,187,314,655	[●]
Others				
Mr. Navin Agarwal* #	10	Negligible	10	Negligible
Mr. Dwarka Prasad Agarwal#	10	Negligible	10	Negligible
Mr. Kuldip Kumar Kaura#	10	Negligible	10	Negligible
Mr. Tarun Jain#	10	Negligible	10	Negligible
Mr. Din Dayal Jalan* #	10	Negligible	10	Negligible
Mr. Kishore Kumar#	10	Negligible	10	Negligible
Sub Total (B)	60	Negligible	60	Negligible
Public (C)	Nil	Nil	[●]	[●]
Total Share Capital (A + B+ C)	1,187,314,715	100.00	[●]	100.00

* Director of Sterlite Industries, our Promoter.

Nominees of our Promoter, Sterlite Industries.

** Assuming none of the shareholders participate in the Issue.

As of the date of this Draft Red Herring Prospectus, except Sterlite Industries, none our Promoter Group entities hold any Equity Shares. As of the date of this Draft Red Herring Prospectus, the GCBRLMs, the BRLMs, their associates, Directors and key managerial personnel do not hold any Equity Shares.

4. The list of our top 10 shareholders and the number of Equity Shares held by them is as under:

(a) Our top 10 shareholders as of the date of this Draft Red Herring Prospectus are as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage of shareholding
1.	Sterlite Industries	1,187,314,655	100.00
2.	Mr. Navin Agarwal*	10	Negligible
3.	Mr. Dwarka Prasad Agarwal*	10	Negligible
4.	Mr. Kuldip Kumar Kaura*	10	Negligible
5.	Mr. Tarun Jain*	10	Negligible
6.	Mr. Din Dayal Jalan*	10	Negligible
7.	Mr. Kishore Kumar*	10	Negligible
	Total	1,187,314,715	100.00

* Nominees of our Promoter, Sterlite Industries

(b) Our top 10 shareholders 10 days prior to the filing of this Draft Red Herring Prospectus, i.e. October 19, 2009 are as follows:

S. No.	Shareholder	No. of Equity Shares	Percentage of shareholding
1.	Sterlite Industries	1,187,314,655	100.00
2.	Mr. Navin Agarwal*	10	Negligible
3.	Mr. Dwarka Prasad Agarwal*	10	Negligible
4.	Mr. Kuldip Kumar Kaura*	10	Negligible

S. No.	Shareholder	No. of Equity Shares	Percentage of shareholding
5.	Mr. Tarun Jain*	10	Negligible
6.	Mr. Din Dayal Jalan*	10	Negligible
7.	Mr. Kishore Kumar*	10	Negligible
Total		1,187,314,715	100.00

* Nominees of our Promoter, Sterlite Industries

- (c) Our shareholders as of two years prior to the date of filing of this Draft Red Herring Prospectus i.e. October 29, 2007 were as follows:

S. No.	Shareholder	No. of equity shares (of Rs. 100 each)	Percentage of shareholding (%)
1.	Sterlite Industries (India) Limited	49,344	100.00
2.	Mr. Kuldip Kumar Kaura*	1	Negligible
3.	Mr. Dwarka Prasad Agarwal*	1	Negligible
4.	Mr. Dhanpal Jhaveri*	1	Negligible
5.	Mr. Din Dayal Jalan*	1	Negligible
6.	Mr. Tarun Jain*	1	Negligible
7.	Mr. Navin Agarwal*	1	Negligible
Total		49,350	100.00

* Nominees of our Promoter, Sterlite Industries

5. Our Company, our Promoter, our Directors, the GCBRLMs and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.
6. Except for 821,215 Equity Shares allotted to our Promoter, Sterlite Industries and 803,230 RCCPS allotted to Twinstar Infrastructure Limited redeemed by our Company, both on October 5, 2009, neither of our Promoter, Promoter Group, directors of our Promoter, Directors nor their immediate relatives have purchased or sold any securities of the Company or financed the purchase of Equity Shares by any other person, other than in the normal course of business, within the six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
7. In terms of Rule 19 (2) (b) of the SCRR, this is an Issue for less than 25% of the post-Issue capital, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allocated to QIBs on a proportionate basis. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the GCBRLMs, the BRLMs and the Designated Stock Exchange. For details of Bids by Anchor Investors, see “*Issue Procedure- Bids by Anchor Investor*” on page 243.
8. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, and subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
9. We have not raised any bridge loan against the proceeds of the Issue.
10. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of minimum bid lot while finalizing the basis of Allotment.
11. Except the Pre-IPO Placement, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.

12. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
13. We presently do not intend or propose to alter our capital structure for a period of six months from the Bid Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus or rights or further public issue of specified securities or qualified institutional placements or otherwise. However, in the event we enter into acquisitions of new power projects or expansion of our existing power projects, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares for participation in such acquisitions or joint ventures or to use such shares as consideration for such joint ventures.
14. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
15. The Equity Shares held by our Promoter, Sterlite Industries, are not subject to any pledge.
16. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by the SEBI from time to time.
17. As of the date of filing of this Draft Red Herring Prospectus, our Company has seven shareholders.
18. There are no partly paid up Equity Shares in our Company. All the Equity Shares will be fully paid up at the time of Allotment.
19. Our Company, Directors, Promoter or Promoter Group shall not make any payments either directly or indirectly, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.
20. Our Promoter and Promoter Group will not participate in this Issue.
21. The Company has not made any public issue since its incorporation.

OBJECTS OF THE ISSUE

The objects of the Issue are to: (1) part finance the construction and development of the Jharsuguda Power Project and the Talwandi Power Project (“**Identified Projects**”) and (2) fund expenditure for general corporate purposes.

The main objects clause and objects incidental to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

Requirement of Funds and Means of Finance

The details of proceeds of the Issue are summarized in the following table:

<i>(Amount in Rs. million)</i>		
S. No	Description	Amount
1.	Gross proceeds of the Issue	51,000
2.	Issue Expenses *	[•]
3.	Net proceeds of the Issue*	[•]

*To be finalized upon determination of Issue Price.

We intend to utilize the Net Proceeds of the Issue of Rs. [•] (“**Net Proceeds**”) for financing the objects as set forth below:

<i>(Amount in Rs. million)</i>					
	Total Estimated Cost	Amount deployed as of October 6, 2009 ⁽¹⁾		Amount proposed to be financed from Net Proceeds	Balance amount proposed to be financed from loans
		Equity	Debt		
Part finance the construction and development of our Identified Projects	175,200	11,873	37,704	40,687	84,936
Fund expenditure for general corporate purposes	[•]	-	-	[•]	-
Total	[•]	11,873	37,704	[•]	84,936

(1) As certified by Babulal Gupta & Co., Chartered Accountants vide their certificate dated October 21, 2009

In view of the dynamic nature of the power industry and on account of new objects that our Company may pursue, our Company may have to revise its capital expenditure requirements as a result of variations in the cost structure, geological assessments, exchange or interest rate fluctuations, changes in design and configuration of the projects, increase in input costs of steel and cement, other construction materials and labour costs, incremental rehabilitation, other preoperative expenses and other external factors which may not be in our control. This may entail rescheduling or revising the planned capital expenditure and increasing or decreasing the capital expenditure for a particular purpose at our discretion.

Details of means of finance

The total funds required for the Identified Projects are approximately Rs. 175,200 million. 75% of the stated means of finance, excluding Net Proceeds have been arranged as follows:

<i>(Rs. in millions)</i>		
Particulars	Amount	
I. Aggregate cost of the Identified Projects	175,200	
a) Expenditure already incurred as on October 6, 2009 ⁽¹⁾	49,577	
b) Amount proposed to be financed from the Net Proceeds	40,687	
c) Funding required excluding the Net Proceeds	84,936	
II. Arrangements regarding 75% of the funds required excluding the Net Proceeds (i.e I(c))	63,702	
a) Sanctioned debt for the Jharsuguda Power Project ⁽²⁾	49,443	
b) In-principle sanction letter from State Bank of India for the Talwandi Power Project ⁽³⁾	18,000	
Total	67,443	

(1) In addition to the amounts drawn from the facility agreements, this expenditure includes loans from our Promoter and buyers credits.

(2) Out of the total debt available of Rs. 61,500 million for the Jharsuguda Power Project, we had drawn down Rs. 12,057 million as of September 30, 2009 as interim disbursement which will convert into a term loan facility under the syndicate loan after meeting all the drawal conditions. Accordingly, the balance Rs. 49,443 million sanctioned is available towards the means of finance.

(3) In relation to the amount to be funded through debt for the construction and development of the Talwandi Power Project, TSPL has received an in-principle sanction letter dated October 14, 2009 from State Bank of India for a Rupee term loan of Rs. 25,000 million. Sterlite Industries, the Promoter of the Company, has given a guarantee dated October 19, 2009 that it shall arrange or provide up to Rs. 18,000 million in financing the project in the event the Company is unable to arrange debt financing for that amount. Such amount does not exceed 33% of the Promoter's measurable unencumbered net worth as evidenced by the certificate dated October 24, 2009 given by the Auditor, Deloitte, Haskins & Sells, Chartered Accountants.

We are currently in discussions with various banks and financial institutions and seek to enter into loan agreements to enable us to achieve financial closure for the Talwandi Power Project on or before December 2, 2009 in accordance with the time period stipulated in our PPA with PSEB.

Details of debt financing arrangements

With regards to the amount to be funded through debt in relation to the construction and development of the Jharsuguda Power Project, we have entered into a common rupee loan agreement dated June 29, 2009 for a term loan facility of Rs. 55,690 million from a consortium of lenders comprising State Bank of India, IDBI Bank Limited, Punjab National Bank, Andhra Bank, United Bank of India, Life Insurance Corporation of India, Syndicate Bank, Tamilnad Mercantile Bank Limited, Bank of India, Canara Bank, Union Bank of India, Corporation Bank, Allahabad Bank, Oriental Bank of Commerce, UCO Bank, Jammu & Kashmir Bank Limited, Central Bank of India and Bank of Rajasthan Limited. As of September 30, 2009, the Company has drawn down the loan Rs. 12,056.77 million as an interim disbursement which will be converted into term loan facility under the syndication loan agreement after meeting all the drawal conditions. In addition, we have entered into a foreign currency facility agreement dated June 29, 2009 for term loan facility of US\$140,000,000 from India Infrastructure Finance Company (UK) Limited. The Company is in the process of meeting the pre drawal conditions to avail the loan. For details, see "**Financial Indebtedness**" on page 190. The total debt including rupee and foreign currency debt available for the Jharsuguda project is approximately Rs. 61,500 million (assuming an exchange rate of Rs. 41.50 = 1 USD).

We have also availed short term loans of Rs. 27,175.08 million from our Promoter, Sterlite Industries, of which Rs. 22,175.08 million is outstanding as of October 15, 2009. We also availed a buyer's credit of Rs. 3,390 million from State Bank of India of which Rs. 3,317.58 million is outstanding. For details, see "**Financial Indebtedness**" on page 190.

In relation to the amount to be funded through debt in for the construction and development of the Talwandi Power Project, TSPL has received an in-principle sanction letter dated October 14, 2009 from State Bank of India for a Rupee term loan of Rs. 25,000 million. Further, as required under the ICDR Regulations, Sterlite Industries, our Promoter, has given a guarantee dated October 19, 2009 that it shall arrange or provide up to Rs. 18,000 million in financing the project in the event the TSPL or our Company is unable to arrange debt financing for that amount. Such guarantee has been included in the list of material contracts and documents for inspection listed in "**Material Contracts and Documents for Inspection**" on page 290. The Company will continue to evaluate various financing options for its power projects in order to minimize costs and enable it to get the best financing terms possible.

Except as disclosed above, the entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. In view of above, we confirm that the Company has made firm arrangement of finance through verifiable means towards 75% of the stated means of finance, excluding the amount proposed to be raised through the Issue.

Whilst we intend to utilize the Net Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. In the event of any shortfall in the Net Proceeds, our Company will bridge the fund requirements from internal accruals, debt or equity financing.

Details of the Objects

1. Part finance the construction and development of the Identified Projects

We are developing (A) a 2,400 MW (comprising four units of 600 MW each) thermal power plant near Jharsuguda, in the State of Orissa, India; and (B) a 1,980 MW (comprising three units of 660 MW each) thermal power plant near Talwandi Sabo, in the State of Punjab, India. The development of the Talwandi Power Project is being undertaken by our Subsidiary, TSPL and our Company's investment in the Talwandi Power Project will be undertaken pursuant to additional equity investments in TSPL. Although our Company is not assured of dividends, we believe that such investment will be beneficial to our business and prospects.

Our Company intends to utilise approximately Rs. 40,687 million from the Net Proceeds towards the construction and development of the Identified Projects.

A. *Jharsuguda Power Project*

As set out in the information memorandum dated June 2008 prepared by SBI Capital Markets Limited, IDBI Bank Limited and Deutsche Bank AG Global Markets, the estimated cost of the project is Rs. 82,000 million. As at October 6, 2009, we have spent Rs. 41,063 million in the development and construction of the project (*as per the certificate of Babulal Gupta & Co, Chartered Accountant dated October 21, 2009*).

The breakdown of construction and development of the Jharsuguda Power Project as detailed in the information memorandum is provided below:

Particulars	<i>(Rs. in millions)</i> Amount
Land and site development	500.00
EPC Cost	55,552.40
Transmission Line	4,000.00
Railway Line	5,040.00
Water line	1,250.00
Ash Pond	500.00
Township	750.00
Captive Coal Block Development Contribution	1,500.00
Preliminary & Pre-operative expenses	1,465.80
Interest during construction period	7,073.70
Contingencies	2,962.40
Margin Money for working capital	1,405.70
Total	82,000.00

Land and site development

The cost of acquiring the land and site development is estimated at Rs. 500 million. We have acquired an aggregate of 296.01 acres of land comprising (i) 264.61 acres of land on a leasehold basis from OIIDC for a period of 90 years, and (ii) 31.40 acres of land on a leasehold basis from OIIDC for a period of 79 years, for the construction and erection of the main plant for an aggregate amount of approximately Rs. 96.72 million. In addition, we will require another 543.49 acres of land for an ash pond, rehabilitation, plantation and residential township, which is in the process of being acquired from both private parties and the Government of Orissa.

EPC Cost

The EPC cost comprises civil works and infrastructure cost and plant and machinery cost aggregating to approximately Rs. 55,552.40 million. The civil works and infrastructure includes expenditure on development of independent systems such as main plant building, cooling water system, RCC chimney, various pump house buildings, storage tanks, coal handling plant and ash handling plant.

The complete plant and machinery for this project is proposed to be procured through the turnkey EPC contracts executed by our Company with SEPCO III in May 2006 for this project. SEPCO III's obligations under the contracts include supply, installation and commissioning of boilers, turbines, auxiliaries, 400 KV switchyard, coal handling plant, raw water reservoir, water pre-treatment and disposal management plant, ash handling and disposal system and effluent treatment systems. The contract price is payable in multiple instalments according to the fixed payment schedule. For details see "*History and Certain Corporate Matters*" on page 91.

Transmission Line

Transmission cost includes supply of transmission towers, earth wire, hardware fittings and accessories for

conductor, insulators and cost of ROU/ROW, land etc. Power will be evacuated by GRIDCO from the bus bar of the project. In relation to the evacuation of the remaining power, our Company proposes to construct a transmission line to connect to the 400 kva 'loop in loop out' transmission line being developed by PGCIL near Jharsuguda. We intend to enter into an agreement with PGCIL to build the dedicated transmission system required for evacuating power from the power plant to the pooling units of PGCIL and dispatch power to beneficiaries. The cost of setting up the transmission line is estimated to be Rs. 4,000 million.

Railway Line

The cost of laying down the railway line is estimated at Rs. 5,040 million comprising of a circular system for transportation of coal from coalfields to the plant site and would also include expenditure for rolling stock. (i.e. wagon, engines, consultant amounts, railway line laying, loading point development). At first, Dhutra railway station, 20 kms from the plant site will be connected and then the other line connecting to Rampia Coal Blocks, 12 kms from Dhutra will be developed.

Water Pipe Line

The estimated cost of constructing the water pipe line connecting the Hirakud Dam to the plant site over a distance of 42 kms of approximately Rs. 1,250 million includes the cost of building the intake point, pumping station and acquiring right of way for the pipeline. The construction of the pipeline has been completed.

Ash Pond

The ash disposal is proposed to be done at the ash disposal area at a distance of about 5-6 kms from the plant site. The development of ash disposal area of approximately 367.30 acres at an estimated cost of Rs. 500 million includes double lining of the ash pit, land excavation, pipeline from Sirpura to the plant.

Township

The cost of developing a township is estimated at Rs. 750 million to accommodate approximately 550-600 families with additional amenities like hospitals, schools, water tank, gardens, security post, etc. We propose to accommodate the staff/ workers required for the plant and siding operations in the township.

Captive Coal Block Development Contribution

The coal requirement for the project is estimated to be approximately 12.49 mtpa. In January 2008, the MOC jointly allocated the coal blocks in the Rampia Coal Blocks in the State of Orissa to six companies, including ours. Our proportionate share would be 112.22 million tons of coal, which we believe would meet the coal requirements for 1,000 MW for around 22 years. Our proportionate share of estimated capital expenditure of approximately Rs. 1,500 million includes cost of mining equipments, excavation, land filling, etc. as per the approved mining plan. The six companies have entered into an agreement regarding the joint allocation through a joint venture company, RCMEPL, incorporated in February 2008.

Preliminary & Pre-operative expenses

Preliminary expenses are estimated at Rs. 1,465.80 million and includes fees to be paid towards technical studies conducted by engineers and lenders independent engineer, legal expenses for fees payable to ours and lenders legal counsels, insurance advisor fees, appraisal fees, merchant bankers fees, upfront fees to lenders, start up fuel, employees recruitment , training and salaries etc.

Interest during construction period

The interest during construction period has been estimated at the interest rate of 11% p.a. during construction (assuming an implementation period of 49 months for the entire project from the notice to proceed to the EPC contractor) which aggregates to approximately Rs. 7,073.70 million.

Contingencies

We have estimated that contingency expenses of Rs. 2,962.40 million towards fluctuation in the foreign exchange conversion rate in connection with our EPC contracts for USD (at the rate of Rs. 41.50 per USD) and

concessional duty payments at 3.12% and export obligation guarantee of Sterlite Industries towards the duty saved, a contingency provision of 3% of the EPC cost to make up for any escalation in the foreign exchange payment as also any duty provisions and 10% of the non firm cost, i.e. ash pond, water line, railway line, transmission line will be incurred.

Margin money for working capital

We have estimated that margin money for working capital of Rs. 1,405.70 million will be required. The margin money has been estimated at 25% of projected net working capital requirement of our Company. For the purpose of estimates, the current assets comprising of receivables of one month, fuel (primary and secondary) stock of half a month, spares requirement equal to 1% of the project cost for the respective units (other than the unit which would supply power to GRIDCO as the same is assumed as per CERC guidelines) has been assumed.

Development and construction schedule

This project is expected to be progressively commissioned with the first unit expected to be commissioned in the fourth quarter of fiscal 2010 and all four units are expected to be commissioned by the third quarter of fiscal 2011. The expected schedule of key development and construction activities for the project is given below:

Particulars	Expected Completion
Civil works	Completed
Technical and engineering	Completed
Manufacturing and Delivery	Completed
Installation of equipment*	By third quarter of fiscal 2010
Trial runs*	By fourth quarter of fiscal 2010
Commercial operation date*	By fourth quarter of fiscal 2010

*This is the expected completion schedule for Unit 1. The project is estimated to be commissioned by the third quarter of fiscal 2011.

B. Talwandi Power Project

As set out in the information memorandum dated October 2009 prepared by SBI Capital Markets Limited, the estimated cost of the project is Rs. 93,200 million. As at October 6, 2009, we had deployed Rs. 8,514 million in the development and construction of the project (as per the certificate of Babulal Gupta & Co, Chartered Accountant dated October 21, 2009).

The breakdown of construction and development of the Talwandi Power Project as detailed in the information memorandum is provided below:

Particulars	Amount
Land and site development	3,620
EPC Cost	74,200
Railway Siding	3,260
Water Intake System	370
Preliminary & pre-operative expenses	1,050
Contingency	520
Interest during construction period	8,680
Margin money for working capital	1,500
Total	93,200

Land and site development

The cost of acquiring the land and site development is estimated at Rs. 3,620 million. The project requires a total of 2,387 acres of land. We have already acquired 2,113 acres of land on a freehold basis required for the construction and erection of the main plant for approximately Rs. 3121.6 million. In addition, we will require another 274 acres of land for railway siding and water intake channel, which is in the process of being acquired.

EPC Cost

The EPC cost estimated at Rs. 74,200 million, includes civil works and infrastructure cost and plant and machinery cost. The civil works and infrastructure includes expenditure on development of independent systems

such as main plant building, cooling water system, RCC chimney, various pump house buildings, storage tanks, coal handling plant, ash handling plant etc.

The complete plant and machinery for this project is proposed to be procured through the turnkey EPC contracts executed by our Company with SEPCO in July 2009 for this project. SEPCO's obligations under the contracts include testing and delivery of plant and equipment, system design and engineering of plant and equipment as per technical specifications, supervision of civil, structure and manufacturing work, custom clearance, port clearance, inland transportation of offshore as well as onshore plant and equipment, unloading, storage and preservation for all equipment and material required, ash disposal among others within the period specified in the contracts. The fixed contract price is payable in multiple instalments according to a fixed payment schedule. For details, see "**History and Certain Corporate Matters**" on page 91.

Railway Siding

The cost of laying down the railway sidings work is estimated at Rs. 3,260 million and includes cost of land to be acquired for laying down the railway line. The nearest railway station is Sadda Singhwala located at approximately 12 km from the project site and the railway line will be extended to link the plant railway siding for the transportation of plant heavy equipment, coal and fuel oil.

Water Intake System

The water requirement for our Talwandi Power Project is sourced from the Bheni distributory of the Kotla branch of Sirhind canal which is at a distance of 38 km from our project site. The canal will be raised over a distance of about 20 kms and a new canal/ pipeline from Bheni canal will be laid over a distance of approximately 18 km upto power station boundary by the Irrigation Department of the State Government. The cost for establishing the water intake system is estimated at Rs. 370 million and includes the cost of land to be acquired for laying down the pipeline / canal to the plant site.

Preliminary & Pre-operative expenses

Preliminary expenses are estimated at Rs. 1,050 million and include fees to be paid towards technical studies conducted by engineers and lenders independent engineer, legal expenses for fees payable to ours and lenders legal counsels, insurance advisor fees, appraisal fees, merchant bankers fees, upfront fees to lenders, start up fuel, employees recruitment, training and salaries etc.

Contingencies

We are implementing the project by way of turnkey EPC contracts which will be at a fixed price and in accordance with a fixed schedule and estimate that a contingency provision of 10% of the non firm cost, i.e. site development, water line, railway line and pre-operative expenses aggregating to Rs. 520 million will be incurred.

Interest during construction period

Interest during construction period of Rs. 8,680 million includes interest payable on debt incurred for the project. This has been calculated based on, *inter alia*, the estimated implementation period for each of the units of the project.

Margin money for working capital

We estimate that margin money for working capital of Rs. 1,500 million will be incurred. The margin money has been estimated at 25% of projected net working capital requirement of TSPL. For the purpose of estimates, the current assets comprising of receivables of one month, primary fuel stock of 1.5 month, secondary fuel stock of two months, O&M expenses of one month and spares requirement equal to 20% of the O&M expenses has been assumed.

Development and construction schedule

The commissioning of this project will be carried out in stages and the first unit is expected to be commissioned in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. The expected schedule of key development and construction activities for the project is given below:

Particulars	Expected Completion*
Civil works	By first quarter of fiscal 2012
Technical and engineering	By third quarter of fiscal 2011
Manufacturing and Delivery	By second quarter of fiscal 2013
Installation of equipment	By second quarter of fiscal 2013
Trial runs	By fourth quarter of fiscal 2013
Commissioning date	By fourth quarter of fiscal 2013

*This is the expected commissioning schedule for Unit 1. The project is estimated to be commissioned by the second quarter of fiscal 2014.

2. Fund expenditure for general corporate purposes

We intend to use a part of the Net Proceeds, approximately Rs. [●] million, towards general corporate purposes including funding cost overruns of our projects (if any), strategic initiatives, acquisitions, joint ventures, meeting exigencies which we may face in the ordinary course. Our management, in accordance with the policies of the Board, will have the flexibility in utilizing the sum earmarked for general corporate purposes and any surplus amounts from the Net Proceeds.

3. Achieve the benefits of listing on the Stock Exchanges

We believe that the listing of our Equity Shares will, *inter alia*, enhance our visibility and brand name among our existing and potential customers.

Schedule of Implementation and Deployment of Funds

Detailed below is the estimated schedule of deployment of funds and the schedule of implementation of the projects:

S. No.	Object	Amount deployed as of October 6, 2009 ⁽¹⁾	Estimated schedule of Deployment of funds					Total
			Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	
1.	Part finance the construction and development of the Identified Projects	49,577	9,207	43,172	25,903	36,264	11,076	175,200

(Amount in Rs. millions)

⁽¹⁾As certified by Babulal Gupta & Co., Chartered Accountants vide their certificate dated October 21, 2009.

We propose to deploy the Net Proceeds in the aforesaid objects in the current fiscal and the next two fiscal years. The Net Proceeds are expected to be deployed in the following schedule:

S. No.	Object	Estimated schedule of Deployment of funds			Total
		Fiscal 2010	Fiscal 2011	Fiscal 2012	
1.	Part finance the construction and development of the Identified Projects	7,376	19,676	13,635	40,687
2.	Fund expenditure for general corporate purposes	[●]	[●]	[●]	[●]

Issue Related Expenses

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

S. No.	Activity Expense	Amount (Rs. millions)	Percentage of Total Issue Expenses	Percentage of Total Issue Size
1.	Lead management fees*			
2.	Underwriting and selling commission*(including commission to SCSBs for ASBA Applications *)	[●]	[●]	[●]
3.	Registrar's fees*	[●]	[●]	[●]
4.	Advertisement and marketing expenses*	[●]	[●]	[●]
5.	Printing and distribution expenses*	[●]	[●]	[●]
6.	IPO Grading expenses*	[●]	[●]	[●]
7.	Advisors*	[●]	[●]	[●]
8.	Bankers to the Issue*	[●]	[●]	[●]

S. No.	Activity Expense	Amount (Rs. millions)	Percentage of Total Issue Expenses	Percentage of Total Issue Size
9.	Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.) *	[●]	[●]	[●]

*Will be incorporated after finalisation of the Issue Price.

Working Capital Requirement

The Net Proceeds will not be used to meet our working capital requirements as we expect to have internal accruals, avail debt and/or draw down from our existing or new lines of credit to meet our working capital requirements.

Interim use of funds

The management of our Company, in accordance with the policies established by our Board from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest/dividend bearing liquid instruments including investments in mutual funds, deposits with banks and other investment grade interest bearing securities. Such investments would be in accordance with investment policies approved by our Board from time to time. We confirm that pending utilization of the Net Proceeds, we shall not use the funds for any investments in the equity markets.

Appraisal

The Jharsuguda Power Project has been appraised by SBI Capital Markets Limited, IDBI Bank Limited and Deutsche Bank AG Global Markets as set out in the information memorandum dated June 2008 prepared for the use of lenders on the basis of information and documents provided by the Company and its Promoter.

The Talwandi Power Project has been appraised by SBI Capital Markets Limited as set out in the information memorandum dated October 2009 prepared for the use of lenders on the basis of information and documents provided by the Company and its Promoter.

For certain risks and weakness disclosed in the information memoranda, see **“Risk Factors”** on page xiii.

Monitoring Utilization of Funds

In terms of Regulation 16 of the ICDR Regulations, we have appointed [●] as the monitoring agency to monitor the utilization of the Net Proceeds. The Company in accordance with the Listing Agreement undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. The Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the ICDR Regulations, the Listing Agreements with the Stock Exchanges and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

In accordance with clause 43A of the Listing Agreement the Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the proceeds of the Issue for the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee. In the event, the Monitoring Agency points out any deviation in the use of proceeds of the Issue from the objects of the Issue as stated above, or has given any other reservations about the end use of funds, the Company shall intimate the same to the Stock Exchanges without delay. Further, on an annual basis, we shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. The said disclosure shall be made till the time the full money raised through the Issue has been fully spent. The statement shall be certified by our statutory auditors.

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds of the Issue or estimated cost as above with the Promoter, the Directors, the Company's key management personnel, associate and Group Entities. No part of the Net Proceeds will be paid by us as consideration to our Promoter, Promoter Group, our Directors, group companies or key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the GCBRLMs, the BRLMs on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares of the Company is Rs. 10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the price are:

- Visibility of power projects to be commissioned in the foreseeable future;
- Experienced management with project execution skills and substantial experience in mining and power generation;
- Vedanta's ability to finance and pursue industry leading power projects;
- Our power projects are strategically located;
- Procurement expertise and relationships to support entry into the Indian power sector; and
- Reduced production and pricing risks due to long-term power off-take arrangements.

For details, please see the sections titled, “*Our Business*” and “*Risk Factors*” on pages 63 and xiii, respectively.

Quantitative Factors

1. Earnings Per Share (“EPS”) (Standalone)

Particulars	Earning Per Share (Face Value Rs. 10 per Equity Share)		
	Basic (Rs.)	Diluted (Rs.)	Weight
Year ended March 31, 2007	54.71	0.05	1
Year ended March 31, 2008	0.00	0.00	2
Year ended March 31, 2009	(0.07)	(0.07)	3
Weighted Average	9.08	(0.03)	
Six months ended September 30, 2009	0.12	0.12	

Note: During the aforesaid periods, the Company did not earn any income from operations. The profits are due other income earned by the Company during these periods from dividend income, interest on inter-corporate deposits, interest on fixed deposits and interest on refund of bid deposit. Hence, these results as such do not accurately represent the profitability of the Company.

2. Price/Earning (P/E) ratio in relation to the Price Band on an Standalone Basis

Particulars	P/E at the lower end of Price band (no. of times)	P/E at the higher end of Price band (no. of times)
Based on the EPS of Rs. [●] for fiscal 2007	[●]	[●]
Based on the EPS of Rs. [●] for fiscal 2008	[●]	[●]
Based on the EPS of Rs. [●] for fiscal 2009	[●]	[●]
Based on the weighted average EPS of Rs. [●]	[●]	[●]

P/E ratio for the Industry is as follows:

Industry P/E	
Highest	93.4
Lowest	-
Industry Composite	22.3

Source: Capital Market Vol. XXIV/17; October 19 – November 01, 2009

3. Average Return on Net Worth (“RONW”)

(a) As per restated Financial Statements (Standalone):

Particulars	RONW %	Weight
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Particulars	RONW %	Weight
Year ended March 31, 2007	0.92	1
Year ended March 31, 2008	0.00	2
Year ended March 31, 2009	(0.67)	3
Weighted Average	(0.18)	
Six months ended September 30, 2009	1.03	

Note: During the aforesaid periods, the Company did not earn any income from operations. The profits are due to other income earned by the Company during these periods from dividend income, interest on inter-corporate deposits, interest on fixed deposits, foreign exchange differences and interest on refund of bid deposit. Hence, these results as such do not accurately represent the profitability of the Company.

4. Minimum RONW required for maintaining pre-Issue EPS is [●].

5. **Net Asset Value per Equity Share**

(i) Net Asset Value per Equity Share as of September 30, 2009 is Rs. 11.51

(ii) After the Issue: [●]

(iii) Issue Price: Rs. [●]

Issue Price per Equity Share will be determined on conclusion of Book Building Process.

6. **Comparison of Accounting Ratios with Industry Peers**

Sr. No.	Name of the company	Face Value (Rs. per Share)	EPS (Rs.)	P/E Ratio	RoNW (%)	NAV (Rs.)
1.	Reliance Infrastructure Limited	10	51.3	25.2	10.2	499.9
2.	NTPC Limited	10	10.5	19.8	14.4	72.7
3.	Tata Power Company Limited	10	37.0	35.2	8.2	369.3
4.	Gujarat Industries Power Co Limited	10	6.1	16.9	7.4	78.2
5.	Reliance Power Limited	10	1	-	1.4	57.5
6.	Torrent Power Limited	10	9.6	30.9	13.3	68.4
7.	KSK Energy Ventures Limited	10	2.2	93.4	5.2	56.3
8.	Adani Power Limited	10	-	-	-	26.2

Source: Capital Market Vol. XXIV/17; October 19 – November 01, 2009

The Issue Price of Rs. [●] has been determined by the Company in consultation with the GCBRLMs and the BRLMs on the basis of assessment of market demand from investors for the Equity Shares through the Book Building Process. Prospective investors should also review the entire Red Herring Prospectus, including, in particular the sections titled “*Risk Factors*”, “*Our Business*” and “*Financial Statements*” on pages xiii, 63 and F1, respectively.

STATEMENT OF TAX BENEFITS
STATEMENT OF DIRECT TAX BENEFITS

Special Tax Benefits to the Company

1. The Company proposes to be engaged in generation of power and therefore it is eligible for deduction of 100% of the profits and gains from the business of generation of power, under section 80-IA of the Income-tax Act, 1961 (ITA), for a period of 10 consecutive years in a block of 15 years starting from the year in which the company starts generating power, subject to compliance with conditions specified in Section 80-IA. It may be noted that deduction u/s. 80-IA shall be available only in respect of an undertaking which starts generating power on or before 31st March 2011.

It may be noted that deduction with respect to same business profits cannot be claimed simultaneously under more than one provision.

2. Since the company proposes to be engaged in the business of generation of power, by virtue of clause (i) of sub-section (1) of Section 32 of the ITA, the Company has an option to claim depreciation on the straight line method on the actual cost of the assets instead of the written down value method based on written down value of block of assets. It may be noted here that once the option is exercised, it will have to be adopted for all subsequent assessment years.

General Tax Benefits to the Company

- I.**
1. In accordance with section 10(34), dividend income (referred to in Section 115-O).
 2. The depreciation rates in respect of Plant and Machinery is 15%, of Motor Cars is 15%, of furniture & fittings is 10%, of Intangible assets is 25%, of Computers 60%, of Buildings (Residential) 5% and of Buildings (Others) is 10%.
 3. The amount of tax paid under Section 115JB by the company for any assessment year beginning on or after 1st April 2006 will be available as credit for ten years succeeding the Assessment Year in which MAT credit becomes allowable in accordance with the provisions of Section 115JAA.
 4. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off against other income and the excess loss after set-off can be carried forward for set-off - against business income of the next eight Assessment Years.
 5. The unabsorbed depreciation, if any, can be adjusted against any other income and can be carried forward indefinitely for set-off against the income of future years.
 6. If the company invests in the equity shares of another company, as per the provisions of Section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
 7. Income received in respect of the units of mutual fund specified under clause 10(23D) or income received in respect of units from administrator of the specified undertakings or income received in respect of units from the specified company is exempt from tax in the hand of the Company, under section 10(35) of the Income-tax Act, 1961.
 8. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities transaction tax, held as long term capital assets will be the lower of:
 - (a) 20 per cent (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') of the capital gains as computed after indexation of the cost. or
 - (b) 10 per cent (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') of the capital gains as computed without indexation.

9. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company, where such transaction has suffered Securities Transaction Tax, is chargeable to tax at the rate of 15% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess'). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and Education Cess and Secondary Higher Education Cess as applicable.

II. Section 115-O

Tax rate on distributed profits of domestic companies (DDT) is 15%, the surcharge on Income tax is at 10%, and the Education cess and Secondary Higher Education cess is 3%.

III. Tax Rates

The tax rate is 30%.

The surcharge on Income tax is 10%, only if the total income exceeds Rs. 1 Crore. Education cess and Secondary Higher Education cess is 3%.

General Tax Benefits to the Shareholders of the Company

(I) Under the Income-tax Act

A) Residents

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.
2. Shares of the company held as capital asset for a period of more than twelve months preceding the date of transfer will be treated as a long term capital asset.
3. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax including equity shares offered for Sale under this issue which is subject to Securities Transaction Tax at the time of sale by the shareholders.
4. As per the provision of Section 71, if there is a loss under the head "Capital Gains", it cannot be set-off with the income under any other head. Section 74 provides that the short term capital loss can be set-off against both Short term and Long term capital gain. But Long term capital loss cannot be set-off against short term capital gain. The unabsorbed short term capital loss can be carried forward for next eight assessment years and can be set off against any capital gains in subsequent years. The unabsorbed long term capital loss can be carried forward for next eight assessment years and can be set off only against long term capital gains in subsequent years
5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be the lower of:
 - (a) 20 per cent (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') of the capital gains as computed after indexation of the cost, or
 - (b) 10 per cent (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') of the capital gains as computed without indexation.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess'). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and Education Cess and Secondary Higher Education Cess as applicable.

7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which Securities Transaction Tax is not payable, the tax payable on the capital gains shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding Rs. 50 lakhs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the specified asset is transferred.

8. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax, if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

Tax Rates

For Individuals, HUFs, BOI and Association of Persons:

Slab of income (Rs.)	Rate of tax (%)
0 – 160,000	Nil
160,001 – 300,000	10%
300,001 – 5,00,000	20%
500,001 and above	30%

Notes:

- (i) In respect of women residents below the age of 65 years, the basic exemption limit is Rs. 190,000.

- (ii) In respect of senior citizens resident in India, the basic exemption limit is Rs. 240,000.
- (iii) Education Cess will be levied at the rate of 2% of Income Tax.
- (iv) Secondary and Higher Education Cess will be levied at the rate of 1% of Income Tax (not including Education Cess).

B) Non-Residents

1. In accordance with section 10(34), dividend income declared, distributed or paid by the company (referred to in section 115-O) will be exempt from tax.
2. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
3. In accordance with section 48, capital gains arising out of transfer of capital assets being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter in, and sale of, shares and debentures of, an Indian company including the Company.
4. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
5. In accordance with section 112, the tax on capital gains on transfer of listed shares, where the transaction is not chargeable to Securities Transaction Tax, held as long term capital assets will be at the rate of 20% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess'). A non-resident will not be eligible for adopting the indexed cost of acquisition and the indexed cost of improvement for the purpose of computation of long-term capital gain on sale of shares.
6. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess'). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and Education Cess and Secondary Higher Education Cess as applicable.
7. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company and on which Securities Transaction Tax is not payable, the tax payable on the capital gains shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long-term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding Rs. 50 lakhs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

8. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or

for construction of a residential house within three years. Such benefit will not be available if the individual-

- owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
- purchases another residential house within a period of one year after the date of transfer of the shares; or
- constructs another residential house within a period of three years after the date of transfer of the shares; and
- the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head “Income from house property”.

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head “Capital Gains” of the year in which the residential house is transferred.

C) Non-Resident Indians

Further, a Non-Resident Indian has the option to be governed by the provisions of Chapter XII-A of the Income-tax Act, 1961 which reads as under:

1. In accordance with section 115E, income from investment or income from long-term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% (plus “Education cess and Secondary Higher Education Cess”). Income by way of long term capital gains in respect of a specified asset (as defined in Section 115C(f) of the Income-tax Act, 1961), shall be chargeable at 10% (plus “Education cess and Secondary Higher Education Cess”).
2. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gains arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified new asset.
3. In accordance with section 115G, it is not necessary for a Non-Resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long-term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange or both, and the tax deductible has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act, 1961.
4. In accordance with section 115-I, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act, 1961.
5. As per the provisions of Section 90, the NRI shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
6. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.

7. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax.
8. In accordance with Section 111A capital gains arising from the transfer of a short term asset being an equity share in a company where such transaction has suffered Securities Transaction Tax is chargeable to tax at the rate of 15% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess'). If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be chargeable at the applicable normal rates plus surcharge and Education Cess and Secondary Higher Education Cess as applicable.
9. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company on which Securities Transaction Tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long- term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding Rs.50 lakhs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

10. In accordance with section 54F, long-term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family on which Securities Transaction Tax is not payable, shall be exempt from capital gains tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years. Such benefit will not be available if the individual or Hindu Undivided Family-
 - owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or
 - purchases another residential house within a period of one year after the date of transfer of the shares; or
 - constructs another residential house within a period of three years after the date of transfer of the shares; and
 - the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gains as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration shall be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

D) **Foreign Institutional Investors (FIIs)**

1. In accordance with section 10(34), dividend income declared, distributed or paid by the Company (referred to in section 115-O) will be exempt from tax in the hands of Foreign Institutional Investors (FIIs).
2. In accordance with section 115AD, FIIs will be taxed at 10% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') on long-term capital gains (computed without indexation of cost and foreign exchange fluctuation), if Securities Transaction Tax is not

payable on the transfer of the shares and at 15% (plus applicable surcharge and 'Education cess and Secondary Higher Education Cess') in accordance with section 111A on short-term capital gains arising on the sale of the shares of the Company which is subject to Securities Transaction Tax. If the provisions of Section 111A are not applicable to the short term capital gains, then the tax will be charged at the rate of 30% plus surcharge and Education cess and Secondary Higher Education cess, as applicable.

3. As per the provisions of Section 90, the Non Resident shareholder has an option to be governed by the provisions of the tax treaty, if they are more beneficial than the domestic law wherever India has entered into Double Taxation Avoidance Agreement (DTAA) with the relevant country for avoidance of double taxation of income.
4. In accordance with section 10(38), any income arising from the transfer of a long term capital asset being an equity share in a company is not includible in the total income, if the transaction is chargeable to Securities Transaction Tax.
5. Under section 196D (2) of the Income-tax Act, 1961, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
6. In accordance with section 54EC, long-term capital gains arising on transfer of the shares of the Company on which Securities Transaction Tax is not payable, shall be exempt from tax if the gains are invested within six months from the date of transfer in the purchase of a long- term specified asset. The long-term specified assets notified for the purpose of investment are bonds of Rural Electrification Corporation Ltd. (REC) and National Highways Authority of India (NHAI). Notification issued by Government of India specifies that no such bonds will be issued to a person exceeding Rs.50 lakhs.

If only a part of the capital gain is so invested, the exemption would be limited to the amount of the capital gain so invested.

If the specified asset is transferred or converted into money at any time within a period of three years from the date of acquisition, the amount of capital gains on which tax was not charged earlier shall be deemed to be income chargeable under the head "Capital Gains" of the year in which the specified asset is transferred.

E) *Persons carrying on business or profession in shares and securities.*

In accordance with the insertion of new Section 36(1)(xv) in the Finance Act 2008, Securities Transaction Tax paid in respect of taxable securities transaction entered during the course of business will be available as deduction while computing the taxable business income. The income arising on transfer of shares of the company will be treated as business income and subjected to normal rate of tax as per the provisions of Income-tax Act, 1961.

A non resident taxpayer has an option to be governed by the provisions of the Income-tax Act, 1961 or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial (section 90(2) of the Income-tax Act, 1961).

F) *Mutual Funds*

In accordance with section 10(23D), any income of:

- (i) a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under;
- (ii) such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf, will be exempt from income-tax.

(II) *Under the Wealth Tax and Gift Tax Acts*

- 1) 'Asset' as defined under section 2(ea) of the Wealth-tax Act, 1957 does not include shares held in a Company and hence, these are not liable to wealth tax.
- 2) Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Any gift of shares of the Company are not liable to gift-tax. However, in the hands of the Donee the same will be treated as income unless the gift is from a relative as defined under Explanation to Section 56(vi) of Income-tax Act, 1961.

STATEMENT OF INDIRECT TAX BENEFITS

Statement of Possible Indirect Tax Benefits Available to the Issuer Company and its Shareholders

The indirect tax benefits listed below are the possible benefits available under the current tax laws in India. Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company to derive the tax benefits is dependent upon the fulfilling such conditions.

A. Statement of special tax benefits:

1. In terms of Notification No. 21/2002-Cus. Dated 1.3.2002 as amended last by Notification No. 21/2008-Cus. Dated 1-3-2008 under Customs Tariff of India, the Power Generating Companies are eligible to import goods required for power generation project including gas turbine power projects (excluding captive power plants set up by projects engaged in activities other than in power generation) at concessional rate of 5% 'Basic Custom Duty' under Chapter 98 (Project Imports). The benefit of reduced Central Excise Duty of 8% made available to all the products as part of Stimulus packages is also extended to import of goods required for gas turbine power projects (excluding captive power plants set up by projects engaged in activities other than in power generation)
2. Tax on inter state sales leviable under Section 6(1) of the Central Sales Tax Act, 1956 is not applicable on sale of electricity energy.
3. Supply of goods to the power projects is entitled to 'Deemed Export Benefits' as available under Chapter 8 of Foreign Trade Policy of India.

B. Statement of General Tax Benefits:

In terms of section 8(3)(b) of the Central Sales Tax Act, 1956, the purchases of goods covered under the Registration Certificate made in the course of inter-state trade or commerce for use in the generation or distribution of electricity is eligible for concessional rate of sales tax of 2%.

Notes:

- (i) All the above benefits are as per the current laws. Accordingly, any change or amendment in the laws/regulation would impact the same.
- (ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

The above Statement of Possible Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

SECTION IV- ABOUT THE COMPANY INDUSTRY

The information in this section has been extracted from the websites of and publicly available documents from various sources, including the MoP, the CEA and the Planning Commission of India. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has verified the information provided in this chapter. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information.

Overview of the Indian Economy

According to the CIA Factbook, India, with a population of over 1.16 billion people, had a Gross Domestic Product (“GDP”) on a purchasing power parity (“PPP”) basis of approximately US\$3,297.00 billion in 2008. This made it the fourth largest economy in the world, on a PPP basis, after the United States, China and Japan.

According to the RBI’s Macroeconomic and Monetary Developments First Quarter Review 2009-10 dated as of July 28, 2009, India is one of the fastest growing large economies in the world with a GDP growth of 6.7% in fiscal 2009 and an expected growth in GDP of 6.5% in fiscal 2010. The decrease in growth is mainly due to the global economic contraction and deterioration in the global financial markets. According to the estimates released in May 2009 by the Central Statistical Organisation (“CSO”), India’s GDP during the fourth quarter of 2008-2009 grew at a rate of 5.8% in that period compared to 8.6% in the corresponding quarter in the preceding year.

According to the Planning Commission of India, the 11th Plan (2007-08 to 2011-12) aims at a sustainable GDP growth rate of 9.0%. There is consensus that infrastructure inadequacies would constitute a significant constraint in realizing this development potential. To overcome this constraint, an ambitious programme of infrastructure investment, involving both the public and private sector, has been developed for the 11th Plan period by the GoI.

Power (electricity) is a critical infrastructural sector of a national economy. Providing adequate and affordable electric power is essential for economic development and higher standards of living. The power sector has been recognized by the GoI as a key infrastructure sector to sustain the growth of the Indian economy. As per the projections of investment in infrastructure during the 11th Plan, the power sector is expected to attract 30.4% of the total \$581.68 billion projected investment in infrastructure during the 11th Plan.

Sectors	Rs. Crore ⁽¹⁾	\$ billion ⁽²⁾	Sectoral shares (%)
Electricity (incl. NCE)	725,325	176.91	30.4
Roads	366,843	89.47	15.4
Telecom	314,118	76.61	13.2
Railways (incl. MRTS)	303,530	74.03	12.7
Irrigation (incl. Watershed)	262,508	64.03	11.0
Water Supply and Sanitation	234,268	57.14	9.8
Ports	86,989	21.22	3.6
Airports	40,880	9.97	1.7
Storage	26,327	6.42	1.1
Gas	24,118	5.88	1.0
Total	2,384,905	581.68	100.0

⁽¹⁾ 1 crore = 10 million

⁽²⁾ Exchange rate of Rs. 41.00 per US\$1.00

Source: “Projections of Investment in Infrastructure during the Eleventh Plan” available on infrastructure.gov.in/pdf/Inv_Projection.pdf

Overview of Indian Power Industry

The low per capita consumption of electric power in India compared to the world average presents a significant potential for sustainable growth in the demand for electric power in India. According to the 17th EPS Report, India’s peak demand is expected to grow at a CAGR of 7.6% over a period of 10 years (fiscal 2007 to fiscal 2017) and would require a generating capacity of about 300,000 MW by 2017 to cater to this demand compared to an installed capacity of 132,329 MW as on March 31, 2007.

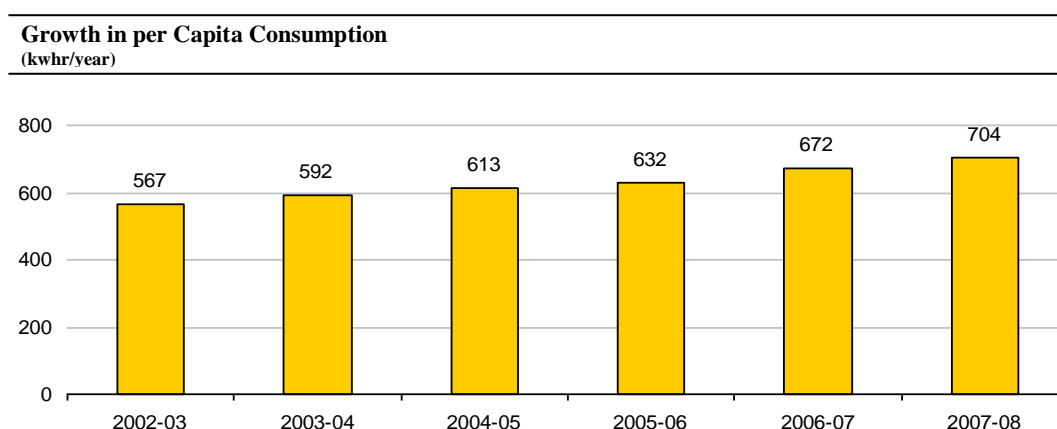
Historically, India has experienced shortages in energy and peak power requirements. Energy deficit averaged 8.9% and the peak power deficit averaged 12.8% during fiscal 2003 to fiscal 2009, primarily as a consequence of slow progress in the development of additional generation capacity. According to *Power Scenario at a Glance, July 2009* (CEA), the total energy deficit and peak power deficit during April to June 2009 was approximately 9.8% and 12.3% respectively.

The shortages in energy and peak power have been primarily due to the slow pace of capacity addition. During the 10th plan period (fiscal 2002 to fiscal 2007), capacity addition achieved compared to target capacity addition was 51.5%. During the 11th plan period (fiscal 2008 to fiscal 2012), capacity addition achieved was 9,263.0 MW or 56.7% of the target capacity addition of 16,335.2 MW in fiscal 2008, while in fiscal 2009, capacity addition achieved was 3,453.7 MW, or 31.2% of the target capacity addition of 11,061.2 MW. According to *Power Scenario at a Glance, July 2009* (CEA), as on June 30, 2009, the total installed power generation capacity in India was 150,323.4 MW.

The GoI has recognized the power sector as a key infrastructure sector to be developed to sustain Indian economic growth and has taken various steps to reform the power sector to attract private participation, increase competition and reduce AT&C.

Power Consumption

The per capita consumption of power in India has increased from 566.7 kWh/year in 2002-03 to 704.2 kWh/year in 2007-08, at a CAGR of 4.4% from 2002-03 to 2007-08.

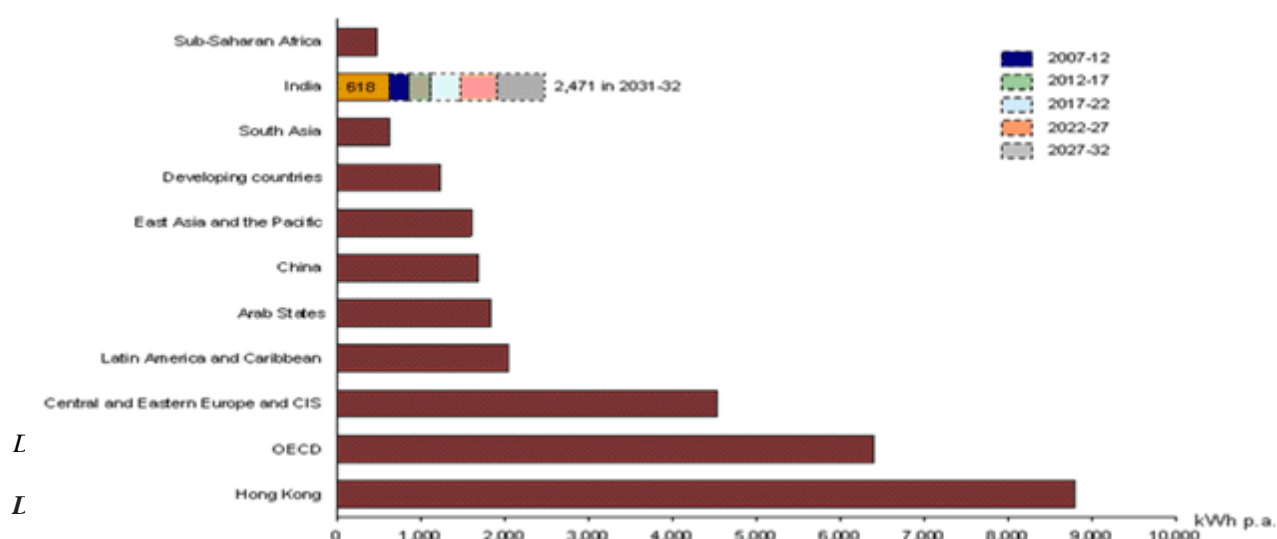


Source: *Monthly Review of Power Sector June 09* (CEA)

The per capita consumption in India is very low compared to the world average and even compared to other emerging countries. (Source: *Key World Energy Statistics- 2008*, www.iea.org/Textbase/nppdf/free/2008/Key_Stats_2008.pdf) The GoI has set a target to achieve 1,000 kWh per by Fiscal 2012, according to its mission of “Power for All by 2012” as envisaged in National Electricity Policy.

Per capita consumption of electricity in India is 704.2 kWh/year in 2007-08. An increase in the overall economic growth rate in India requires an increase in accessibility to electricity in rural India.

Per Capita Consumption of Electricity



According to the 17th EPS report, India's energy requirement will grow at a CAGR of 7.1% to 1,392,066 Million Units ("MUs") over a period of 10 years (fiscal 2007 to fiscal 2017). As per 17th EPS report, to meet this energy demand, the corresponding installed generating capacity required would be about 300,000 MW in fiscal 2017.

Please refer to the table below for details on the total projected energy, peak power requirement and the installed capacity required according to the Government of India, Integrated Energy Policy, Report of the Expert Committee (August 2006).

Year	Billion kWh				Projected Demand (GW)		Peak Installed Capacity Required (GW)	
	Total Energy Requirement		Energy Required at Bus Bar		@ GDP Growth Rate	Growth	@ GDP Growth Rate	Growth
	@ GDP Growth Rate		@ GDP Growth Rate					
	8%	9%	8%	9%	8%	9%	8%	9%
2011-12	1,097	1,167	1,026	1,091	158	168	220	233
2016-17	1,524	1,687	1,425	1,577	226	250	306	337
2021-22	2,118	2,438	1,980	2,280	323	372	425	488
2026-27	2,866	3,423	2,680	3,201	437	522	575	685
2031-32	3,880	4,806	3,628	4,493	592	733	778	960

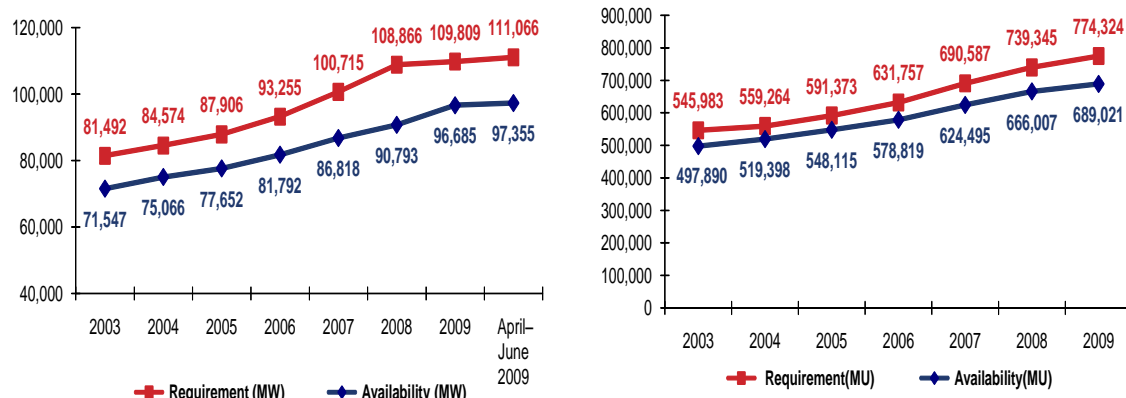
Source: Government of India Integrated Energy Policy, Report of the Expert Committee (August 2006)

Industry Demand-Supply Overview

The Indian power sector has historically been characterized by energy shortages which have been increasing over the years. In the period from April 2009 to June 2009, peak energy deficit was estimated to be at 12.3% and normative energy deficit was estimated to be 9.8%. The following table sets forth the peak and normative shortages of power in India from 2003 to June 2009:

Fiscal Year	Peak				Normative			
	Requirement (MW)	Availability (MW)	Shortage (MW)	(%)	Requirement (MU)	Availability (MU)	Shortage (MU)	(%)
2003	81,492	71,547	9,945	12.2	545,983	497,890	48,093	8.8
2004	84,574	75,066	9,508	11.2	559,264	519,398	39,866	7.1
2005	87,906	77,652	10,254	11.7	591,373	548,115	43,258	7.3
2006	93,255	81,792	11,463	12.3	631,757	578,819	52,938	8.4
2007	100,715	86,818	13,897	13.8	690,587	624,495	66,092	9.6
2008	108,866	90,793	18,073	16.6	739,345	666,007	73,338	9.9
2008-09	109,809	96,685	13,124	12.0	774,324	689,021	85,303	11.0
April– June 2009	111,066	97,355	13,711	12.3	202,238	182,412	19,826	9.8

(Source: CEA, "Power Scenario at a Glance", July 2009)



(Source: CEA, "Power Scenario at a Glance", July 2009)

Regional Demand-Supply Scenario

The following table displays the peak and normative power shortages in India for the period from April 2009 – June 2009 across different regions in India:

Period (April-June 2009)	Energy Requirement (MU)	Energy Availability (MU)	Energy Deficit / Surplus		Peak Demand (MW)	Peak Met (MW)	Peak Deficit / Surplus	
			(MU)	(%)			(MW)	(%)
Northern	59,563	53,316	(6,247)	(10.5)	35,491	29,574	(5,917)	(16.7)
Western	64,865	56,131	(8,734)	(13.5)	35,315	30,031	(5,284)	(15.0)
Southern	53,461	49,968	(3,493)	(6.5)	29,216	26,369	(2,847)	(9.7)
Eastern	22,128	21,077	(1,051)	(4.7)	12,913	11,904	(1,009)	(7.8)
N. Eastern	2,221	1,920	(301)	(13.6)	1,620	1,380	(240)	(14.8)

(Source: CEA, "Power Scenario at a Glance", July 2009)

According to the 17th Electric Power Survey, India's peak demand will reach approximately 152,746 MW with an energy requirement of approximately 968 billion units by fiscal year 2012. By the fiscal year 2017, peak demand is expected to reach 218,209 MW with an energy requirement of 1,392 billion units.

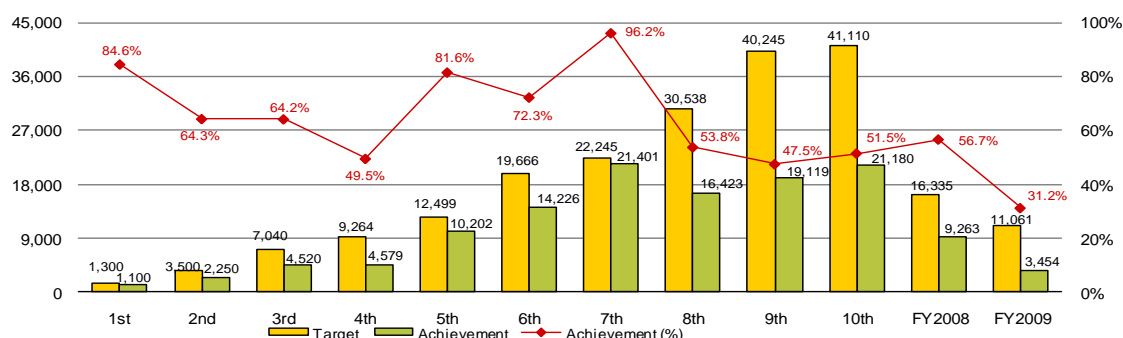
Historical Capacity Additions

The energy deficit in India is a consequence of slow progress in the development of additional energy capacity. The Indian economy is based on planning through successive five year plans ("Five-Year Plans") that set out targets for economic development in various sectors, including power sector. In the implementation of the last three Five-Year Plans (the Eighth, Ninth, and Tenth Five-Year Plans, covering fiscal years 1992 to 2007), less than 50% of the targeted additional energy capacity was added. India added an average of approximately 20,000 MW to its energy capacity in each of the Ninth and Tenth Five-Year Plan periods (fiscal years 1997 to 2002 and 2002 to 2007). (Source: White Paper on Strategy for Eleventh Plan, prepared by CEA and Confederation of Indian Industry (the "White Paper"))

The following chart sets forth the targeted energy capacity addition for Five-Year Plans, the installed capacity actually achieved at the end of those Five-Year Plans and the installed capacity actually achieved as a percentage of the targeted capacity additions for each of those Five-Year Plans:

All India Capacity Addition Targets and Achievements (From 1st to 11th Plan) (MW)

(%)



Source: CEA Monthly Review of Power Sector Report March 2009

The total capacity addition during the past 25 years between the VIth and the Xth Five-Year Plans was approximately 91,000 MW. A total capacity addition of 78,577 MW is planned for the XIth Five-Year Plan (2007-12) which should result in substantial investments in the power generation sector.

Installed Generation Capacity by Sector and Fuel

The following table and diagrams set forth a summary of India's energy generation capacity as of June 30, 2009 in terms of fuel source and ownership:

Sector	Hydro	Thermal			Nuclear	R.E.S. (MNRE)	Total
		Coal	Gas	Diesel			
Central	8,592.0	29,720.0	6,638.3	0.0	4,120.0	0.0	49,071.3
State	27,094.7	42,647.5	3,672.2	602.6	0.0	2,247.7	76,264.7
Private	1,230.0	6,091.4	6,074.5	597.1	0.0	10,994.7	24,987.7
Total	36,916.7	78,458.9	16,385.0	1,199.7	4,120.0	13,242.4	150,323.4

(Source: CEA, "Power Scenario at a Glance", July 2009)

The private sector has historically been reluctant to enter the market for power plants because of onerous governmental regulations on the construction and operation of power plants and sourcing of fuel for such plants. The participation of the private sector has, however, been increasing over time owing to power sector reforms.

Thermal Power Generation

Thermal power plants account for over 63.89% of India's installed capacity, within which over 81.69% of the capacity is accounted for by coal based plants, on total available thermal capacity, as of June 30, 2009. (Source: CEA "Power Scenario at a Glance", July 2009)

Future Capacity Additions

According to the CEA Executive Summary, as on September 30, 2009, India has an installed generation capacity of 152,360.09 MW. A key risk to the continued growth of the Indian economy is inadequate infrastructure. Infrastructure investment in India is on the rise, but growth may be constrained without further improvements. The GoI has identified the power sector as a key sector of focus to promote sustained industrial growth by embarking on an aggressive mission – "Power for All" by 2012 backed by extensive reforms to make the power sector more attractive for private sector investment. According to the Integrated Energy Policy ("IEP") report dated August 2006 issued by the Planning Commission, India would require additional capacity of about 220-233 gigawatt ("GW") by 2012, 306-337 GW by 2017 and 425-488 GW by 2022, respectively, based on normative parameters in order to sustain a 8-9% GDP growth rate (Source: IEP, Expert Committee on Power). The following table sets forth the additional capacity required by 2012, 2017 and 2022 under different GDP growth rate scenarios:

Assumed GDP Growth	Electricity Generation Required	Peak Demand	Installed Capacity	Capacity Addition Required ⁽¹⁾
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	Assumed GDP Growth (%)	Electricity Generation Required (BU)	Peak Demand (GW)	Installed Capacity (GW)	Capacity Addition Required ⁽¹⁾ (GW)
By fiscal 2012	8.0	1,097	158	220	71
	9.0	1,167	168	233	84
By fiscal 2017	8.0	1,524	226	306	157
	9.0	1,687	250	337	188
By fiscal 2022	8.0	2,118	323	425	276
	9.0	2,438	372	488	339

⁽¹⁾ Based on the existing installed capacity of 149 GW in India.

Source: IEP Report, Expert Committee on Power

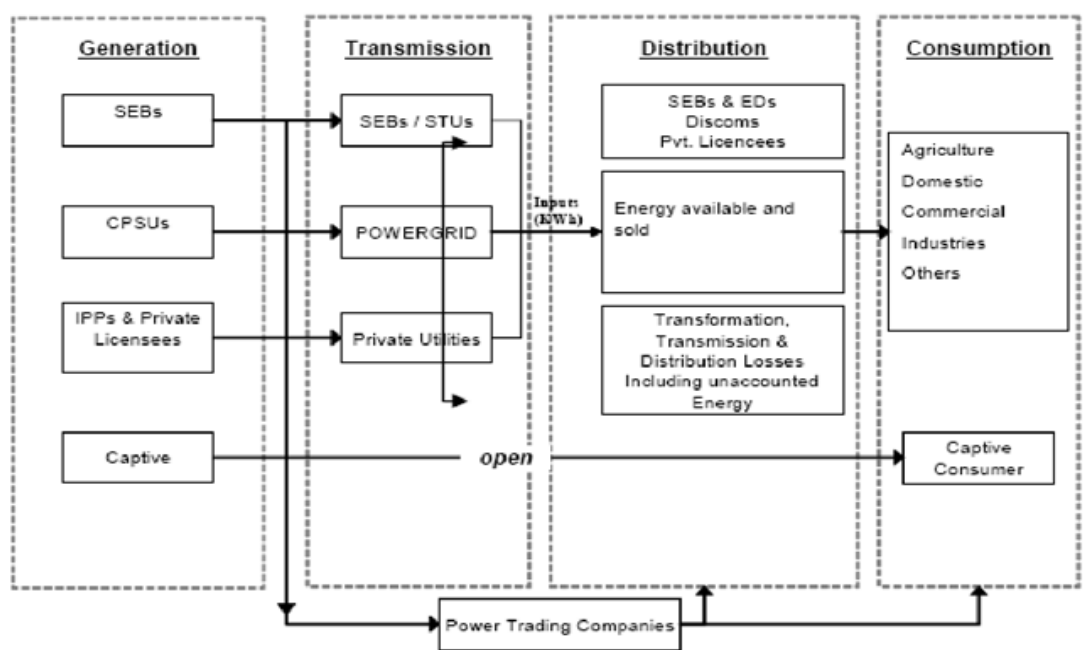
The likely capacity addition during the 11th Five-Year Plan (2007-12) is 78,700.40 MW. (Source: CEA, "Power Scenario at a Glance", July 2009)

Given India's large coal reserves, coal is expected to continue to dominate as a source of fuel for power plants in India. India has the fourth largest coal reserves in the world. (Source: CIA Factbook) However, in the past there were restrictions on the entry of private sector players into coal mining, which had caused India's coal production to remain low in comparison to its reserves. These restrictions have now been removed and private participation is allowed in coal mining. The total coal production for the fiscal 2009 was 492.95 million tonnes. The total geological coal reserves of India have been estimated at 267.21 billion tonnes as of April 1, 2009. (Source: Ministry of Coal)

In 2004, the Government of India set up a committee on coal sector reforms that led to several new initiatives being launched to encourage coal-based independent power plants in the country. These have increased the prospects of coal blocks being allotted to various private sector entities. Coal is already the key contributor to India's energy scenario with 55.0% of the current total commercial energy needs being met by coal. (Source: Ministry of Coal) Given India's large coal reserves and favourable policy outlook, coal is expected to continue to be the dominant source of energy for India and play a major role in sustaining India's economic growth.

Organization of the Power Industry

The following diagram depicts the current structure of the Indian power industry:



Key to the diagram:

CPSUs Central Public Sector Undertakings
 Discoms Distribution Companies
 ED Electricity Department
 IPP Independent Power Producer
 SEB State Electricity Board

Transmission and Distribution

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. The five regional grids, structured on a geographical contiguity basis, facilitate transfer of power from a power surplus state to a power deficit state. The regional grids also facilitate the optimal scheduling of maintenance outages and better co-ordination between the power plants. The regional grids are to be gradually integrated to form a national grid, whereby surplus power from a region could be transferred to another region facing power deficits, thereby facilitating a more optimal utilization of the national generating capacity.

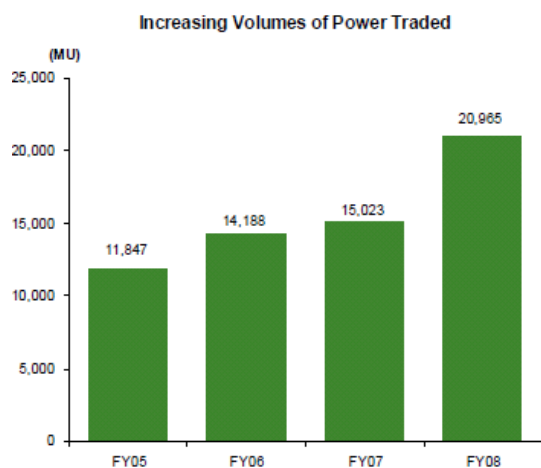
Most inter-regional and interstate transmission links are owned and operated by PGCIL though some are jointly owned by the State Electricity Boards (“SEBs”). PGCIL is the central transmission utility of India and possesses one of the largest transmission networks in the world. PGCIL has a pan India network presence of around 71,500 circuit kms of transmission network, 120 extra high voltage alternation current and high voltage direct current substations, and a total transformation capacity of 79,500 mega volt ampere. About 45% of the total generating capacity in India is transmitted through PGCIL’s system. (Source: <http://powermin.nic.in> and <http://powergridindia.com>).

PGCIL is working towards establishment of an integrated national power grid, in a phased manner, in order to strengthen the regional grids and to support the generation capacity addition program of about 78,000 MW during the Eleventh Five-Year Plan period. The existing inter-regional power transfer capacity of 17,000 MW is expected to be enhanced to 37,000 MW by 2012 through creation of “Transmission Super Highways”. (Source: <http://powergridindia.com>) Based on expected generation capacity addition in XIth Five Year Plan, a total investment of approximately Rs. 5,750 billion in the central and state sector. (Source: <http://powermin.nic.in>)

State grids and distribution networks are primarily owned and operated by the respective SEBs or state governments (through state electricity departments). State distribution networks are managed at the state level and continue to be affected by high AT&C losses estimated to be approximately 35%, which implies that 35% of power entering the system is lost during distribution. (Source: <http://powermin.nic.in>) A direct consequence of the high AT&C losses is the poor financial condition of SEBs, thereby constraining the SEBs from making any meaningful investments in generation and in upgrading the transmission and distribution (“T&D”) network.

Power Trading

Historically the main suppliers and consumers of bulk power in India have been the various government controlled generation and distribution companies who typically contracted power on a long term basis by way of power purchase agreements (“PPAs”) with regulated tariffs. However, in order to encourage the entry of merchant power plants and private sector investment in the power sector, the Electricity Act recognized power trading as a distinct activity from generation and has facilitated the development of a trading market for electricity in India by providing for open access to transmission networks for normative charges. Power trading involves the exchange of power from suppliers with surpluses to suppliers with deficits. Seasonal diversity in generation and demand, as well as the concentration of power generation facilities in the resources-rich eastern region of India, has created ample opportunities for the trading of power. Recent regulatory developments include the announcement of rules and provisions for open access and licensing related to interstate trading in electricity. Several entities have started trading operations or have applied for trading licenses. With the aid of the reforms, the volume of power traded as well as its traded price has grown rapidly over the last few years. The following graph and table shows the increasing volume and higher prices of power traded in India for the periods indicated:-

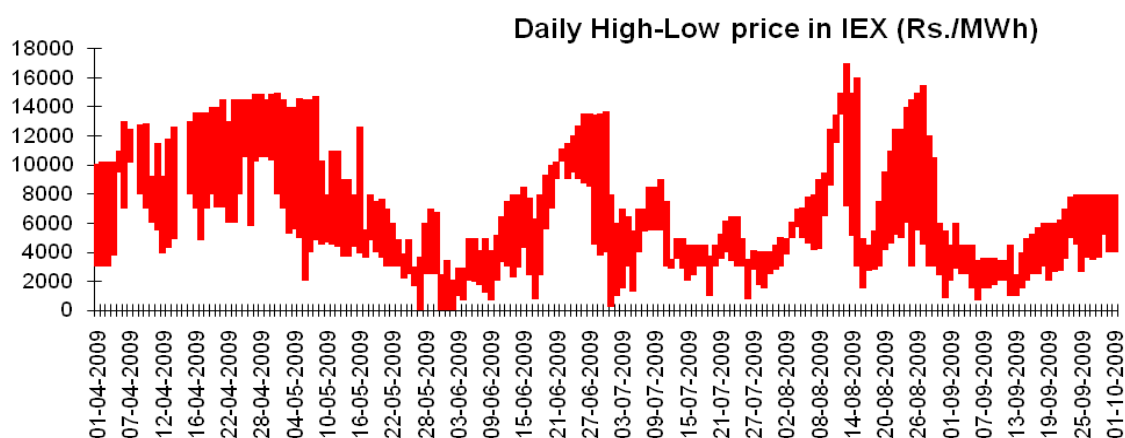


Source: CERC, Annual Reports for FY 2006, FY 2007 and FY 2008

Increasing Traded Volume at Higher Prices

Price Rs.	Electricity Traded (Units MUs)	
	FY07	FY08
Rs.0.00 – 2.00	252.2	4729.6
Rs.2.00 – 4.00	2732.7	2647.7
Rs.4.00 – 6.00	10507.4	4094.1
Rs.6.00 – 8.00	461.7	5292.5
Rs.8.00 – 10.00		556.9
Rs.10.00 – 12.00		0
Total	13953.9	17325.1

Source: CERC, Annual Reports



Source: IEX

Tariffs

The main objectives of the National Tariff Policy (“NTP”) notified by the Government of India on January 6, 2006, include promoting competition, efficiency in operations and improvements in the quality of supply and ensuring the availability of electricity to consumers at reasonable and competitive rates. The NTP reiterates the importance of implementing competition in different segments of the electricity industry as highlighted in the Electricity Act and that competition will lead to significant benefits to consumers through reduction in capital costs and improved efficiency of operations. It will also facilitate the determination of price through competition.

The NTP stipulates that all future power requirements should be procured competitively by distribution licensees except in cases of expansion of existing projects or where there is a state controlled or state-owned developer involved, in which case, regulators will need to resort to tariffs determined by reference to standards of the CERC, provided that expansion of generating capacity by private developers for this purpose will be restricted to a onetime addition of not more than 50% of the existing capacity. Under the NTP, even for public sector projects, tariffs for all new generation and transmission projects will be decided on the basis of competitive bidding after a certain period of time.

Merchant Power Plants

Merchant power plants (“MPPs”) generate electricity for sale at market driven rates in the open wholesale market. Typically, the MPPs do not have long-term PPAs and are built and owned by private developers.

Merchant sales, however, include sale of power under short-term PPAs and on spot basis. Many new private sector players are beginning to adopt the MPP model for their projects to generate higher returns as opposed to selling power through a long term PPA, as the off take risk is perceived to be low in view of significant power shortages in the country. The MPPs can sell power to the power trading companies (like the Power Trading Corporation), the SEBs and industrial and bulk customers.

Captive Power Generation

Another segment of power generation in India is the captive power segment. Captive power refers to power generation from a project set up for industrial consumption. According to Monthly Review of Power Sector, June 2009 (CEA), captive power capacity, at 19,509.49 MW, accounted for 11.5% of the total installed capacity in India. The dependence on captive power has been increasing, due to the continuing shortage of power and India's economic growth.

The Electricity Act 2003 provided additional incentives to captive power generation companies to grow by exempting them from licensing requirements. This has resulted in an increase in captive power capacity. Reliability of power supply and better economics are other factors driving industries to develop captive generation plants.

Indian Energy Exchange (IEX)

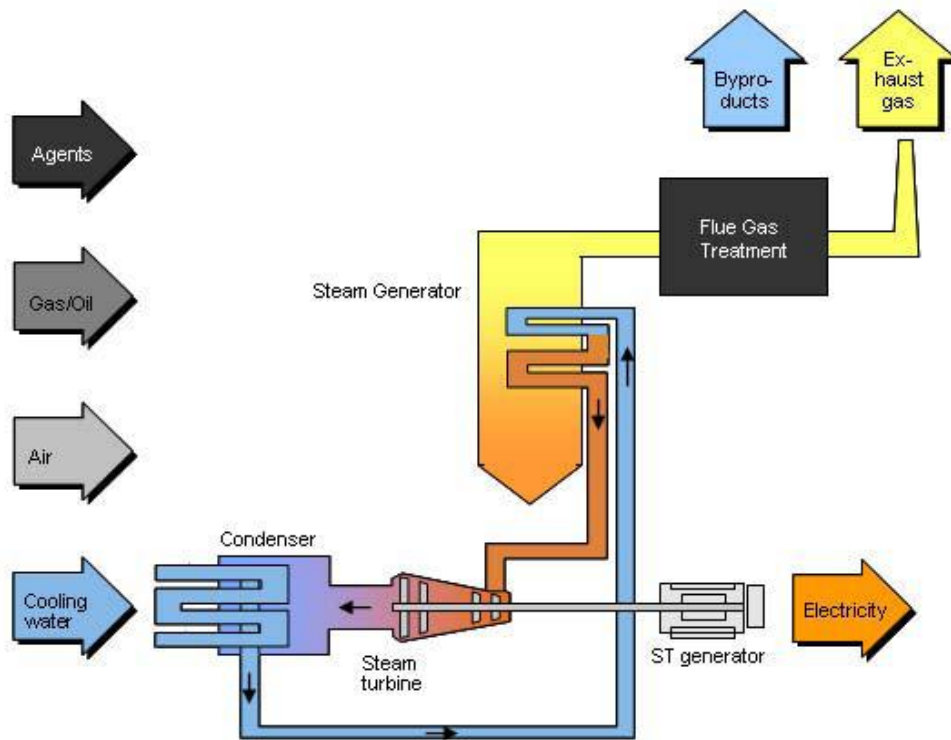
Indian Energy Exchange (“**IEX**”) is India's first nation-wide automated and online electricity trading platform. IEX seeks to catalyze the modernization of electricity trade in India by allowing trading through a technology enabled platform. On June 9, 2008, IEX received Central Electricity Regulatory Commission approval for commencing operations. IEX is a demutualised exchange that will enable efficient price discovery and price risk management in the power trading market. IEX offers a broader choice to generators and distribution licensees for sale and purchase of power facilitating trade in smaller quantities. IEX enables participants to precisely adjust their portfolio as a function of consumption or generation. (*Source: www.iexindia.com*).

Power Generation Process

The process of generation of power from steam power plants, utilizing coal or lignite fuel, essentially entails two stages. In the first stage, the chemical energy stored in the coal is converted into heat energy in coal-fired boilers. In the second stage, high-pressure steam, which is generated in the boilers, is passed through turbines (through conversion of heat energy into mechanical energy), which in turn is coupled to generators (through conversion of mechanical energy into electrical energy), thereby generating electricity.

The water steam cycle essentially contains a coal-fired steam generator, a steam turbine with condenser, a feedwater tank, low-pressure (“**LP**”) heaters and high-pressure (“**HP**”) heaters and connecting pipelines. The superheated steam produced in the steam generator is supplied to the steam turbine, which drives the three-phase AC generator. After leaving the HP turbine, the steam is reheated in the steam generator and fed to the intermediate pressure (“**IP**”) turbine. In the LP turbine, the steam coming directly from the IP turbine expands to condenser pressure and is condensed in the condenser.

Closed cycle water system is used for cooling the condenser. The condensation collected in the condenser hot well is discharged by the condensate pumps and supplied via the LP condensate heaters into the feedwater tank. The feedwater is further heated by bled steam from turbine and dissolved gases from the feedwater are liberated. The boiler feed pumps discharge feed water from the feedwater tank via the HP heaters to the economizer. Steaming starts from this point onwards. The high temperature steam water mix is further converted into steam in water walls and finally passed through the super heaters sections for converting the saturated steam into superheated steam.



Steam power plant cycles are characterized by the pressure level at which they operate. Sub-critical cycles use pressures below the critical pressure of water. Typical popular unit sizes of large plants are in multiples of 125 /135 MW, 250/300 MW, 500 MW or 600 MW. On the other hand, supercritical cycles operate above the critical pressure providing higher efficiency. These cycles have varying unit sizes and varying parameters.

Boiler types can be alternatives of various capacity parameters, namely:

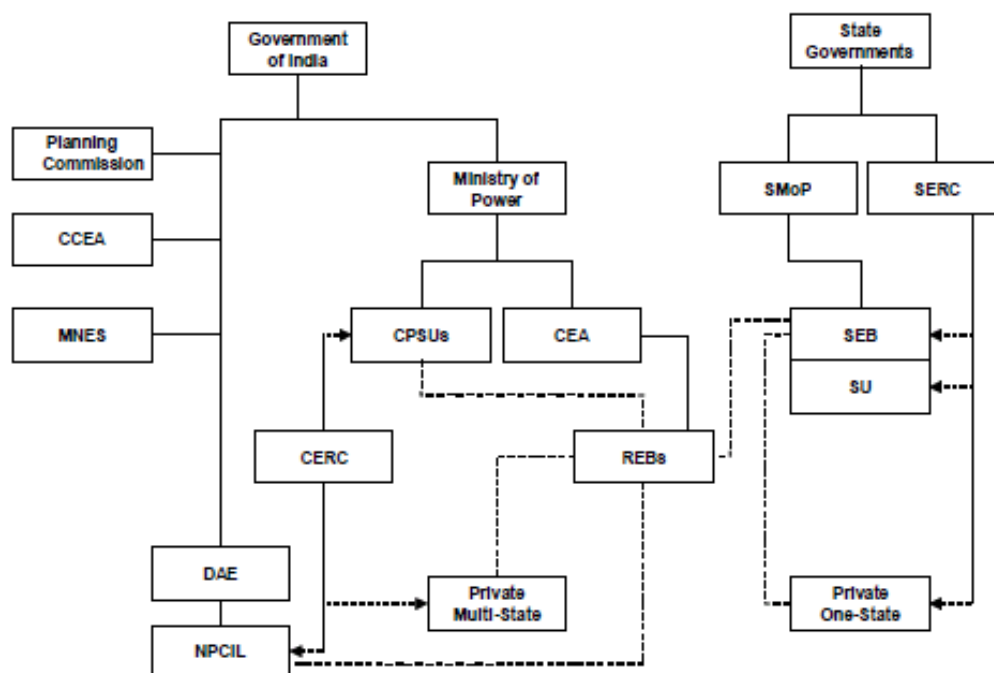
- Atmospheric Fluidized Bed Combustion type;
- Circulating Fluidized Bed Combustion type;
- Pulverized Fuel type; and
- Stoking Boilers.

Regulatory Control

In India, control over the development of the power industry is shared between the Central and the State governments. The Ministry of Power is the highest authority governing the power industry in India. The CEA, a statutory organization constituted under the Electricity Act, is the technical branch of the Ministry of Power assisting in technical, financial and economic matters relating to the electricity industry. The CEA is responsible for giving concurrence to schemes involving capital expenditure beyond a certain limit fixed by the Government from time to time, and it is also responsible for the development of a sound, adequate and uniform power policy in relation to the control and utilization of national power resources. The Central Electricity Regulatory Commission constituted under the Electricity Regulatory Commissions Act, 1998 is an independent statutory body with quasi-judicial powers. Its main functions include the formulation of policy and the framing of guidelines with regard to electricity tariffs.

Several states have set up State Electricity Regulatory Commissions (“**SERCs**”). The SERCs are engaged in regulating the purchase, distribution, supply and utilization of electricity, tariff and charges payable, as well as the quality of service. State governments have set up SEBs at the state level, which are responsible for ensuring that the supply, transmission and distribution of electricity in such States is carried out in the most economical and efficient manner. These SEBs are required to coordinate with power generating companies, as well as the government entities that control the relevant power grids. Some states have amalgamated their respective SEBs to form Regional Electricity Boards, to ensure that electricity supply, transmission and distribution policies are consistently applied. Private sector companies operating in the electricity supply, transmission and distribution industry report to the Ministry of Power, as well as their respective SEBs and their SERCs.

Regulatory Structure



Key to the diagram:

CCEA	Cabinet Committee on Economic Affairs
MNES	Ministry of Non-Conventional Energy Sources
CPSUs	Central Public Sector Undertakings
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
REBs	Regional Electricity Boards
SMoP	State Ministry of Power
SU	State Undertaking
SEB	State Electricity Board
SERC	State Electricity Regulatory Commission
DAE	Department of Atomic Energy
NPCIL	Nuclear Power Corporation of India Limited

For more details regarding the regulations and policies applicable to our business, please see “*Regulations and Policies in India*” on page 77.

Ultra Mega Power Projects

With the aim of meeting India’s significant power requirements, GoI has proposed the construction of nine Ultra Mega Power Projects (“UMPPs”). The award of the projects is based on competitive bidding processes, with the amount of the normalized tariff for 25 years being a significant factor in the selection process. Each of the UMPPs will provide a power generation capacity of 4,000 MW and use coal as fuel. GoI will ensure land and environmental clearances, off-take agreements, payment security mechanisms and also provide for fuel linkages in some cases to ensure efficient implementation of the UMPPs. The UMPPs will be awarded to developers on a Build-Own-Operate basis in which the developer builds, owns and operates the UMPP. The nine UMPPs, with a total power generation capacity of 36,000 MW, are expected to be awarded and built at nine different locations in India over the next seven to eight years. To date, four UMPPs have been awarded – the project in Mundra, Gujarat has been awarded to The Tata Power Company Limited and the projects in Sasan, Madhya Pradesh, Krishnapattam, Andhra Pradesh and Tilaiya, Jharkhand have been awarded to Reliance Power Limited.

Mission 2012: Power for All

The Ministry of Power has set a goal - Mission 2012: Power for All. A comprehensive blueprint for power sector development has been prepared encompassing an integrated strategy for the sector development with following objectives:

- Sufficient power to achieve GDP growth rate of 8%;
- Reliable of power;
- Quality power;
- Optimum power cost;
- Commercial viability of power industry; and
- Power for all.

Strategies to achieve these objectives:

- *Power Generation Strategy:* Focus on low cost generation, optimization of capacity utilization, controlling the input cost, optimization of fuel mix, technology upgradation and utilisation of Non Conventional energy sources.
- *Transmission Strategy:* Focus on development of National Grid including Interstate connections, technology upgradation and optimisation of transmission cost.
- *Distribution Strategy:* To achieve Distribution Reforms with focus on System upgradation, loss reduction, theft control, consumer service orientation, quality power supply commercialization.
- Decentralized distributed generation and supply for rural areas.
- *Regulation Strategy:* Aimed at protecting Consumer interests and making the sector commercially viable.
- *Financing Strategy:* To generate resources for required growth of the power sector.
- *Conservation Strategy:* To optimise the utilisation of electricity with focus on demand side management, load management and technology upgradation to provide energy efficient equipment/gadgets.
- *Communication Strategy:* For political consensus with media support to enhance the general; public awareness.

OUR BUSINESS

Overview

We are a company engaged in the commercial power generation business in India and we are currently developing two thermal power projects in Jharsuguda, Orissa and Talwandi, Punjab, respectively, with a combined proposed installed capacity of 4,380 MW. We intend to sell the power generated from these projects under a combination of long-term and short term PPAs to industrial consumers and state owned utility companies and on merchant basis. We are part of the Vedanta Group, a leading metals and mining group in India, and a subsidiary of one of the Vedanta Group's flagship companies, Sterlite Industries.

We leverage on the experience of the Vedanta Group in building and managing captive power plants to develop, operate and manage our power projects. The Vedanta Group has been building and managing captive power plants since 1997 and, as of September 30, 2009, the total capacity of its captive power plants and wind power plants was approximately 2,464 MW of which approximately 2,259 MW was from thermal power plants. The Vedanta Group is currently constructing power plants with an installed capacity of 6,380 MW and expects to have power plants with a capacity of approximately 3,334 MW operational by the end of fiscal 2010. In August 2006, the shareholders of our Promoter, Sterlite Industries approved a new strategy for Sterlite Industries to enter into the commercial power generation business in India, in order to leverage on Sterlite Industries' experience in building and managing captive power plants used to support its primary copper, zinc and aluminium businesses. Sterlite Industries acquired all of the outstanding Equity Shares and operational control of our Company in October 2006. Vedanta has indicated to us that all future commercial power generation projects in India to be undertaken by the Vedanta Group will be developed by our Company.

We are developing a sub-critical thermal power plant, with a power generation capacity of 2,400 MW (comprising four units of 600 MW each) at Jharsuguda in the State of Orissa at an estimated cost of approximately Rs. 82,000 million. This project is expected to be progressively commissioned with the first unit expected to be commissioned in the fourth quarter of fiscal 2010 and the project is expected to be fully commissioned in the third quarter of fiscal 2011. The power plant would require approximately 12.49 mtpa of coal. The State of Orissa has abundant coal resources estimated at 65.23 billion tons as of April 1, 2009 according to the Geological Survey of India 2009. We intend to source a portion of the fuel for this project from the Rampia Coal Blocks in the State of Orissa, which have been jointly allocated to us together with five other companies. Our proportionate share from these coal blocks is estimated at 112.22 million tons which we believe would meet the coal requirements to produce 1,000 MW of power for approximately 22 years. Pending the development of the Rampia Coal Blocks, we intend to source 2.57 mtpa of coal, which is expected to meet a substantial portion of the coal requirements of the first 600 MW unit of the power plant, from the coal linkage provisionally assured to us by MCL in June 2008. We have applied to the MOC for a coal linkage to meet a substantial portion of the remaining coal requirement for the balance three units. On September 28, 2006, we entered into a long-term PPA with GRIDCO, a nominee of the State Government of Orissa, which was amended in August 2009, granting GRIDCO the right to purchase approximately up to 718 MW from the Jharsuguda Power Project over a period of 25 years.

In July 2008, we were awarded the tender to build a 1,980 MW (comprising three units of 660 MW each) super-critical thermal power plant near Talwandi Sabo, in the State of Punjab, India, by the Government of Punjab. This project is expected to be progressively commissioned with the first unit of 660 MW expected to be commissioned in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. The estimated cost of the project is approximately Rs. 93,200 million. The power plant would require approximately 7.90 mtpa of coal. In August 2008, we secured a coal linkage from MCL, pursuant to which MCL has provisionally agreed to supply 7.72 mtpa of coal. We have applied to the MOC for an increase in the allocation of linkage allotted to meet our remaining requirement. In September 2008, we entered into a long-term PPA with the PSEB, pursuant to which PSEB has agreed to purchase 1,841.40 MW of power from this project.

We have acquired the land for the construction of the main plants and have awarded turnkey EPC contracts to SEPCO and its affiliates on a fixed price and term basis for both our power projects. We believe that by leveraging our management's experience in building and managing captive power plants and mining we can compete successfully in the commercial power generation business and capitalize on what we believe is a significant growth opportunity in India. For example, the State of Punjab has a power deficit of approximately 10.56% in fiscal 2009 according to the Northern Regional Power Committee of the Government of India. We intend to capitalize on attractive growth opportunities arising from factors including, India's economic growth,

power deficit, large coal reserves and large and inexpensive labour pools. For details, see “*Industry*” on page 51.

Competitive Strengths

We believe that the following competitive strengths position us ideally to capitalize on India’s economic growth, power deficit and resource potential:

Visibility of power projects to be commissioned in the foreseeable future

We are currently developing two thermal power projects, the first in Jharsuguda, Orissa and the second in Talwandi Sabo, Punjab. The 2,400 MW Jharsuguda Power Project is expected to be progressively commissioned with the first unit of 600 MW expected to be commissioned in the fourth quarter of fiscal 2010 and the project is expected to be fully commissioned in the third quarter of fiscal 2011. Further, the first 660 MW unit of the Talwandi Power Project is expected to be commissioned in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. Therefore, we anticipate generating progressively increasing revenues from our power projects in the foreseeable future.

Experienced management with project execution skills and substantial experience in mining and power generation

Our management has experience in commercial power generation and several members of our senior management team were formerly from or are currently seconded to us from the Vedanta Group, which has been building and managing captive power plants in India to support the group’s metal businesses since 1997. As of September 30, 2009, the Vedanta Group was managing captive power plants and wind power plants with a total power generation capacity of 2,464 MW. Several members of our management have been involved in successfully building and managing large thermal captive power plants at Vedanta’s subsidiaries at low costs. For example, HZL’s 154 MW captive power plant was commissioned in 2005 at a capital cost of Rs. 4,475.7 million, or approximately Rs. 29 million per MW and BALCO’s 540 MW captive power plant was commissioned in 2006 at a capital cost of Rs. 13,175.5 million, or approximately Rs. 24 million per MW. Further, MALCO’s 75 MW (now with installed capacity of 100 MW) captive power plant commissioned in 1999 at Mettur in the State of Tamil Nadu, has consistently run at a plant-load factor (“PLF”), of more than 110%. The Vedanta Group is currently constructing power plants with an installed capacity of 6,380 MW and expects to have power plants with a capacity of approximately 3,334 MW operational by the end of fiscal 2010.

Most of our key managerial personnel have over 20 years of experience in the power and mining sector in India, and have worked in India and abroad in companies such as Jindal Power Limited, NTPC Limited, Suez Energy International (Brussels), ESKOM (South Africa) besides various companies in the Vedanta Group. Further, we believe that the skill and experience of our management, drawn from several years of successful mining operations by the Vedanta Group, will allow us to mine the coal from the Rampia Coal Blocks jointly allotted to us and five other companies and any other coal blocks that may be allotted to us at low operating costs to provide an inexpensive source of fuel for and contribute to the competitiveness of our commercial power plants. The Vedanta Group is one of the largest metals and mining companies in India and currently operates more than 21 mines in various geographies – India, Australia and Zambia – and mined more than 35 million tons of ore in fiscal 2009. Our affiliated companies in the Vedanta Group have substantial experience in the mining of ferrous and non-ferrous metal ores in a variety of open pit and underground mines at relatively low operating costs.

Vedanta’s ability to finance and pursue industry leading power projects

We are part of the Vedanta Group which has a strong balance sheet with low leverage. The net worth of Vedanta on a consolidated basis as on March 31, 2009 was US\$ 3,112.6 million and its debt equity ratio was 0.67:1. The Vedanta Group has demonstrated its ability and capacity to finance industry leading projects. We believe that the success and ability of the Vedanta Group in financing projects in India has played a significant role in us achieving financial closure of the Jharsuguda Power Project. Further, being a part of the Vedanta Group enables us to bid for certain power projects that we may otherwise be unable to make for reasons relating to the application process, including the net worth requirements of the company submitting the bid or its parent or holding company. Further, we believe that our affiliation with the Vedanta Group, will enable us to successfully enter and compete in the commercial power generation business with large-scale projects that some of our other competitors may not have the ability or capacity to pursue.

Our power projects are strategically located

Our power projects are strategically located thereby providing us with easy access to fuel and water, and are well connected by railways and roads and consumers. In addition, our power projects are in close proximity to power deficit areas. Our Jharsuguda Power Project is located in the State of Orissa, which has abundant coal resources estimated at 65.23 billion tons as of April 1, 2009 according to the Geological Survey of India 2009. The nearest railway station, Dhutra, from where we intend to construct a dedicated loop line, is located about 20 kms from the project site. We have been jointly allocated coal blocks in the Rampia Coal Blocks in the State of Orissa which is located approximately 32 kms from the plant site. Further, the coal linkage site is located at a distance of around 40 kilometres from the plant site. In addition, the entire water requirement for the project site including cooling water requirement and steam-cycle requirement is proposed to be met from Hirakud dam, which is at a distance of 42 kilometres from the project site. Further, the power produced from the project is proposed to be evacuated through the PGCIL transmission line which is connected to the Northern grid having the highest power deficit in India.

Our Talwandi Power Project is located in the State of Punjab which has a power deficit of around 10.56% in fiscal 2009, according to the Northern Regional Power Committee of the Government of India. The water requirement for the Talwandi Power Project is proposed to be sourced from the Bheni canal, a sub branch of the Kotla canal branch which is located approximately 38 km from our project site. The nearest railway station, Sadda Singhwala, from where we intend to construct a dedicated loop line to transport the coal required for this project, is located approximately 12 kms from the project site. Additionally, there are several cement plants located near the project site, which will facilitate disposal of ash generated by our power plants.

Procurement expertise and relationships to support entry into the Indian power sector

The Vedanta Group has established diversified sourcing and distribution networks through the building and managing of captive power plants. We believe this has enabled us to enter into contracts and establish sustainable working relationships with equipment suppliers and contractors who provide important services and support for large power plant projects at competitive costs and terms. For instance, our power projects are being implemented pursuant to turnkey EPC contracts which have been awarded to SEPCO, an EPC company established in China and its affiliated entities on a fixed cost and term basis. We are entitled to avail benefits of concessional customs duty and applicable cess while importing capital goods for implementing a project and Sterlite Industries, which is a four star export house, is permitted to discharge the arising export obligation on our behalf. We intend to utilize Vedanta Group's and our experience and relationships in the procurement of vendor services to help us build and manage our planned commercial power generation facilities and exploit future business opportunities in this sector.

Reduced production and pricing risks due to long-term power off-take arrangements

We are developing power projects with combined installed capacity of 4,380 MW. In order to reduce our production and pricing risks, we have entered into long-term PPAs with state electricity boards and state-owned utilities pursuant to which such entities have either agreed to or acquired the right purchase approximately up to 2,559.4 MW power produced from our projects.

GRIDCO executed a PPA with us on September 28, 2006 which was amended in August 2009 for the purchase of approximately up to 718 MW from the Jharsuguda Power Project at rates determined by OERC. GRIDCO has the right to purchase this power from us in blocks of five year periods, for a period of 25 years from the date of commercial operation of the last unit. We also intend to supply power produced from the project to our Group Entity, Vedanta Aluminium, to meet its power requirements for its proposed 1.25 mtpa aluminium smelter expansion project at the adjacent site. In addition, we have entered into a long-term PPA with PSEB to sell 1,841.40 MW of power to be produced from our Talwandi Power Project. Under the PPA, PSEB has agreed to purchase this power from us for a period of 25 years from the date of commercial operation of the power plant. As per the terms of the PPA, the energy charges will be calculated based on the quoted heat rate and actual costs of coal, including transportation costs.

We believe these arrangements will allow us to mitigate our off-take risk, while enabling us to sell the residual power at market determined rates.

Strategy

We were established to develop, construct and operate power projects and are seeking to become one of India's leading commercial power generation companies. Our goals are to generate strong financial returns and create a strong commercial power generation business in India. Key elements of our strategy to achieve our goals include:

Capitalize on the growth of the Indian power generation sector

Although the per capita consumption of power in India is lower than other leading developed and emerging economies by a large margin, the power sector in India has historically been characterized by power shortages that have consistently increased over time. According to the Central Electricity Authority, the total peak shortage was 12,838 MW in May 2009. As per the IEP Report, the Expert Committee on Power, in the Eleventh Plan (2007-2012), a capacity addition of 71 GW and 84 GW, assuming an 8.0% and 9.0% GDP growth rate, respectively, would be required by 2012. Although recent reports indicate that the GDP growth rate is likely to be lower than 8.0%, we believe that our power projects under development and other projects we intend to pursue will play a significant role in the growth of the Indian power sector. We believe these factors make the commercial power generation business an attractive growth opportunity in India and that by leveraging our project execution and operating and mining skills and experience in building and managing captive power plants we can compete successfully in this business.

Realize the opportunities presented by power sector reforms and benefits extended by the Government of India

In 1991, the Indian power sector began a process of deregulation that is continuing today. The Electricity Act, 2003 and subsequent reforms have generated significant opportunities in the power sector. These changes include the following:

- liberalization and de-licensing of the power generation sector, and abolishing the requirement for techno-economic clearances for thermal power projects, thereby expediting the thermal power project development process;
- power requirements must be procured through a competitive bidding process and projects are no longer awarded on a cost-plus basis, which we believe will present attractive opportunities for efficient generation of power;
- power generation companies are now able to sell power to any distribution licensees, or where allowed by the state regulatory commissions, directly to consumers. In addition, the market has evolved for merchant sales, which allows for the supply of peak power at premium rates;
- power generation companies have open access to transmission lines, which will facilitate the direct sale of power to distribution and trading licensees;
- improved payment security mechanisms, which we believe will improve sector stability and enhance our ability to obtain financing for our projects;
- there is no longer a distinction between foreign and domestic investor under electricity laws; and
- 100.0% FDI is allowed in the power sector.

Future power sector reforms may present additional opportunities for us and we intend to capitalize upon these opportunities as they arise.

Pursue additional opportunities to expand our business

We are actively pursuing opportunities to expand our commercial power generation business, including conceiving and developing of new power projects, bidding for UMPPs, acquiring power plants / power projects or interest in companies operating power generation facilities from third parties or the Vedanta group. While we presently do not have any legally binding commitments to build or acquire any power project, we are currently in various stages of conceiving new power projects. We also intend to pursue, wherever possible, power projects

that are located at the pit-head of a coal mine or in close proximity to one or more coal mines in order to provide us the competitive advantage. We believe that the pursuit of these opportunities is critical to enable us to continue to capitalize on the growing demand for power generation and shortage of power in India.

Leverage our management's and the Vedanta Group's project execution and operating skills and experience in mining and building and managing captive power plants to develop our commercial power generation business

As a part of the Vedanta Group, we have access to the experience and expertise of its management team. We intend to enter into a shared services agreement with our Promoter, Sterlite Industries, a Sarbanes Oxley Act, 2002 compliant company, to formalize the arrangements for the sharing of management and other personnel after the power projects are commissioned. Our management has substantial experience in both building and managing captive power plants and in mining operations. We also intend to leverage on the relationships of the Vedanta Group with third party suppliers and contractors to enter into partnerships at competitive rates and terms. We intend to draw upon our management's and the Vedanta Group's project execution and operating skills and experience in building and managing captive power plants and apply our management's and the Vedanta Group's mining experience to the mining of the coal blocks that have been allotted to us and that may be in the future to reduce the fuel costs of our proposed thermal power plants. We believe that this experience will enable us to compete successfully in the commercial power generation business.

Secure fuel supply

Having a dedicated, cost-efficient and established fuel supply line for a power project is fundamental to our success. India has large thermal coal resources and the coal industry is in the process of government deregulation that is expected to increase the availability of coal for power generation, among other uses. Our strategy has been to establish dedicated fuel lines prior to setting up a power project. We seek to ensure that we have adequate supplies of cost-efficient fuel through captive fuel sources, coal linkages or long-term contracts for supply of coal meeting specific contract specifications to meet the fuel requirements for our power projects. Towards this, we intend to invest approximately Rs. 1,500 million to develop coal blocks in the Rampia Coal Blocks jointly allocated to us and five other companies by the MOC through our joint venture company, RCMEPL.

We also intend to actively pursue the allotment of coal blocks to us for consumption in our power plants, which will result in a lower cost of power generation. Using the expertise we have acquired from the Vedanta Group's mining experience, we intend to develop the coal blocks that have been allotted to us, or may in the future be allotted to us, with an emphasis on production processes and operational efficiencies to extract the coal at low costs. As part of this, we will seek to maximize the availability of equipment and the output of the coal mines to continuously support the coal requirements of our power plants. We believe that obtaining additional coal block allotments and the mining of coal from such coal blocks allotted to us at a competitive cost and in sufficient quantity to satisfy the coal requirements of our power plants is key to the profitability and success of our business.

Engage in an optimal mix of off-take arrangements

We plan to maintain an optimal combination of long and short-term PPAs for a substantial portion of our power production to mitigate the risks and optimise returns to stakeholders. We believe that long-term off-take arrangements will provide a level of committed revenues and guarantee demand thereby insulating us from production risks arising from fluctuations in market demand, whilst short-term arrangements will enable us to benefit from higher market determined tariff rates from time to time. Furthermore, we believe that state-owned utility companies will require substantial amounts of power in order to meet the power demand and to cope adequately with power shortages in their respective States. We intend to utilize our marketing and trading capacities to secure off-take arrangements with state-owned utility companies and industrial consumers as well as carry out merchant sales of power at market rates. We have entered into long-term PPAs with state electricity boards and state-owned utilities for the sale of up to 2,559.40 MW of power produced from our projects with a combined installed capacity of 4,380 MW. We also intend to supply power produced from the project to our Group Entity, Vedanta Aluminium, to meet its power requirements for its proposed 1.25 mtpa aluminium smelter expansion project at the adjacent site. Such sale would be on a price per unit not less than the then prevailing OERC rates. We propose to sell the remaining capacity by inviting competitive bids from various state distribution companies or through long term PPAs and on a merchant basis, depending on then existing market conditions and applicable rates. For example, we have received an in-principle letter from the CSEB for

the purchase of 1,000 MW of power from the Jharsuguda Power Project and may enter into a long-term PPA with CSEB. We believe this will enable us to take advantages of the growing power industry in India.

Summary of Our Current Commercial Power Generation Projects

The following table provides an overview of our current commercial power generation projects:

	Jharsuguda, Orissa	Talwandi, Punjab
Proposed Installed Capacity	2,400 MW (4x600 MW)	1,980 MW (3x660 MW)
Technology	Thermal, sub-critical	Thermal, super-critical
Financing	Financial closure achieved	Yet to achieve financial closure
Land	296.01 acres of land acquired on a long-term lease for main plant; in the process of acquiring further land required for ash pond, rehabilitation and residential township area.	2,113 acres of land acquired on freehold basis for main plant, ash disposal area, township and greenbelt area; in process of acquiring further land required for railway siding and water intake channel.
EPC	EPC contract signed with SEPCO III ⁽¹⁾ . Commenced construction.	EPC contract signed with SEPCO. Yet to commence construction
Estimated Coal Requirement	Approximately 12.49 mtpa	Approximately 7.90 mtpa
Coal Supply Status	112.22 million tons coal block allocated ⁽²⁾ ; provisional coal linkage of 2.57 mtpa received, which will be sufficient for the generation of a substantial portion of the power in the first 600 MW unit, and coal linkage with respect to 1,800 MW of capacity applied for.	Provisional coal linkage for 1,800 MW of capacity received.
Off-take Status	Long-term PPA signed with GRIDCO providing right to purchase approximately up to 718 MW, intend to supply power to Vedanta Aluminium for its proposed 1.25 mtpa aluminium smelter expansion project at adjacent site and in-principle letter from the CSEB for the purchase of 1,000 MW of power.	Long-term PPA signed with the PSEB providing for the sale of 1,841.40 MW of power to PSEB.
Scheduled Commissioning of First Unit / Project Commissioning	By fourth quarter of fiscal 2010 / by third quarter fiscal 2011	By fourth quarter fiscal 2013 / by second quarter of fiscal 2014
Estimated Project Cost	Rs. 82,000 million	Rs. 93,200 million
Amount spent as of October 6, 2009	Rs. 41,063 million	Rs. 8,514 million

(1) SEPCO III, an affiliate of SEPCO.

(2) The coal block is currently in the pre-exploration stage. We and our consortium of five partners have formed a joint venture company, RCMEPL, to develop and mine the coal block. On April 16, 2008, RCMEPL submitted an application to the Government of Orissa for the grant of a licence for exploration which is currently pending approval from the regulatory authorities. Once the licence for exploration is issued, RCMEPL will commence exploration activities in the coal block. Upon the completion of exploration activities, RCMEPL will apply for the grant of the mining lease and other regulatory approvals for the development and mining of the coal block.

Jharsuguda Power Project

We are developing a 2,400 MW (comprising four units of 600 MW each) thermal power plant at Jharsuguda, in the State of Orissa, strategically located near a coal pit-head, approximately 365 km from the state capital, Bhubaneswar.

This project will employ sub-critical technology and is expected to be progressively commissioned with the first unit expected to be commissioned in the fourth quarter of fiscal 2010 and the project is expected to be fully commissioned in the third quarter of fiscal 2011. The estimated cost of the project is Rs. 82,000 million. As at October 6, 2009, we have spent a total of Rs. 41,063 million on the project.

In September 2006, we entered into a MoU with the Government of Orissa with respect to the Jharsuguda Power Project, under which the Government of Orissa agreed to assist us in the acquisition of the required land, facilitate the allotment of coal blocks or long-term coal linkages and assist with major regulatory clearances and approvals among others. The MoU expired in September 2009 and we are in negotiations with the Government of Orissa for a renewal of the same.

Financing

The total cost of the Jharsuguda Power Project is expected to be Rs. 82,000 million. We have achieved financial closure for this project. We entered into a common rupee loan agreement dated June 29, 2009 for a term loan facility of Rs. 55,690 million from a consortium of lenders comprising State Bank of India, IDBI Bank Limited, Punjab National Bank, Andhra Bank, United Bank of India, Life Insurance Corporation of India, Syndicate Bank, Tamilnad Mercantile Bank Limited, Bank of India, Canara Bank, Union Bank of India, Corporation Bank, Allahabad Bank, Oriental Bank of Commerce, UCO Bank, Jammu & Kashmir Bank Limited, Central Bank of India and Bank of Rajasthan Limited. As of September 30, 2009, the Company has drawn down the loan Rs. 12,056.77 million as an interim disbursement which will be converted into a term loan facility under the syndication loan agreement after meeting all the drawal conditions. In addition, we have entered into a foreign currency facility agreement dated June 29, 2009 for term loan facility of US\$ 140,000,000 from India Infrastructure Finance Company (UK) Limited. For details, see “**Financial Indebtedness**” on page 190.

30% of the estimated project cost, i.e. Rs. 24,600 million is proposed to be funded through equity capital contribution. As of October 6, 2009, equity contribution of Rs. 8,296 million has been funded by Sterlite Industries, our Promoter. The balance is expected to be funded through the Net Proceeds. For details, see “**Objects of the Issue**” on page 31.

Land Rights

The total land requirement for the project is 839.5 acres. We have acquired an aggregate of 296.01 acres of land comprising (i) 264.61 acres of land on a leasehold basis from OIIDC for a period of 90 years, and (ii) 31.40 acres of land on a leasehold basis from OIIDC for a period of 79 years. In addition, we will require another 543.49 acres of land for an ash pond, rehabilitation, plantation and a residential township, which is in the process of being acquired. Further, we may acquire additional land depending on the future requirements of the project and availability of land in the areas adjacent to the project.

Water Supply

The estimated water requirement for this project is 5,400 cubic meters per hour. We have received the approval from the Department of Water Resources, Government of Orissa for the allocation of 20 MGD and in-principle approval for the allocation of the remaining 20 MGD from the Hirakud Reservoir, which is approximately 42 km from the project site which will provide a year round supply of water. In March 2007, we awarded the contract for the design, engineering, supply and construction of the pipeline from Hirakud reservoir to Simplex Infrastructure on a fixed price basis, and the cost of which is included in the overall project cost. The construction of the pipeline has been completed.

Engineering, Procurement & Construction

We entered into turnkey EPC contracts with SEPCO III in May 2006 for this project. SEPCO III’s obligations under the contracts include the supply, installation and commissioning of boilers, turbines, auxiliaries, 400 KV switchyard, coal handling plant, raw water reservoir, water pre-treatment and disposal management plant, ash handling and disposal system and effluent treatment systems within the period specified in the contracts. The fixed contract price is payable in multiple instalments according to a fixed payment schedule. SEPCO III has provided performance guarantees with respect to certain parameters, for instance, a net unit output of 561 MW and unit net heat rate of 2,257 kwph/kcal. If there is a delay in completion or failure to meet performance guarantees, liquidated damages may be imposed on SEPCO III in accordance with the terms of the contract. For details, see “**History and Certain Corporate Matters**” on page 91.

The basic and detailed engineering of the project has been completed. Approximately 90% of the plant machinery and equipment, including those required for the commissioning of the first two units, have been delivered to the plant site. The commissioning of the first unit is expected to be completed by the fourth quarter of fiscal 2010 and each of the remaining three units are expected to be completed in each successive quarter thereafter.

Coal Supply

The coal requirement for the project is estimated to be approximately 12.49 mtpa assuming a gross calorific value of 3,200 kcal/kg (the average GCV of coal in the area) and the PLF at 85%. In January 2008, the MOC jointly allocated the Rampia Coal Blocks (approximately 32 kms from the plant site) in the State of Orissa to six companies, including ours. Our proportionate share is estimated at 112.22 million tons of F/G grade coal, which we believe would meet the coal requirements for 1,000 MW for approximately 22 years at the rate of 5.2 mtpa at 85% PLF. The six companies have entered into a memorandum agreement regarding the operation of the joint venture company, RCMEPL, incorporated in February 2008 to obtain the mining lease and to mine the Rampia Coal Blocks. The six companies intend to enter into another agreement to govern their respective management rights in RCMEPL, the operation, development and management of the Rampia Coal Blocks and the distribution of coal mined from the Rampia Coal Blocks. The mining lease with respect to the Rampia Coal Blocks has not been granted to RCMEPL.

However, pending the development and commencement of operations of the mine, we have sought coal linkages to meet our coal requirements. On June 25, 2008, the MCL provisionally assured us of the supply of 2.57 mtpa of coal (E/F grade) from their mines (“**Jharsuguda LoA**”) which is expected to meet a substantial portion of the coal requirements of the first unit of the power plant. The coal is expected to be sourced from the IB Valley and Thalcher which are located nearby. The supply of coal is subject to the execution of a fuel supply agreement with MCL within three months of the expiry of the Jharsuguda LoA, i.e. by September 25, 2010. We expect to enter into the fuel supply agreement once the first unit of the power plant has been commissioned. The execution of the fuel supply agreement is subject to the satisfaction of the conditions stipulated in the Jharsuguda LoA, including receipt of necessary approvals and financial closure. In addition, we have applied to the MOC for a coal linkage to meet a substantial portion of the remaining coal requirement which we expect to obtain shortly. The balance coal requirement for all the units are expected to be procured through e-auctions in the open market.

We propose to build a take off point close to Dhutra, which is about 20 kms away from the project site. From Dhutra to the project site, we intend to lay a circular railway siding to transport the required quantities of coal to the project site. Additionally, in relation to the coal from the Rampia Coal Blocks, we propose to develop a railway siding connecting the coal block to Dhutra.

Off-take Arrangements

The power generated from the 2,400 MW power plant is expected to be sold to entities including state electricity boards, state owned utility companies, power trading companies and private entities. We executed a PPA with GRIDCO in September 2006, which was amended in August 2009, granting GRIDCO the right to purchase up to 25% of the installed capacity of the power plant after adjustments for auxiliary consumption by us, i.e. approximately up to 561 MW from this project. Further, GRIDCO shall at all times have the right on behalf of the Government of Orissa to receive from Jharsuguda Power Project, 7% of power generated (after adjustments for auxiliary consumption by us) i.e. approximately 157 MW of power at variable cost, as determined by OERC. Further, we are required to make available to GRIDCO the entire power generated from the first unit of the Jharsuguda Power Project after meeting our own requirement. GRIDCO will have the right to purchase an aggregate 718 MW of power from us once in every five years, for 25 years, from the date of commercial operation of the last unit. This right is an option to purchase rather than a binding commitment of GRIDCO. The PPA is subject to the approval of the OERC.

The tariff for the sale of power by us to GRIDCO will be determined by the OERC as follows:

- For the sale of power up to 25% of the installed capacity:
 - (i) A fixed capacity charge which shall be determined by the OERC as per the terms and conditions of tariff issued from time to time and will be related to target availability. Recovery of fixed capacity charges below the level of target availability shall be done on a pro rata basis and calculated proportionately to the capacity requisitioned to GRIDCO; and
 - (ii) A variable energy charge, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the OERC from time to time.
- For the sale of additional 7%, on account of allocation of coal blocks within the State of Orissa, a variable energy charge, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus

energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the appropriate governmental authority, from time to time.

- The power generated prior to commercial operation of a unit of the Jharsuguda Power Project shall be made available to GRIDCO at variable cost.

In the event GRIDCO decides not to avail part or the whole of the contracted power during any five year block period for any reason whatsoever, GRIDCO is required to give a six months notice of the same to us prior to the commencement of such five-year period.

As a security arrangement, a standby irrevocable letter of credit will be established by GRIDCO with a scheduled bank at least one month prior to the commencement of the power supply from the project. The letter of credit shall cover 105% of the one months estimated billing in respect of power supplied from the station to GRIDCO.

We have requested GRIDCO to amend the PPA to permit sale of the entire power generated from the first unit after meeting the requirement of the aluminium smelter of Vedanta Aluminium at Jharsuguda. GRIDCO has referred the request to the Government of Orissa for clearance, which is pending.

We also intend to supply power produced from the project to our Group Entity, Vedanta Aluminium, to meet its power requirements for its proposed 1.25 mtpa aluminium smelter expansion project at the adjacent site. Such sale would be on a price per unit not less than the then prevailing OERC rates. We propose to sell the remaining capacity by inviting competitive bids from various state distribution companies through long term PPAs and on a merchant basis, depending on then existing market conditions and applicable rates. For example, we have received an in-principle letter from the CSEB for the purchase of 1,000 MW of power from the Jharsuguda Power Project and may enter into a long-term PPA with CSEB.

Transmission

Power from our power plant to be purchased by GRIDCO will be evacuated by GRIDCO from the bus bar of the project. For the evacuation of the remaining power, we propose to construct a transmission line to connect to the 400 KV 'loop in loop out' transmission line being developed by PGCIL near Jharsuguda. We intend to enter into an agreement with PGCIL to build the dedicated transmission system required for evacuating power from the power plant to the pooling units of PGCIL and dispatch power to beneficiaries.

Approvals

We have received environmental clearance from the MoEF to set up the 2,400 MW power plant, the consent to establish under the Air (Prevention and Control of Pollution) Act, 1981 and the Water (Prevention and Control of Pollution) Act, 1974 from the State Pollution Control Board, Orissa and the approval under the Factories Act, 1948 to construct the plant, among others. For details see "**Government and Other Approvals**" on page 206.

Talwandi Power Project

TSPL, our subsidiary, was incorporated by PSEB to execute the Talwandi Power Project prior to the selection of a developer through a competitive bidding process. In July 2008, we succeeded in the bidding process and were awarded the project for the construction of the thermal power plant at village Banawala, District Mansa, in the State of Punjab. On September 1, 2008, we completed the acquisition of TSPL at a purchase price of Rs. 3,868.40 million.

This project will employ super-critical technology. The commissioning of this project will be carried out in stages and the first of three units, each with an installed capacity of 660 MW, is expected to be commissioned in the fourth quarter of fiscal 2013. The project is estimated to be fully commissioned in the second quarter of fiscal 2014 at an estimated cost of Rs. 93,200 million. As of October 6, 2009, we have spent Rs. 8,514 million on the project.

Financing

The total cost of this project is estimated at Rs. 93,200 million. We intend to finance approximately 70% of the cost of this power project through third party debt. Towards this, TSPL has received an in-principle sanction letter dated October 14, 2009 from State Bank of India for a Rupee term loan of Rs. 25,000 million.

The remaining 30% of the project cost, i.e. Rs. 27,960 million is proposed to be funded through equity capital contribution. As of October 6, 2009, an equity contribution of Rs. 3,577 million has been funded by Sterlite Industries, our Promoter. The balance is expected to be funded through the Net Proceeds. For details, see “*Objects of the Issue*” on page 31.

Land Rights

The total land requirement for the project is 2,387 acres. We have acquired freehold interest in 2,113 acres of land from the Department of Power, Government of Punjab required for the construction and erection of the main plant on a freehold basis. In addition, we will require another 274 acres of land for railway siding and water intake channel, which is in the process of being acquired.

Water Supply

The estimated water requirement for this project is 8,000 cubic meters per hour and is proposed to be sourced entirely from the Bheni distributory of the Kotla branch of Sirhind canal which is at a distance of 38 km from our project site. We have received an approval from Chief Engineer, Canals, Irrigation Works, Government of Punjab for linkage of 8,000 cubic meters per hour of water for this power facility. The construction of this canal has not commenced.

Engineering, Procurement & Construction

We entered into turnkey EPC contracts with SEPCO in May 2008 which were amended by a memorandum of understanding entered into by the Company with SEPCO in July 2009 for implementing the EPC contracts for this project. SEPCO’s obligations under the contract include testing and delivery of plant and equipment, system design and engineering of plant and equipment as per technical specifications, supervision of civil, structure and manufacturing work, custom clearance, port clearance, inland transportation of offshore as well as onshore plant and equipment, unloading, storage and preservation for all equipment and material required, ash disposal among others within the period specified in the contracts. The fixed contract price is payable in multiple instalments according to a fixed payment schedule. SEPCO has provided performance guarantees with respect to various parameters, for instance, net unit heat rate of 2,222.80 kwph/kcal and net unit electric output of 614 MW. If there is a delay in completion or failure to meet performance guarantees, liquidated damages may be imposed on SEPCO in accordance with the terms of the contract. For details, see “*History and Certain Corporate Matters*” on page 91.

While the construction of this power plant has not commenced, SEPCO has appointed subcontractors to carry-out pre-construction activities at the site and orders have also been placed for turbines, generators and power houses. The construction of the first unit is expected to be completed in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. The down payment of USD 101 million has been made to SEPCO.

Coal Supply

The coal requirement for the project is estimated to be approximately 7.90 mtpa assuming a gross calorific value of 4,095 kcal/kg, station heat rate of 2,195 kcal/kwh and the PLF at 85%. MCL has issued a letter of assurance dated August 14, 2008 (“*Talwandi LoA*”), provisionally assuring us the supply of 7.72 mtpa of coal corresponding to Grade ‘E’ (Grade F in case of shortage of Grade E coal) from their mines from about December 2011. The supply of coal is conditional upon the execution of the fuel supply agreement with MCL within three months of the expiry of the Talwandi LoA, i.e. by November 14, 2010. The execution of the fuel supply agreement is subject to compliance with the conditions stipulated in the Talwandi LoA, including receipt of necessary approvals, commitment of equity contribution from our Promoter and financial closure.

To meet the remaining coal requirements for this power plant, we have approached the MOC to increase the allocation of linkage allotted, which is currently pending.

The coal is expected to be transported to the plant site by rail under an arrangement between Indian Railway and us. From the coal mine in Orissa, the coal will be transported to the nearest railway station at Sadda Singhwala from where there will be a dedicated loop line of 12 kms connecting to the plant site.

Off-take Arrangement

The contracted power generated from this project is to be sold to the PSEB. In September 2008, TSPL entered into a long-term PPA with the PSEB to construct the Talwandi Power Project for a contracted capacity of 1,841.40 MW and sale and supply of electricity in bulk to PSEB for a period of 25 years from the date of commercial operation of the power plant, unless the Talwandi PPA is terminated earlier.

As per the terms of the PPA, we are required to construct the power plant as per the specifications provided in the PPA and follow and maintain the engineering and construction practices specified. The tariff for the sale of power by us to PSEB will be determined by the terms of Talwandi PPA and will consist of a capacity charge, energy charge and an incentive payment on a monthly basis. The capacity, energy and incentive payment shall be calculated in accordance with the formula set out in the Talwandi PPA. Specifically, the energy charges will be calculated based on the quoted heat rate and actual costs of coal, including transportation. For each contract year, in the event of at least 80% availability of the contracted capacity at the delivery point, full capacity charges shall be payable by PSEB to TSPL. Incentive shall be provided for availability exceeding 85% of the contracted capacity for each contract year. In case of availability below 80% of the contracted capacity for any contract year, the capacity charge shall be payable on proportionate basis in addition to the penalty to be paid by TSPL as provided in the Talwandi PPA. In the event PSEB is unable to purchase the entire available capacity from the plant, TSPL has the right to sell such unsold capacity to any third party without losing the right to receive capacity charges from PSEB. Also, the costs of constructing a transmission line will be borne by PSEB.

As a collateral arrangement, PSEB and TSPL are required to enter into a default escrow agreement for the establishment and operation of a default escrow account in favour of TSPL. Further PSEB would be required to provide an unconditional, revolving and irrevocable letter of credit an amount equal to 1.1 times of the estimated monthly sales.

Transmission

As per the PPA with PSEB, the entire power generated from the power plant would be procured by PSEB from the power station switch yard bus of the project. The Talwandi PPA provides for the power generated from the project to be evacuated by PSEB through three separate double circuit 400 KV transmission lines, one of which will be connected to the existing network of PGCIL for system stability. PSEB shall bear the costs of transmission and has entered into an agreement dated May 29, 2009 with PGCIL for turnkey execution of transmission system associated with this project.

Approvals

While we have received the consent to establish from the State Pollution Control Board, Punjab and the environmental clearance from the MoEF for this project, we intend to apply to the respective authorities for amendments of the said approvals as we have modified the project specifications subsequent to the receipt of approvals from a sub-critical 1,800 MW power plant to a super-critical 1,980 MW power plant. Additionally, the land required for the project also increased. For details of the other approvals and consents obtained see **“Government and Other Approvals”** on page 206.

Power Generation Technology

The process of generation of power from coal (water steam cycle) primarily entails two main stages. In the first stage, the chemical energy stored in coal is converted into heat energy in the coal-fired boilers. In the second stage, the high pressure steam, which is generated in the boiler, is passed through a turbine (conversion of heat energy into mechanical energy), which in turn is coupled to a generator (conversion of mechanical energy into electrical energy), thereby generating electricity.

The water steam cycle uses a coal fired steam generator, steam turbine with condenser, feed-water tank, low pressure heaters and high pressure heaters and connecting pipelines. The superheated steam produced in the steam generator is supplied to the high pressure steam turbine, which drives the three-phase AC generator. After

leaving the high pressure steam turbine, the steam is reheated in the steam generator and fed to the intermediate pressure turbine. In the low pressure steam turbine the steam coming directly from the intermediate pressure turbine expands to condenser pressure and is condensed in the condenser.

A closed cycle water system is used to cool the condenser. The condensate collected in the condenser hot well is discharged by the condensate pumps and supplied via the low pressure condensate heaters into the feed water tank. The feed water is further heated by bleed steam from turbine and dissolved gases from the feed-water are liberated. The boiler feed pumps discharge feed water from the feed-water tank via the high pressure heaters to the economizer. The high temperature steam-water mix is further converted into steam in water walls and finally passed through the super heaters sections to convert the saturated steam into superheated steam.

This technology can be further categorised into sub-critical technology and super-critical technology. The technologies differ principally in the pressure and temperature at which steam is produced in the boiler. The pressure and temperature of steam in a super-critical plant are significantly higher than in a sub-critical plant. Super-critical technology necessitates the use of advanced materials for the equipment that processes the steam. The super-critical boiler is a “once through” type of boiler unlike sub-critical boiler where water and steam remains in saturated condition in the boiler drum and water is re-circulated for generation of steam. The “once through” boiler does not require any circulating pump or drum except for boiler feed water pump. Energy required for circulation is provided by the feed pump. We are using sub-critical technology for our power plant at Jharsuguda and super-critical technology for our power plant at Talwandi Sabo.

The main sections of the power generating unit include a steam generator along with milling system, fans and electrostatic precipitator, integral piping, integral control system, turbine and generator unit along with boiler feed pump, regenerative heaters, condensate extraction pump, circulating and auxiliary cooling water pumps and the generator transformer with bus duct. The main sections of the utility system are the coal handling system, ash handling system, fire fighting system, air conditioning and ventilation system, switchyard and the plant water system.

Carbon Credits

We intend to implement high efficiency power generation using coal-fired super-critical technology at our Talwandi Power Project. Due to the super-critical conditions, the efficiency of steam generation through super-critical technology is significantly higher than that from the conventional sub-critical technology. Higher steam generation efficiency and hence higher overall cycle efficiency will lead to lower coal consumption for the generation of the same amount of electricity resulting in a reduction of greenhouse gas emissions into the atmosphere.

Employees

As of September 30, 2009, we had 64 full-time employees all of whom are based in India. We had 68, 31 and 11 employees as of March 31, 2009, March 31, 2008 and March 31, 2007 respectively. A majority of our key managerial personnel is seconded to our Company from our Promoter and Group Entities and we pay the costs of such employees as apportioned by our Promoter or Group Entities for shared management. Our employees have a wide range of experience and skills in areas such as power project implementation, power project operation, and transmission operation. We have not faced any disputes with the labour force in the past and none of our employees are unionized. In addition, we also employ contract labourers at our power projects and the number of contract labourers varies from time to time based on the nature and extent of work contracted to independent contractors.

Vedanta Long-Term Incentive Plan

We are a participating company in the Vedanta Long Term Incentive Plan (“**Vedanta LTIP**”) which was adopted by Vedanta in February 2004 to grant awards of Vedanta to its employees or employees of its subsidiaries which are indexed to and settled by the issuance of ordinary shares of Vedanta. Awards under the Vedanta LTIP may be granted to any employee of Vedanta or any of its subsidiaries who is not within six months of such employee’s normal retirement date.

The Vedanta LTIP is consistent with our reward philosophy, which aims to provide rewards for outstanding performance, and to provide remuneration to executive directors and senior employees depending on the performance of the Vedanta Group. The maximum value of Vedanta ordinary shares which may be

conditionally awarded in any fiscal to a participant in the Vedanta LTIP who is an executive director is restricted to 100% of that executive director's annual base salary. No such restrictions apply to other participants, including members of our management team. The performance target which currently applies to vesting of awards is our performance as measured against comparative total shareholder return against a peer group of companies.

During fiscal 2009, options to acquire 29,000 Vedanta ordinary shares under the Vedanta LTIP vested to our Directors and key managerial personnel all of which have been exercised as on July 31, 2009 at an exercise price of GBP 0.10 per ordinary share.

Operation & Maintenance

O&M plays a very vital role in power generation, as optimum functioning with maximum availability of power ensures continuous quality power supply to the customers. The O&M for the Jharsuguda Power Project is proposed to be outsourced to a reputed experienced contractor who we are currently in negotiations with. The O&M for our Talwandi Power Project may be outsourced to a contractor or may be undertaken by our in-house O&M team, with the support of our technical team and experienced engineers.

Insurance

Our plant and equipment at the Jharsuguda Power Project has been insured against customary risks including earthquake by SEPCO III. In addition, TSPL has obtained a compact policy to insure its property including, building, business furniture, furnishings, safes, office machinery, fixtures and fittings, unused office stationery and electronic equipments. Notwithstanding our insurance coverage, damage to our power projects, facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, telecommunications failure, intentional unlawful act, human error or natural disaster or terrorism, or any decline in our business as a result of any threat of war, outbreak of disease or epidemic may not be adequately insured and could nevertheless have an adverse effect on the our financial condition and results of operations to the extent such occurrences disrupt the normal operation of our business. See **"Risk Factors"** on page xiii.

Safety and Risk Management

We plan to implement work safety measures and standards to ensure healthy and safe working conditions, equipment and systems of work for all the employees, contractors, workers visitors and customers at our power projects. We intend to reduce waste and other harmful pollutants by careful use of materials, energy and other resources while maximizing recycling opportunities. Each of our power projects is expected to have its own work safety management department which ensures compliance with safety measures and standards. In addition, we have established a separate in-house safety department to address all safety related issues with respect to our projects. We have established a committee for work safety which sets safety measures and standards in accordance with the relevant safety laws and regulations in India. We oversee the implementation and compliance of these safety measures and standards.

Starting at the design and engineering stage of our power projects, we adopt safety technology for all our equipment, electrical machines and electronic control systems as per international standards of industrial safety. All our power projects will have integral safety systems and emergency shutdown systems for stoppage of the power projects in abnormal conditions. We intend to have available 24-hour, experienced fire fighting crews equipped with fire-fighting equipment, fire tenders and ambulances once our power projects start operations, all year round.

Environmental Matters

Prior to the commencement of any power project, we undertake environment impact assessment studies and based on the various findings, we develop an environment management plan. We are committed to complying with all statutory requirements, environmental regulations and quality standards as per the guidelines published by MoEF and the Government of India from time to time. All our power projects will be equipped with advanced pollution control devices to reduce the major pollutants likely to affect the environment at our power projects, to acceptable levels. Pollutants from our power projects will include carbon dioxide, sulphur oxides, nitrogen oxides, liquid effluents, noise, and thermal pollution. To keep the stack emissions within the permitted limits and to control the ground level pollutants, our power projects will be equipped with an efficient electrostatic precipitator at a sufficient height as per MoEF and state pollution control boards' regulations.

Property

In addition to the land acquired in connection with our power projects, our Registered Office at Tuticorin has been assigned to us through an assignment agreement dated April 1, 2008 from Sterlite Industries and we have the right to use our Corporate Office at Mumbai pursuant to a letter dated April 1, 2008 from Vedanta Aluminium. We have also acquired freehold interest in a property spread over 1,700.75 square feet located at Ahmedabad, Gujarat. Further, we may acquire additional land from time to time to meet the requirements of our power projects.

Competition

We compete with companies operating in the power business in India. Some of our competitors may have more experience than us in the development and operation of power projects. In addition, a number of our competitors may have more resources than us. We face competition with respect to bidding for power projects, and we will face competition with respect to selling excess power that we may produce from our power projects that will not be subject to long-term PPAs. Our competitors include power generation companies such as National Thermal Power Corporation, Reliance Energy Limited, Adani Power Limited, Tata Power Limited, Essar Power (Gujarat) Limited, JSW Energy Limited, Indiabulls Power Limited, Jindal Power Limited and KSK Energy Ventures Limited, among others. See *“Industry”* on page 51.

Intellectual Property

We have been authorised by Sterlite Industries to use the ‘Sterlite’ name pursuant to letter dated March 24, 2004. Presently, we do not pay Sterlite Industries any royalty for the use of the name. Other than this, we do not own any intellectual property rights.

REGULATIONS AND POLICIES IN INDIA

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from the various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the Bidders and are neither designed nor intended to substitute for professional legal advice.

Power Generation

Background

The development of electricity industry in India was fashioned by two pieces of legislations namely the Indian Electricity Act, 1910 and the Electricity (Supply) Act, 1948 (the “**Supply Act**”). The Indian Electricity Act, 1910 introduced a licensing system for the electricity industry and the Supply Act was responsible for introducing greater state involvement in the industry, facilitating regional co-ordination.

The Supply Act promoted state-owned, vertically integrated units through the creation of the SEBs, to develop ‘Grid System’. Under this legislation, the SEBs were made responsible for generation, transmission and distribution of electricity within the geographical limits of each State of the Indian Union. A government department was responsible for the electricity supply in states where SEBs were not set up. Under the Constitution of India, both the State and Central Governments have the power to regulate the electricity industry.

In the early 1990s, the power sector was liberalized and private participation in the generation sector was permitted by way of amendments in 1991 and 1998 to the Supply Act to open generation to private sector and establishment of RLDCs and to provide for private sector participation in transmission.

In 1998, the Electricity Regulatory Commissions Act, 1998 (“**ERC Act**”) was enacted by the Central Government. The ERC Act provided for the establishment of independent electricity regulatory commission both at the Central and State levels. These regulatory commissions were set up with the objective of rationalizing the prevailing electricity tariff regime and promoting and regulating the electricity industry in the country.

In view of the growing interest of the foreign investors government has allowed 100% FDI in generation, transmission and distribution.

Salient features of the Electricity Act, 2003

The Electricity Act, 2003 (“**Electricity Act**”) is a central unified legislation relating to generation, transmission, distribution, trading and use of electricity, that seeks to replace the multiple legislations that governed the Indian power sector.

The most significant reform initiative under the Electricity Act was the move towards a multi buyer, multi seller system as opposed to the existing structure which permitted only a single buyer to purchase power from power generators. In addition, Electricity Act provides for a greater flexibility and grants the respective electricity regulatory commission’s greater freedom in determining tariffs, without being constrained by rate-of-return regulations. The Electricity Act seeks to encourage competition with appropriate regulatory intervention. An Appellate Tribunal to hear appeals against the decision of the CERC and SERCs has been established. However, Electricity Act provided that transmission, distribution and trade of electricity are regulated activities which require licenses from the appropriate electricity regulatory commission, unless exempted by the appropriate government in accordance with the provisions of Electricity Act. It was amended in 2007 to exempt captive power generation plants from licensing requirements for supply to any licensee or consumer. Government has also announced National Electricity Policy in 2005 to guide the development of the electricity sector in India.

Licensing

The Electricity Act stipulates that no person can transmit, or distribute or undertake trading in electricity, unless he is authorised to do so by a licence issued under Section 14, or is exempt under Section 13 of the Electricity

Act. The Electricity Act provides for transmission licensee, distribution licensee and licensee for electricity trading. There can be a private distribution licensee as well.

Generation

Currently, under Indian law, any generating company can establish, operate and maintain a generating station if it complies with the technical standards relating to connectivity with grid. Approvals from the Central Government, State Government and the techno-economic clearance from the CEA are no longer required, except for hydroelectric projects. Generating companies are now permitted to sell electricity to any licensees and where permitted by the respective state regulatory commissions, to consumers.

In addition, no restriction is placed on setting up of captive power plant by any consumer or group of consumers for their own consumption. Under the Electricity Act, no surcharge is required to be paid on wheeling of power from the captive plant to the destination of the use by the consumer. This provides financial incentive to large consumers to set up their own captive plants. Through an amendment in 2007, Section 9 was amended to state that no separate license is required for supply of electricity generated from the captive power plant to any licensee or the consumer. The respective regulatory commissions determine the tariff for supply of electricity from a generating company to any distribution licensee, transmission of electricity, wheeling of electricity and retail sale of electricity. The CERC has the jurisdiction over generating companies owned or controlled by Central Government and those generating companies who have entered into or otherwise have a composite scheme for generation and sale in more than one state. The SERCs have jurisdiction over generating stations within the state boundaries, except those under CERC's jurisdiction.

Transmission

Transmission being a regulated activity, involves intervention of various players. The Central Government is responsible for facilitating transmission and supply, particularly, inter-state, regional and inter-regional transmission. The Electricity Act vests the responsibility of efficient, economical and integrated transmission and supply of electricity with the GoI and empowers it to make region-wise demarcations of the country for the same. In addition, the Central Government will facilitate voluntary inter-connections and coordination of facilities for the inter-state, regional and inter-regional generation and transmission of electricity.

CEA is required to prescribe certain grid standards under the Electricity Act and every transmission licensee must comply with such technical standards of O&M of transmission lines. In addition, every transmission licensee is required to obtain a license from the CERC and the respective SERCs, as the case may be.

The Electricity Act requires the Central Government to designate one government company as the central transmission utility ("CTU"), which would be deemed as a transmission licensee. Similarly, each state government is required to designate one government company as state transmission utility ("STU"), which would also be deemed as a transmission licensee. The CTU and STUs are responsible for transmission of electricity, planning and co-ordination of transmission system, providing non-discriminatory open-access to any users and developing a co-ordinated, efficient and integrated inter-state and intra-state transmission system respectively. The Electricity Act prohibits CTU and STU from engaging in the business of generation or trading in electricity.

Under the Electricity Act, the Government of India was empowered to establish the NLDC and RLDCs for optimum scheduling and despatch of electricity among the RLDCs. The RLDCs are responsible for (a) optimum scheduling and despatch of electricity within the region, in accordance with the contracts entered into with the licensees or the generating companies operating in the region; (b) monitoring grid operations; (c) keeping accounts of the quantity of electricity transmitted through the regional grid; (d) exercising supervision and control over the inter-state transmission system; and (e) carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the grid standards and grid code.

The transmission licensee is required to comply with the technical standards of O&M of transmission lines as specified by CEA, building maintaining and operating an efficient transmission system, providing non-discriminatory open access to its transmission system for use by any licensee or generating company on payment of transmission charges and surcharge in accordance with the Electricity Act.

The Electricity Act allows Individual Power Producers (“IPPs”) open access to transmission lines. The provision of open access is subject to the availability of adequate transmission capacity as determined by the CTU/STU. The Electricity Act also lays down provisions for intra-State transmission, where state commission facilitate and promote transmission, wheeling and inter-connection arrangements within its territorial jurisdiction for the transmission and supply of electricity by economical and efficient utilisation of the electricity.

Trading

The Electricity Act specifies trading in electricity as a licensed activity. Trading has been defined as purchase of electricity for resale. This may involve wholesale supply (i.e., purchasing power from generators and selling to the distribution licensees) or retail supply (i.e., purchasing from generators or distribution licensees for sale to end consumers). The license to engage in electricity trading is required to be obtained from the relevant electricity regulatory commission.

The CERC, vide notification dated February 16, 2009, issued the CERC (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2009 (the “**Trading License Regulations**”) to regulate the inter-state trading of electricity. The Trading License Regulations define inter-State trading as transfer of electricity from the territory of one State for resale to the territory of another State and includes electricity imported from any other country for resale in any State of India.

In terms of the Trading License Regulations, any person desirous of undertaking inter-state trading in electricity shall make an application to the CERC for the grant of license. The Trading License Regulations set out various qualifications for the grant of license for undertaking electricity trading, including certain technical and professional qualifications, and net worth requirements. An applicant is required to publish notice of his application in daily newspapers to facilitate objections, if any, to be filed before CERC. Further, a licensee is subject to certain conditions including the extent of trading margin, maintenance of records and submission of auditors’ report. The existing licensees are required to meet the net worth, current ratio and liquidity ratio criteria within a period up to March 31, 2010 and are required to pay license fee as specified by the CERC, from time to time.

The eligibility criteria include norms relating to capital adequacy and technical parameters. However, the National and Regional Load Despatch Centres, CTUs, STUs and other transmission licensees are not allowed to trade in power, to prevent unfair competition. The relevant electricity regulatory commissions also have the right to fix a ceiling on trading margins in intra-State trading.

Distribution and Retail Supply

The Electricity Act does not make any distinction between distribution and retail supply of electricity. Distribution is a licensed activity and distribution licensees are allowed to undertake trading without any separate license. Under the Electricity Act, no license is required for the purposes of supply of electricity. Thus, a distribution licensee can undertake three activities: trading, distribution and supply through one license. The distribution licensee with prior permission of the appropriate commission, may engage itself in any other activities for optimal utilisation of its assets.

Unregulated Rural Markets

The licensing requirement does not apply in cases where a person intends to generate and distribute electricity in rural areas as notified by the State Government. However, the supplier is required to comply with the requirements specified by the CEA such as protecting the public from dangers involved, eliminating/reducing the risks of injury, notify accidents and failures of transmission and supplies of electricity. It shall also be required to comply with system specifications for supply and transmission of electricity. The Electricity Act mandates formulation of national policies governing rural electrification and local distribution and rural off-grid supply including those based on renewable and other non-conventional energy sources. This policy initiative is expected to give impetus to rural electrification and also conceptualize rural power as a business opportunity.

Tariff Principles

The Electricity Act has introduced significant changes in terms of tariff principles applicable to the electricity industry. Earlier, the rate of return regulation as prescribed in the Sixth Schedule of the Supply Act, which

envisaged a two-part tariff, was the basis of tariff determination. Even in the case of state reform acts, this Sixth Schedule was retained as the basis. The Electricity Act has done away with this provision and the two-part tariff mechanism.

Under the Electricity Act, the appropriate electricity regulatory commissions are empowered to determine the tariff for:

- supply of electricity by a generating company to a distribution licensee. Provided that the appropriate commission may, in case of shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;
- transmission of electricity;
- wheeling of electricity; and
- retail sale of electricity. Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the appropriate commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity.

The appropriate ERC is required to be guided by the following while determining tariff:

- the principles and methodologies specified by the CERC for determination of the tariff applicable to generating companies and licensees;
- generation, transmission, distribution and supply of electricity are conducted on commercial principles;
- the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;
- safeguarding consumers interest and also ensure recovery of the cost of electricity in a reasonable manner;
- incorporate principles which reward efficiency in performance;
- multi-year tariff principles;
- tariff progressively reflects the cost of supply of electricity, at an adequate and improving level of efficiency;
- that the tariff progressively reduces and eliminates cross subsidies in the manner to be specified by the CERC;
- the promotion of co-generation and generation of electricity from renewable sources of energy; and
- the National Electricity Policy and Tariff Policy.

It is to be noted that unlike the ERC Act, the respective electricity regulatory commissions have not been expressly permitted to depart from the tariff determining factors set out above.

However, the Electricity Act provides that the ERC shall have to adopt such tariff that has been determined through a transparent process of bidding in accordance with the guidelines issued by the Central Government. The MoP has issued detailed guidelines for competitive bidding as well as draft documentation (PPAs) for competitively bid projects.

The determination of tariff for a particular power project would depend on the mode of participation in the project. Broadly, the tariffs can be determined in two ways: (i) based on the tariff principles prescribed by the CERC (cost plus basis consisting of a capacity charge, an energy charge, an unscheduled interchange charge and incentive payments); or (ii) competitive bidding route where the tariff is purely market based.

Modes of participation in power projects

GoI announced major policy reforms in October 1991 widening the scope of private sector participation in power generation. The two modes of participating in power projects are either through the MoU route or the Bidding route. The initial batch of private sector power projects were therefore awarded generally on the basis of negotiation between the SEB and a single developer (“**MoU route**”).

MoU Route

The cost determination under the MoU route usually involves:

- determination of receivables of capital cost. The capital costs are required to be approved by a CEA, GoI;
- approval of interest rates and local and foreign debt;
- finalizing the term of loans and/or other debt;
- finalizing the extent of foreign exchange protection;
- fixing operating parameters within the prescribed ceilings;
- identifying deemed generation provisions;
- evaluating the extent of despatchability;
- evaluating the level of incentive payments;
- identifying change in law in terms of tax or any other matter;
- identifying the extent of working capital permissible;
- evaluating the premium on fuel prices for assured supply;
- identifying fuel supply and transportation risk and issues;
- evaluating escalations in O&M and insurance expenses permissible;
- evaluating the extent of maintenance of spares permissible; and
- rebates in respect of prompt payment.

The MoU route with a cost plus approach was initially adapted to attract investment. However, there were several complexities in calculating the above costs despite the capital cost of the project being frozen by the CEA. Under the Electricity Act, the CEA does not have the power to determine capital cost for the projects anymore and the requisite filings for approval of capital cost and tariff are with the regulatory commissions.

This cost plus tariff mechanism is not ideally suited for competitive bidding as this would require bidding on every element of cost of generation which becomes difficult to verify and monitor over the life of the PPA. Further, the nature of costs for IPPs is very different from public sector power project costs and in the absence of complete knowledge of cost profile, it would be impossible to design a competitive bidding process based on cost plus approach that is fair to both sides thereby eliciting good investor response. In light of the same, the competitive bid route was envisaged.

Bid Route

Bidding essentially is based on bulk power tariff structure. As noted, under the Electricity Act, the regulatory commission is required to adopt a bid-based tariff, although the Guidelines for Determination of Tariff by Bidding Process for Procurement of Power by Distribution Licensees, 2005 (“**Bidding Guidelines**”) permit the bidding authority to reject all price bids received. The Bidding Guidelines recommend bid evaluation on the basis of levelised tariff. The Bidding Guidelines envisages two types of bids: Case I bids, where the location, technology and fuel is not specified by the procurers, i.e., the generating company has the freedom to choose the site and the technology for the power plant; and Case II bids, where the projects are location specific and fuel specific.

Tariff rates for procurement of electricity by distribution licensees (Procurer), to be decided, can be for:

- long-term procurement of electricity for a period of 7 years and above; and
- medium term procurement for a period of up to 7 years but exceeding 1 year.

For long-term procurement under tariff bidding guidelines, a two-stage process featuring separate request for qualification (“**RFQ**”) and request for proposal (“**RFP**”) stages shall be adopted for the bid process. The procurer may, at his option, adopt a single stage tender process for medium term procurement, combining the RFP and RFQ processes.

Under the bid route, typically the IPPs can bid at two parameters:

- The fixed or capacity charge; and
- The variable or energy charge, which comprises the fuel cost for the electricity generated. Bidders are usually permitted to quote a base price and an acceptable escalation formula.

The Bidding Guidelines envisages a two-step process – pre-qualification and final bid. Bidders are required to submit a technical and financial bid at the RFP stage.

Increasingly, the trend is to have all purchase of power and distribution licenses through competitive bids. The Tariff Policy 2006 requires that all procurement of power after January 6, 2006 (except for PPAs approved or submitted for approval before January 6, 2006 or projects whose financing has been tied up prior to January 6, 2006) by distribution licensees has to be through competitive bidding. Some state regulators have, however, continued to purchase power under the MoU route, stating that the Tariff Policy is merely indicative and not binding.

National Electricity Policy

In compliance with The Electricity Act, 2003 the Central Government notified the National Electricity Policy in February, 2005. The National Electricity Policy aims at achieving the following objectives:

- access to electricity - available for all households by 2010;
- availability of power - demand to be fully met by 2012. energy and peaking shortages to be overcome and adequate spinning reserve to be available;
- supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates;
- per capita availability of electricity to be increased to over 1000 units by 2012;
- minimum lifeline consumption of 1 unit/household/day as a merit good by year 2012;
- financial turnaround and commercial viability of electricity sector; and
- protection of consumers' interests.

National Electricity Plan

Assessment of demand is an important pre-requisite for planning capacity addition. The Electricity Act requires the CEA to frame a National Electricity Plan once in five years and revise the same from time to time in accordance with the National Electricity Policy. CEA released a National Electricity Plan in April, 2007.

The National Electricity Plan would be for a short-term framework of five years while giving a 15 year perspective and would include:

- Short-term and long-term demand forecast for different regions;
- Suggested areas/locations for capacity additions in generation and transmission keeping in view the economics of generation and transmission, losses in the system, load centre requirements, grid stability, security of supply, quality of power including voltage profile and environmental considerations including, rehabilitation and resettlement;
- Integration of such possible locations with transmission system and development of national grid including type of transmission systems and requirement of redundancies;
- Different technologies available for efficient generation, transmission and distribution; and
- Fuel choices based on economy, energy security and environmental considerations.

Policy for setting up of Mega Power Projects

The Mega Power Policy was introduced by Ministry of Power on November 10, 1995, wherein projects with capacity of 1000 MW and more and catering power to more than one State were classified as mega power projects.

The following conditions are required to be fulfilled by the developer of power projects for grant of mega power project status:

- an inter-state thermal power plant with a capacity of 700 MW or more, located in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or
- an inter-state thermal power plant of a capacity of 1,000 MW or more, located in States other than those specified in the clause above; or
- an inter-State hydro electricity power plant of a capacity of 350 MW or more, located in the States of Jammu and Kashmir, Sikkim, Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura; or

- an inter-state hydro electricity power plant of a capacity of 500 MW or more, located in States other than those specified in the clause above.

Fiscal concessions/benefits available to the Mega Power Projects:

- Zero Customs Duty: The import of capital equipment would be free of customs duty for these projects;
- Deemed Export Benefits: Deemed export benefits are available to domestic bidders for projects both under public and private sector on meeting certain requirements;
- Pre-conditions for availing the benefits: Goods required for setting up of any mega power project, qualify for the above fiscal benefits after the project is certified that:
 - i. the power purchasing States have granted to the Regulatory Commissions full powers to fix tariffs;
 - ii. the power purchasing States undertakes, in principle, to privatize distribution in all cities, in that State, each of which has a population of more than one million, within a period to be fixed by the Ministry of Power; and
- Income Tax benefits: In addition, the income-tax holiday regime as per Section 80-IA of the Income Tax Act, 1961 is also available.

Roles of key organisations and players

The roles and functions of certain key organisations and players that operate in the power sector have been set out below:

Central and State Governments

The Electricity Act reserves a significant involvement of the Central Government in the functioning of the power sector. It has been assigned a number of duties, including planning and policy formulation, rule making, appointing, establishing, designating authority, prescribing duties and other tasks, funding, and issuing directions.

The Central Government designates a CTU and establishes the NLDC, RLDC, the Appellate Tribunal, the Coordination Forum, and the Regulators' Forum. It has the power to vest the property of a CTU in a company or companies and decide on the jurisdiction of benches of the appellate tribunal. It also prescribes the duties and functions of the CEA, NLDC and RLDC.

The Central Government is also responsible for the following: a) specifying additional requirements for granting more than one distribution licensee; b) providing no-objection certificates for granting license if the service area includes Central Government installations such as cantonment, aerodrome, defence area, etc; c) demarcating the country into transmission regions for the purpose of inter-State transmission; d) issuing guidelines for transparent bidding process; e) approving the salary and benefits of the employees of the CEA, CERC and appellate tribunal; f) referring cases to the Appellate Tribunal for removal of members of the CERC on the ground of misbehaviour; and g) prescribing the procedures for inquiry into misbehaviour by members.

The State Government exercises appointing, designating powers, provides funds and makes rules notifications, etc. It has the powers to appoint or remove members of the SERC including the chairman, to approve the terms and conditions of appointment of the secretary to the SERC and other staff. It is also responsible for constituting the selection committee for appointing members of SERC. It establishes the state load despatch centre (SLDC), notifies the STU, vests property of STU in companies, draws up reorganisation of the SEB through acquiring its assets and re-vests it through a transfer scheme. It is empowered to constitute special courts, and state coordination forum. The State Government creates the SERC fund and can provide loan or grants for running the SERC. It also decides how the SERC should utilize the fund and how it should maintain accounts. The State Government can also provide subsidy to consumers, but the Electricity Act requires it to compensate the licensee in advance by the amount of loss expected to be suffered by the licensee in implementing the subsidy. The State Government notifies rural areas where exemption of license conditions would apply and issues directions to the SERC on public interest issues.

Central Electricity Authority

The CEA was created under the Supply Act and the Electricity Act retains the agency by relegating it mostly to a consultative role. There was some overlap of duties and power between the CERC and the CEA earlier, which

the Electricity Act has now removed. The technical clearance required for power projects under the provisions of the Supply Act has been eliminated, except in cases of hydro projects above a certain capital investment.

Electricity Regulatory Commissions

The Electricity Act retains the two-level regulatory system for the power sector. At the central level, the CERC is responsible for regulating tariff of generating stations owned by the Central Government, or those involved in generating or supplying in more than one State, and regulating inter-State transmission of electricity. The SERCs on the other hand regulate intra--state transmission and supply of electricity within the jurisdiction of each state. CERC and the SERCs are guided by the National Electricity Policy, Tariff Policy and the National Electricity Plan while discharging their functions under the Electricity Act. The Electricity Regulatory Commissions are also guided by any direction given by the Central Government for CERC or the State Government for the SERC pertaining to any policy involving public interest. The decision of the government is final and non-challengeable with respect to the question that whether directions pertain to policy involving public interest or not. The commissions have been entrusted with a variety of functions including determining tariff, granting licensees, settling disputes between the generating companies and the licensees. The ERCs are a quasi-judicial authority with powers of a civil court and an appeal against the orders of the Commissions lie to the Appellate Tribunal.

Appellate Tribunal

Under the earlier electricity legislations, the High Court was the appellate authority against orders that are passed by the SERC. Under the Electricity Act, the Appellate Tribunal has been set up as an appellate body against orders of the relevant electricity regulatory commissions or adjudicating officers in settling disputes. The Appellate Tribunal has the power to summon, enforce attendance, require discovery and production of documents, receive evidence and review decisions. The orders of the Appellate Tribunal are executable as decrees of a civil court. The orders of the Appellate Tribunal can be challenged in the Supreme Court by the aggrieved party.

Enforcement Agencies

The roles and functions of certain key enforcement agencies that operate in the power sector have been set out below:

Investigating Authority

The Electricity Regulatory Commissions have the powers to direct any person to investigate the affairs of and undertake inspection of the generating company if there is any failure by the generating company/licensee to comply with the provisions of the Electricity Act or the license, licensee. The Electricity Regulatory Commissions may direct the generating company/licensee to take such action as may be necessary upon receipt of report from such Investigation Authority.

Electrical Inspector

If the relevant government receives a complaint that there has been an accident in connection with the generation, transmission, distribution or supply of electricity or that in case of use of electrical lines or electrical plant, there is a likelihood of injury to human being or animal, it may require an Electrical Inspector to inquire and report as to the cause of the accident and the manner and extent to which the provisions of Electricity Act have been complied with. The Electrical Inspector is vested with the powers of a civil court under the Civil Procedure Code, 1908 for enforcing the attendance of witnesses and compelling the production of documents and material objects.

Foreign Investment Regulation

The industrial policy was formulated in 1991 to implement the Government's liberalisation programme and consequently industrial policy reforms relaxed industrial licensing requirements and restrictions on foreign investment.

The procedure for investment in the power sector has been simplified for facilitating FDI. FDI is allowed under the automatic route for 100% in respect of projects relating to electricity generation, transmission and

distribution, other than atomic reactor power plants and for coal and lignite mining for captive consumption by power projects, subject to the provisions of the Coal Mines (Nationalisation) Act, 1973, as amended. There is no limit on the project cost and the quantum of FDI.

Calculation of Total Foreign Investment in Indian Companies

Press Note No. 2 (2009 Series), dated February 13, 2009 (“**Press Note 2 of 2009**”), issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), read with the clarificatory guidelines for downstream investment under Press Note No. 4 (2009 Series) dated February 25, 2009 (“**Press Note 4 of 2009**”), issued by the DIPP, sets out the manner of calculation of foreign investment in an Indian company.

Foreign investment is defined broadly and includes investment by FIIs and NRIs and foreign investment in the form of American depository receipts, global depository receipts, foreign currency convertible bonds, convertible preference shares and convertible currency debentures.

Press Note 2 of 2009 specifies that all investments made directly by a non-resident entity in an Indian company will be considered as foreign investment. Further, in relation to an investment by an Indian company in another Indian company, if (i) the investing Indian company is owned and controlled by resident Indian entities (i.e., resident Indian citizens and/or resident Indian companies that are ultimately owned and controlled by resident Indian citizens) and (ii) foreign entities do not own or control the investing Indian company, then the foreign investment in the investing Indian company will not be considered for calculation of the foreign investment in the second Indian company. However, if the requirements under (i) and (ii) above are not satisfied, then the entire investment of the investing Indian company in the investee Indian company will be considered foreign investment.

Pursuant to Press Note 2 of 2009, an investing company will be considered (i) “owned” by resident Indian entities or foreign entities, if more than 50% of its equity interest is beneficially owned by resident Indian entities or foreign entities, as the case may be and (ii) “controlled” by resident Indian entities or foreign entities if the resident Indian entities or foreign entities, as the case may be, have the power to appoint a majority of its directors.

Press Note 4 of 2009 provides guidelines relating to downstream investments by Indian companies that are owned or controlled by foreign entities. These guidelines are based on the principle that indirect foreign investment through downstream investments by Indian companies owned or controlled by foreign entities should follow the same rules as those applicable to direct foreign investment. In respect of downstream investments by Indian companies that are not owned or controlled by foreign entities, there will not be any restrictions.

For the purpose of downstream investments, Press Note 4 of 2009 classifies Indian companies into (i) operating companies, (ii) operating-and-investing companies and (iii) investing companies. In connection with foreign investment in these categories of Indian companies, Press Note 4 of 2009 provides that:

- (a) Operating company: Foreign investment in an operating company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates;
- (b) Operating-and-investing company: Foreign investment in an operating-and-investing company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates and such company will need to notify the Secretariat for Industrial Assistance, the DIPP and the FIPB of its downstream investment within 30 days of such investment. Further, the investee Indian company in which downstream investments are made by such company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which the investee Indian company operates; and
- (c) Investing company: An “investing company” has been defined under Press Note 4 of 2009 as an Indian company holding only direct or indirect investments in other Indian companies other than for trading of such holdings. Any foreign investment in such company will require the prior approval of the FIPB. Further, the investee Indian company in which downstream investments are made by such company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which the investee Indian company operates.

Press Note 4 of 2009 further provides that foreign investment in an Indian company that does not have any operations and does not have any downstream investments will require the prior approval of the FIPB.

Indian Energy Exchange for Online Trading in Electricity

Indian Energy Exchange (“**IX**”) is India’s first nationwide, automated, and online electricity trading platform. The exchange is planned to be operational in 2008. Approved by CERC on August 31, 2007, the exchange would enable efficient price discovery and price risk management in the electricity market besides providing benefits like transparency and cost efficiency to its members. In February 2007, the CERC issued guidelines for grant of permission to set up power exchanges in India. The exchange is conceived to catalyse modernisation of electricity trade in the country by ushering in a transparent and neutral market through technology-enabled electronic trading platform.

Mining Laws

The Mines and Minerals (Development and Regulations) Act, 1957, as amended, (“**MMDR Act**”), the Mineral Concession Rules, 1960, as amended, (“**MC Rules**”), and the Mineral Conservation and Development Rules, 1988, as amended, (“**MCD Rules**”), govern mining rights and the operations of mines in India. The MMDR Act was enacted to provide for the development and regulation of mines and minerals under the control of India and it lays down the substantive law pertaining to the grant, renewal and termination of reconnaissance, mining and prospecting licenses. The MCD Rules outline the procedures for obtaining a prospecting license or the mining lease, the terms and conditions of such licenses and the model form in which they are to be issued. The MCD Rules lay down guidelines for ensuring mining is carried out in a scientific and environmentally friendly manner.

The GoI announced the National Mineral Policy in 1993, which was amended in 2008, to sustain and develop mineral resources so as to ensure their adequate supply for the present needs and future requirements of India in a manner which will minimize the adverse effects of mineral development on the forest, environment and ecology through appropriate protective measures. The aim of the National Mineral Policy is to achieve zero waste mining and the extraction and utilization of the entire run of mines within a framework of sustainable development through the establishment of a resource inventory and registry, manpower development through education and training, infrastructure development in mineral bearing areas and the facilitation of financial support for mining. At the same time, the GoI also made various amendments to India’s mining laws and regulations to reflect the principles underlying the National Mineral Policy.

Grant of a Mining Lease

A mining lease is granted by the applicable State Government. The mining lease agreement governs the terms on which the lessee may use the land for the purpose of mining operations. If the land on which the mines are located belongs to private parties, the lessee must acquire the surface rights relating to the land from such private parties. If a private party refuses to grant the required surface rights to the lessee, the lessee is entitled to inform the state government and deposit with the state government compensation for the acquisition of the surface rights. If the state government deems that such amount is fair and reasonable, the state government has the power to order a private party to permit the lessee to enter the land and carry out such operations as may be necessary for the purpose of mining. For determining what constitutes a fair amount of compensation payable to the private party, state governments are guided by the principles of the Land Acquisition Act, 1894, as amended, or Land Acquisition Act, which generally governs the acquisition of land by governments from private individuals. In case of land owned by the government, the surface right to operate in the lease area is granted by the government upon application as per the norms of that state government.

If the mining operations in respect of any mining lease results in the displacement of any persons, the consent of such affected persons, and their resettlement and rehabilitation as well as payment of benefits in accordance with the guidelines of the applicable state government, including payment for the acquired land owned by those displaced persons, needs to be settled or obtained before the commencement of the mining project. In respect of minerals listed in the First Schedule of the MMDR Act, prior approval of the Government of India is required to be obtained by the state government for entering into the mining lease. The approval of the Government of India is granted on the basis of the recommendations of the state governments, although the Government of India has the discretion to overlook the recommendation of the state governments. On receiving the clearance of the Government of India, the state government grants the final mining lease and prospecting license. The lease can be executed only after obtaining the mine plan approval from the IBM, which is valid for a period of five years. A mining lease for a mineral or prescribed group of associated minerals cannot exceed a total area of 10 square kilometers. Further, in a state (province), one person cannot acquire mining leases covering a total area of more

than 10 square kilometers. However, the Government of India may, if necessary in the interest of development of any mineral, relax this requirement.

The maximum term of a mining lease is 30 years and the minimum term is 20 years. A mining lease may be renewed for further periods of 20 years or less at the option of the lessee. Renewals are subject to the lessee not being in default of any applicable laws, including environmental laws. The MC Rules provide that if a lessee uses the minerals for its own industry, then such lessee is generally entitled to a renewal of its mining lease for a period of 20 years, unless it applies for a lesser period. The lessee is required to apply to the relevant state government for the renewal of the mining lease at least one year prior to the expiry of the mining lease. Any delay in applying for a renewal of the mining lease may be waived by the applicable state government provided that the application for renewal is made prior to expiry of the mining lease. In the event that the state government does not make any orders relating to an application for renewal prior to the expiration of the mining lease, the mining lease is deemed to be extended until such time the state government makes the order on the application for renewal.

Labor and Environmental Regulations

Depending upon the nature of the activity undertaken by us, applicable environmental and labor laws and regulations include the following:

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Employees' State Insurance Act, 1948;
- The Factories Act, 1948;
- The Industrial Disputes Act, 1947;
- The Payment of Wages Act, 1936;
- The Workmen's Compensation Act, 1923;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;
- The Environment (Protection) Act, 1986;
- The Environment Impact Assessment Notification S.O. 1533(E), 2006;
- The Forest (Conservation) Act, 1980 and The Forest (Conservation) Rules, 2003;
- The Hazardous Wastes (Management and Handling) Rules, 1989;
- The Water (Prevention and Control of Pollution) Act, 1974;
- The Water (Prevention and Control of Pollution) Cess Act, 1977; and
- The Air (Prevention and Control of Pollution) Act, 1981.

Labor Laws

The Factories Act, 1948, as amended (the "Factories Act")

The Factories Act defines a 'factory' to be any premise which employs or employed on any day in the previous twelve months, ten or more workers and in which a manufacturing process is being carried on with the aid of power or any premises where there are or were in the previous twelve months, at least twenty workers working even though there is no manufacturing process being carried on with the aid of power. State Governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions.

If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term up to two years or with a fine up to Rs.100,000 or with both, and in case of contravention continuing after conviction, with a fine of up to

Rs.1,000 per day of contravention. In case of a contravention which results in an accident causing death or serious bodily injury, the fine shall not be less than Rs.25,000 in the case of an accident causing death, and Rs.5,000 in the case of an accident causing serious bodily injury.

Environmental Laws

Our business is subject to environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

Our operations require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to our operations include:

The Environment (Protection) Act, 1986 (the "EPA")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for *inter alia*, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to Rs.100,000 or imprisonment of up to five years, or both.

There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The Environment Impact Assessment Notification S.O. 1533(E), 2006 (the "EIA Notification")

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986, as amended, provides that the prior approval of the Ministry of Environment and Forests or State Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

An application for environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment Impact Assessment Report public consultation involving both public hearing and written response is conducted by the State Pollution Control Board. The appropriate authority makes an appraisal of the project only after a Final EIA Report is submitted addressing the questions raised in the public consultation process.

The prior environmental clearance granted for a project or activity is valid for a period of ten years in the case of river valley projects, project life as estimated by Expert Appraisal Committee or State Level Expert Appraisal Committee subject to a maximum of 30 years for mining projects and five years in the case of all other projects and activities. This period of validity may be extended by the regulatory authority concerned by a maximum period of five years.

The mining of minerals in a leased area of 50 hectares or more; coal or lignite based thermal power plants with a capacity of 500 MW or more; and hydro-electric power plants with a capacity of 50 MW or more, requires clearance from the Ministry of Environment and Forests. The mining of minerals in a leased area of five hectares or more, but less than 50 hectares; coal or lignite based thermal power plants with a capacity of more than 50 MW, but less than 500 MW; and hydro-electric power plants with a capacity of 25 MW or more, but less than 50 MW requires clearance from State Environment Impact Assessment Authority.

The Hazardous Wastes (Management and Handling) Rules, 1989 (the “Hazardous Wastes Rules”)

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the Pollution Control Board. The occupier, the transporter and the operator are liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the respective State Pollution Control Boards. Penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the EPA or both.

The Water (Prevention and Control of Pollution) Act, 1974 (the “Water Act”)

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

The Central Pollution Control Board has powers, *inter alia*, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, *inter alia*, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well.

A central water laboratory and a state water laboratory have been established under the Water Act.

The Water (Prevention and Control of Pollution) Cess Act, 1977 (the “Water Cess Act”)

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for non-compliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months or a fine of Rs.1,000 or both and penalty for non payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

The Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared

by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

Under the Air Act, the Central Pollution Control Board has powers, *inter alia*, to specify standards for quality of air, while the State Pollution Control Boards have powers, *inter alia*, to inspect any control equipment, industrial plant or manufacturing process, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

Kyoto Protocol and Carbon Credits

The Kyoto Protocol is a protocol to the International Framework Convention on Climate Change with the objective of reducing greenhouse gases (GHG) that cause climate change. The Kyoto Protocol was agreed on December 11, 1997 at the third conference of the parties to the treaty when they met in Kyoto, and entered into force on February 16, 2005. India ratified the Kyoto Protocol on August 22, 2006.

The Kyoto Protocol defines legally binding targets and timetables for reducing the GHG emissions of industrialized countries that ratified the Kyoto Protocol.

Governments have been separated into developed nations (who have accepted GHG emission reduction obligations) and developing nations (who have no GHG emission reduction obligations). The protocol includes 'flexible mechanisms' which allow developed nations to meet their GHG emission limitation by purchasing GHG emission reductions from elsewhere. These can be bought either from financial exchanges, from projects which reduce emissions in developing nations under the Clean Development Mechanism ("CDM"), the Joint Implementation scheme or from developed nations with excess allowances.

Typical emission certificates are:

- Certified Emission Reduction (CER);
- Emission Reduction Unit (ERU); and
- Voluntary or Verified Emission Reductions (VER).

CERs and ERUs are certificates generated from emission reduction projects, under the CDM for projects implemented in developing countries, and under Joint Implementation ("JI") for projects implemented in developed countries, respectively. These mechanisms are introduced within the Kyoto Protocol. For projects which cannot be implemented as CDM or JI, but still fulfil the required standards, VERs can be generated. VERs, however, cannot be used for compliance under the Kyoto Protocol.

HISTORY AND CERTAIN CORPORATE MATTERS

Change in Status

Our Company was originally incorporated as ‘Manjiri Finvest Private Limited’ on February 2, 1995 under the Companies Act with the Registrar of Companies, Maharashtra. Pursuant to a special resolution of the shareholders of our Company on April 3, 2004, the name of our Company was changed to ‘Sterlite Energy Private Limited’ due to change in its business activities to generation and distribution of power, and consequent to such change of name, a fresh certificate of incorporation dated May 10, 2004 was issued by the Registrar of Companies, Maharashtra. Pursuant to a special resolution of the shareholders of our Company on May 25, 2006, our Company was converted into a public company, and the name of our Company was further changed to ‘Sterlite Energy Limited’ and consequent to such change of name, a fresh certificate of incorporation dated July 21, 2006 was issued by the Registrar of Companies, Maharashtra.

Changes in Registered Office

The registered office of our Company was located at Kamala Nagar, Kandivili (West) Mumbai 400 067, Maharashtra, India, at the time of incorporation. Pursuant to a board resolution dated August 18, 2007, the registered office of our Company was shifted to SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin 628 002, Tamil Nadu, India. The changes were carried out to, *inter alia*, enable greater operational efficiencies as Sterlite Industries, our Promoter, had shifted its registered office to Tuticorin, Tamil Nadu.

Key Events and Milestones

Year	Key Events, Milestones and Achievements
1995	Incorporation of our Company.
2006	<p>Sterlite Industries, our Promoter, acquired all of the outstanding equity shares and operational control of our Company in October 2006 from an affiliated individual and an affiliated entity for a total consideration of approximately Rs. 4.93 million.</p> <p>The Company entered into the Jharsuguda MoU with the Governor of Orissa on September 26, 2006 committing to set up a thermal power plant of 2,400 MW in the State of Orissa and are currently in the process of negotiations for extension of the same.</p> <p>The Company entered into EPC contracts for the 2,400 MW thermal power plant at Jharsuguda.</p>
2008	<p>Awarded the tender to build a 1,980 MW (comprising three units of 660 MW each) thermal coal-based commercial power plant at Talwandi Sabo, in the State of Punjab, India, by the Governor of Punjab and supply of 1,841.40 MW power to PSEB.</p> <p>Awarded and allocated coal block for Jharsuguda Power Project by the Government of Orissa.</p>
2009	<p>Achieved financial closure for the Jharsuguda Power Project. See “<i>Financial Indebtedness</i>” on page 190.</p> <p>Entered into the EPC contracts for the Talwandi Power Project.</p> <p>The implementation of the Jharsuguda Power Project and the Talwandi Power Project has been delayed. For further details see “<i>Risk Factors</i>” on page xiii.</p>

Our Company has seven shareholders as of the date of filing of this Draft Red Herring Prospectus with SEBI.

For details relating to our financial statements, see “*Financial Statements*” on page F1.

Main Objects

The main objects of our Company are set forth in the table below:

Clause	Particulars
IIIA (1)	To generate, develop and accumulate power at any place or places and to transmit, distribute and supply such power throughout the area.
IIIA (2)	To carry on the business of a general power supply company and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works.

The main objects as contained in the Memorandum of Association of our Company enable us to carry on the business that is presently carried out, as well as the businesses we propose to carry out.

For details relating to our business, operations and competitors see “*Our Business*”, “*Industry*” and “*Financial Statements*” on pages 63, 51 and F1 respectively.

Amendments to our Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association.

Date of Shareholders' approval	Nature of Amendment
March 25, 1998	<p>The authorised share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following:</p> <p><i>“The authorized share capital of our Company is Rs. 55 lakhs (Rs. 55,00,000) divided into 55,000 Equity Shares of Rs. 100 each.”</i></p>
April 3, 2004	<p>The Memorandum of Association was amended with respect to the name of our Company being changed to “<i>Sterlite Energy Private Limited</i>”.</p>
April 3, 2004	<p>Clause IIIA of the Memorandum of Association was amended to insert the following:</p> <p><i>“1. To generate, develop and accumulate power at any place or places and to transmit, distribute and supply such power throughout the area.</i></p> <p><i>2. To carry on the business of a general power supply company and to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works.”</i></p> <p>Clause IIIB of the Memorandum of Association was amended to insert the following:</p> <p><i>“1. To acquire the right to use or manufacture and to put telegraphs, telephones, photographs, dynamos accumulators and all apparatus now known or which may hereafter be invented in connection with the generation, accumulation, distribution, supply and employment of electricity or any power that can be used as a substitute therefore, including all cables wires or appliances for connecting apparatus at a distance with other apparatus, and including the formation of exchange or centers.</i></p> <p><i>2. To carry on the business of electricians and electrical mechanical engineers, suppliers of electricity for the purposes of light, heat motive power or otherwise and manufactures of and dealer in apparatus and thing required for or capable of being used in connection with the generation, distribution, supply accumulation and employment of electricity, galvanism, magnetism or otherwise.”</i></p>
November 25, 2004	<p>The authorised share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following:</p> <p><i>“The authorised share capital of the company is Rs. 2,00,00,000 (Rupees two crores only) divided into 2,00,000 each with the power to increase or reduce the share capital, to divide the share in the capital for the time being into several classes, and to attach hereto respectively such preferential, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force and the regulations of the company and to vary, modify or abrogate such rights.”</i></p>
February 4, 2005	<p>The authorised share capital of our Company was amended pursuant to which Clause V of the Memorandum of Association was replaced with the following:</p> <p><i>“The authorised share capital of the Company is Rs. 2,00,00,000 (Rupees two crores only) divided into 55,000 (fifty five thousand only) equity shares of Rs. 100 each and 1,45,000 (one lac forty five thousand only) cumulative convertible redeemable preference shares of Rs. 100 each with the power to increase or reduce the share capital, to divide the share in the capital for the time being into several classes, and to attach hereto respectively such preferential, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force and the regulation of the Company</i></p>

Date of Shareholders' approval	Nature of Amendment
	<i>and to vary, modify or abrogate such rights.”</i>
May 25, 2006	The Memorandum of Association was amended with respect to the name of our Company being changed to “Sterlite Energy Limited”.
September 24, 2007	Clause II of the Memorandum of Association was replaced with the following: <i>“The Registered Office of the Company will be situated in the State of Tamil Nadu.”</i>
October 27, 2007	The authorised share capital of our Company was increased pursuant to which Clause V of the Memorandum of Association was replaced with the following: <i>“The Authorised Share Capital of the Company is Rs. 45,00,00,00,000 (Rupees four thousand five hundred crore) divided into 3,50,00,00,000 (three hundred fifty crore) equity shares of Rs. 10 (Rupees ten) each and 1,00,00,00,000 (one hundred crore) Redeemable Cumulative Convertible Preference Shares of Rs. 10 each with the rights, privileges and conditions attached thereto as are provided in the Articles of Association of the Company, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being, into several classes and to attach thereto respectively, such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Companies Act, 1956 for the time being in force and the regulations of the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions.”</i>

Holding Company

Sterlite Industries (India) Limited is our holding company. For details relating to Sterlite Industries (India) Limited, see “***Our Promoter and Group Entities***” on page 110.

Our Subsidiary

Talwandi Sabo Private Limited (“TSPL”)

Our subsidiary, TSPL, is engaged in the business of constructing, operating and maintaining power generating stations, transmission lines, electric lines and sub-stations. The authorised share capital of TSPL is Rs. 1,000,000 divided into 100,000 equity shares of Rs. 10 each and the issued and paid up capital of TSPL is Rs. 500,000 (divided into 50,000 equity shares of Rs. 10 each).

Our Company acquired the entire shareholding of TSPL pursuant to a share purchase agreement among PSEB, TSPL and our Company on September 1, 2008 for a total consideration of approximately Rs. 3,868.4 million, of which Rs. 0.50 million was paid for the purchase of the entire share capital of TSPL at par. The balance amount was paid for taking over all assets and liabilities of TSPL. Our Company together with our nominees holds 50,000 equity shares in TSPL, i.e. 100% of the issued and paid up capital of TSPL. Further, our Company has advanced a sum of Rs. 3,620 million towards share application money to TSPL which is pending for allotment.

There are no accumulated profits or losses of TSPL not accounted for by our Company.

TSPL has not been declared a sick company under the Sick Industrial Companies (Special Provisions) Act, 1985, as amended, and no winding up proceeding has been initiated against TSPL. Further, no application has been made in respect of TSPL to the Registrar of Companies, Punjab, Himachal Pradesh and Chandigarh for striking off its name.

Our Joint Venture

Rampia Coal Mine and Energy Private Limited (“RCMEPL”)

The Ministry of Coal, GoI by letters dated November 6, 2007 and January 17, 2008, allocated the Rampia Coal Blocks in the State of Orissa to our Company along with GMR Energy Limited, Arcelormittal India Limited, Lanco Group Limited, Navabharat Power Private Limited and Reliance Energy Limited. As per the terms of the

letter dated January 17, 2008, the parties were required to form a joint venture company for the mining of coal from the Rampia Coal Blocks.

In relation to the letters of allocation, our Company has entered into a memorandum of agreement (“**Rampia MOA**”) with GMR Energy Limited, Arcelormittal India Limited, Lanco Group Limited, Navabharat Power Private Limited and Reliance Energy Limited on December 4, 2007, to form a joint venture company, RCMEPL, to acquire mining rights and interest in the Rampia Coal Blocks in the State of Orissa. The salient terms of the Rampia MOA are set forth below:

RCMEPL shall (i) acquire mining rights and interest in the Rampia Coal Blocks in the State of Orissa, and (ii) carry on the business of mining coal from such coal blocks for distribution to the shareholders of RCMEPL to enable the shareholders to meet their requirement of coal for running and operating their respective power plants.

The Rampia MOA came into force on the date of its execution and shall continue till exhaustion of coal reserves and closure of the Rampia Coal Blocks. The Rampia MOA stipulates that parties shall agree upon modalities of the O&M, distribution of the coal mined from the Rampia Coal Blocks and the inter se management rights of the parties. Further, the parties to the Rampia MOA have acknowledged that the coal is meant for captive use only by parties as the letter issued by GoI dated November 6, 2007.

The parties to the Rampia MOA are required to ensure that the mining of coal from the allocated captive block is carried out in accordance with all laws, rules, orders and directions regulating the mining of coal. Further, each party has agreed to indemnify the other parties against any and all losses, damages, claims, or expenses incurred or suffered by the non-defaulting parties (excluding any indirect and/or consequential losses), arising from or as a result of the defaulting party’s breach of any of the terms of the Rampia MOA.

Under the Rampia MOA, we have been allocated a proportionate share of 112.22 MT of coal.

The authorised share capital of RCMEPL is Rs. 100 million (divided into 100,000,000 equity shares of Rs. 1 each) and the paid up capital of RCMEPL is Rs. 30,000,000 (divided into 30,000,000 equity shares of Rs. 1 each). Our Company holds 5,217,432 equity shares in RCMEPL, i.e., approximately 17.39% of the issued and paid-up capital of RCMEPL. Further, as on September 30, 2009, 5,217,432 equity shares of RCMEPL are pending for allotment to our Company.

Shareholders Agreement

Our Company has not entered into any shareholders agreement with any party, except the Rampia MOA described above.

Material Agreements

Jharsuguda Power Project

- 1. Power Purchase Agreement between the Company and GRIDCO dated September 28, 2006 (“**Jharsuguda PPA**”), as amended by Amended Power Purchase Agreement between the Company and GRIDCO dated August 20, 2009 (“**Amended Jharsuguda PPA**”)*

The Company entered into the Jharsuguda PPA with GRIDCO, a nominee of the State Government of Orissa, on September 28, 2006, which provides GRIDCO the right to purchase approximately up to 718 MW of power from the Jharsuguda Power Project. The Jharsuguda PPA is valid for 25 years from the date of commercial operation of the last unit of the power station and could be extended on mutually agreed terms and conditions between the Company and GRIDCO. Subsequently, the Company entered into the Amended Jharsuguda PPA with GRIDCO on August 20, 2009 to amend the terms of the Jharsuguda PPA pursuant to Policy Guidelines for Thermal Power Generation notified by the Government of Orissa on August 8, 2008.

Pursuant to the Amended Jharsuguda PPA, GRIDCO has the right to purchase up to 25% of the installed capacity of the power plant after adjustments for auxiliary consumption by us, i.e. approximately up to 561 MW from this project. Further, GRIDCO shall at all times have the right on behalf of the Government of Orissa to receive from Jharsuguda Power Project, 7% of power generated (after adjustments for auxiliary consumption by us) i.e. 157 MW of power at variable cost, determined by OERC. Further, we are required to make available to

GRIDCO the entire power generated from the first unit of the Jharsuguda Power Project after meeting our own requirement. GRIDCO will have the right to purchase this power from us once in every five years, for 25 years from the date of commercial operation of the last unit. This right is an option to purchase rather than a binding commitment of GRIDCO. The PPA is subject to the approval of the OERC.

In the event GRIDCO decides not to avail part or whole of the above mentioned right during any five year block period, it shall give six months notice of the same to us prior to the commencement of such block period.

The tariff for the sale of power by us to GRIDCO will be determined by the OERC as follows:

- For the sale of power up to 25% of the installed capacity:
 - (iii) A fixed capacity charge which shall be determined by the OERC as per the terms and conditions of tariff issued from time to time and will be related to target availability. Recovery of fixed capacity charges below the level of target availability shall be done on a pro rata basis and calculated proportionately to the capacity requisitioned to GRIDCO; and
 - (iv) A variable energy charge, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the OERC from time to time.
- For the sale of additional 7%, on account of allocation of coal blocks within the State of Orissa, a variable energy charge, which shall comprise fuel cost and shall be calculated on the basis of the ex-bus energy scheduled to be sent out from the generating station. The energy charges shall be calculated as per the methodology prescribed by the appropriate commission, from time to time.
- The power generated prior to commercial operation of a unit of the Jharsuguda Power Project shall be made available to GRIDCO at variable cost.

The billing as per the tariff shall be generated on a monthly basis and supplied to GRIDCO. The undisputed bill of our Company are required to be paid in full within 30 days of the presentation of the bill.

The power will be evacuated by GRIDCO from the bus bar of the project itself. The Jharsuguda PPA further provides for a payment security mechanism pursuant to which, an irrevocable, revolving letter of credit will be established with a scheduled bank at least one month prior to the commencement of power from the supply station. The letter of credit shall cover 105% of a month's estimated billing in respect of power supplied by the Company to GRIDCO.

The Amended Jharsuguda PPA is subject to the approval of OERC, which may approve it with or without modifications.

We have requested GRIDCO to amend the PPA to permit sale of the entire power generated from the first unit after meeting the requirement of the aluminium smelter of Vedanta Aluminium at Jharsuguda. GRIDCO has referred the request to the Government of Orissa for clearance, which is pending.

2. *SEPCO III EPC Contracts*

The Jharsuguda Power Project is being implemented by way of turnkey EPC contracts which have been awarded to SEPCO III Electric Power Construction Corporation ("**SEPCO III**"), an EPC company established in China. The Company has executed four separate contracts, two for supply of plant and machinery (onshore and offshore) and two for services and construction (onshore and offshore) in respect of 2,400 MW (4 X 600 MW) thermal power plant, proposed at Jharsuguda, Orissa (together the "**SEPCO III EPC Contracts**").

The brief details of individual contracts each dated May 10, 2006 are as follows:

(a) *Offshore Supply Contract between the Company and SEPCO III ("Offshore Supply Contract")*

The scope of work for SEPCO III under the Offshore Supply Contract includes, but is not limited to, manufacture, shop inspection, testing, seaworthy packing, forwarding, inland transportation and delivery of plant and equipment, including commissioning spares, O&M spares, initial fill of

lubricants, chemicals and consumables, special tools and tackles, on cost and freight (CFR) Indian sea port basis. The scope also includes demonstration of certain performance guarantees as specified under the terms of Offshore Supply Contract. As consideration, the Company is required to pay an aggregate sum of US\$ 806.47 million to SEPCO III on the basis of achievement of specified milestones identified under the Offshore Supply Contract.

(b) *Contract for Offshore Engineering and Technical Services between the Company and SEPCO III (“Offshore Engineering and Technical Services Contract”)*

The scope of work for SEPCO III under the Offshore Engineering and Technical Services Contract includes, but is not limited to, system design and engineering of plant and equipment as per technical specifications, supervision of civil, structure and manufacturing work of contractor’s affiliates or sub-contractors, interfacing, integration, synchronization, trial run, project and construction management and demonstration of performance guarantee of all the units and training of Company’s personnel in China and onsite training. As consideration, the Company is required to pay an aggregate sum of US\$ 109.88 million to SEPCO III on the basis of achievement of specified milestones identified under the Offshore Engineering and Technical Services Contract.

(c) *Onshore Supply Contract between the Company and SEPCO III (“Onshore Supply Contract”)*

The scope of work for SEPCO III under the Onshore Supply Contract includes, but is not limited to, manufacture, shop inspection, testing, packing, forwarding and delivery of plant and equipment including commissioning spares, O&M spares, initial fill of lubricants, chemicals and consumables, special tools and tackles, on for site basis. The scope also includes demonstration of certain performance guarantees as specified under the terms of Onshore Supply Contract. As consideration, the Company is required to pay an aggregate sum of Rs. 2,526.58 million to SEPCO III on the basis of achievement of specified milestones identified under the Onshore Supply Contract.

(d) *Onshore Services and Construction Contract between the Company and SEPCO III (“Onshore Services and Construction Contract”)*

The scope of work for SEPCO III under the Onshore Services and Construction Contract includes, but is not limited to, custom clearance, port clearance, inland transportation of offshore as well as onshore plant and equipment, unloading, storage and preservation for all equipment and material required for the facility as a whole, shop inspection of onshore plant and equipment (mechanical, electrical, instrumentation and controls, refractory, utility services, associated facilities etc.), infrastructure and all civil works including 275 meters high chimney(s), in-plant roads, drainage and sewage systems, site clearances, levelling, assistance to the Company with the necessary data, drawings and details as may be required for statutory clearance to be procured by the Company, all erection work including site supervision and inspection, pre-operational checking, starting, calibration, system balancing, hooking up with existing system, all commissioning activity including start up, trial run, reliability run and activities relating to performance guarantees tests. As consideration, the Company is required to pay an aggregate sum of Rs. 11,952.83 million to SEPCO III on the basis of achievement of specified milestones identified under the Onshore Services and Construction Contract.

All the SEPCO III EPC Contracts provide that, as per the completion schedule, the first unit, the second unit, the third unit and the fourth unit shall be constructed within a period of 33 months, 36 months, 39 months and 42 months from the date of signing the SEPCO III EPC Contracts, respectively, i.e. February 9, 2009, May 9, 2009, August 9, 2009 and November 9, 2009. Further, SEPCO III is responsible for procuring and maintaining a comprehensive insurance policy from a reputed insurance company acceptable to the Company, covering risks of damage and loss of goods from FOB point of shipment (in case of imported goods) and from ex-works (in case of indigenous goods) up to delivery till the units. The said insurance policy shall also cover comprehensive risks during inland transportation, handling, storage, erection and commissioning. Additionally, SEPCO III shall also take an ‘Erection All Risks’ insurance, third party liability insurance, personal accident insurance in respect of SEPCO III’s supervisory personnel and workmen and such other insurance as required by applicable law. The value of the insurance policy shall cover full erected value of the facilities including value of spares for O&M. The Company shall be the principal beneficiary of the insurance policy along with SEPCO III and shall reserve the exclusive right to assign the insurance policy.

In the event of SEPCO III's inability to meet the completion schedule, except due to the occurrence of certain identified *force majeure* events, it is required to pay to our Company liquidated damages as set forth in each of the SEPCO III EPC Contracts.

In addition, under the terms of each of the SEPCO III EPC Contracts, the Company and SEPCO III have the right to terminate the contracts on certain specified grounds, including breach of any terms or conditions of the SEPCO III EPC Contracts by SEPCO III, and by providing notice under the terms of the SEPCO III EPC Contracts. The Company is entitled to suspend work in whole or in part by giving a notice in writing to such effect stating the nature, the date and the anticipated duration of such suspension. If such suspension continues for more than 180 days, at the end of the period, SEPCO III shall be entitled to terminate the SEPCO III EPC Contracts by a further 30 days' notice and the Company shall be required to pay to SEPCO III 105% of the cost incurred by SEPCO III till the date of termination as compensation after adjusting payments already made till such termination.

3. *Letter of Assurance ("Jharsuguda LoA") from MCL*

MCL has issued the Jharsuguda LoA dated June 25, 2008 to the Company, provisionally assuring coal quantity of 2.57 mtpa for meeting the requirements of approximately 600 MW power plant and coal corresponding to Grade 'E' (Grade F in case of shortage of Grade E coal), from February 2009 onwards. The price shall be as notified by Coal India Limited from time to time. The Jharsuguda LoA is valid for a period of 24 months from the date of its issue, unless extended for a further period of three months due to any *force majeure* event subject to the terms of the Jharsuguda LoA.

Under the terms of the Jharsuguda LoA, our Company is required to complete the specified milestones, including, but not limited to, obtaining environmental approvals, acquiring requisite land and obtaining commitment for equity investment in the Jharsuguda Power Project, within a period of 24 months from the date of issue of the Jharsuguda LoA and is also required to complete such milestones as specified in the Jharsuguda LoA.

The terms of the Jharsuguda LoA provide for a formal fuel supply agreement to be executed between the Company and MCL within three months from the expiry of the Jharsuguda LoA. Additionally, our Company has provided a commitment guarantee to MCL of Rs. 143.92 million prior to the issue of the Jharsuguda LoA. The validity of the commitment guarantee is four months after the period of expiry of the Jharsuguda LoA. In case of non-performance of any milestone specified in the Jharsuguda LoA within the specified time period, 10% of the commitment guarantee for each such incomplete milestone shall be provided as additional commitment guarantee by our Company within 15 days of such milestone falling due for completion. The Jharsuguda LoA may be cancelled or withdrawn by MCL on serving a written notice at least seven days in advance if milestones are delayed beyond the period specified and the commitment guarantee is not furnished. The commitment guarantee can be encashed in case of cancellation or withdrawal of the Jharsuguda LoA or failure to sign the fuel supply agreement.

Talwandi Power Project

1. *PPA between PSEB and TSPL dated September 1, 2008 ("Talwandi PPA")*

The Talwandi PPA is with respect to the Talwandi Power Project and for TSPL to construct the Talwandi Power Project for a contracted capacity of 1,841.40 MW and sale and supply of electricity in bulk therefrom net of auxiliary consumption, to PSEB in accordance with the terms of the Talwandi PPA. The contracted capacity of 613.80 MW of power for each of the units is to be executed in the form of three units.

The Talwandi PPA is valid for a period of 25 years from the commercial operation date of the power station ("**Expiry Date**"), unless terminated earlier. The scheduled commercial operation date for the first unit is August 31, 2012, for the second unit is December 31, 2012 and for the third unit is April 30, 2013, unless agreed otherwise between the parties in accordance with the terms of the Talwandi PPA. Upon the occurrence of the Expiry Date, the Talwandi PPA shall automatically terminate, unless mutually extended by the parties at least 180 days prior to the Expiry Date, subject to approval of the Central Electricity Regulatory Commission.

TSPL shall be responsible for designing, constructing, erecting, commissioning, completing and testing the power station. Further, TSPL is required to effect and maintain or cause to be effected and maintained during the construction period and operating period, insurances against such risks, with such deductibles and with such

endorsements and co-inured(s), which prudent utility practices would ordinarily merit maintenance of and as required under the financing agreements. Further, TSPL shall also ensure that the power station is designed, built and completed in a good workmanlike manner using sound engineering construction practices and using only materials and equipment that are new and of international utility grade quality.

The entire contracted capacity of the power station and all the units of the power station shall at all times be for the exclusive benefit of PSEB and the PSEB shall have the exclusive right to purchase the entire contracted capacity from TSPL. Additionally, if the PSEB does not avail of power up to the available capacity provided by TSPL and dispatch instructions have not been issued by the PSEB to TSPL, TSPL shall be entitled to sell such available capacity not procured, to any person without losing the right to receive the capacity charges from the PSEB for such un-availed available capacity. In such a case, the sale realization in excess of energy charges shall be equally shared by TSPL with PSEB. In the event TSPL sells such available capacity to the shareholders of TSPL or any direct or indirect affiliate of TSPL/shareholders of TSPL without obtaining the prior written consent of PSEB, it shall be required to sell such available capacity to such entity at tariffs being not less than the tariff payable by PSEB. During this period, TSPL will also continue to receive the capacity charges from PSEB.

Under the terms of the Talwandi PPA, TSPL has agreed to duly perform and complete, *inter alia*, the following activities within (i) 12 months from the signing of the Talwandi PPA, or (ii) 14 months from the date of issue of letter of intent, whichever is later:

- (1) TSPL shall have received notification by Government of Punjab for acquisition of land under the Land Acquisition Act, environmental clearance, long term coal linkage, water linkage and order of CERC adopting the tariff under Section 63 of the Electricity Act, 2003 within six months from the date of signing of the Talwandi PPA. The CERC by an order dated January 14, 2009, has fixed the levelised tariff at Rs. 2.864 per kwh for supply of power by TSPL to PSEB;
- (2) TSPL shall have awarded the EPC contract or main plant contract for boiler, turbine and generator (BTG) for the Talwandi Power Project and shall have given to such contractor an irrevocable notice to proceed; and
- (3) In case the Talwandi Power Project is proposed to be developed on the books of the Company, it shall have completed the execution and delivery of the financing agreements for at least 25% of the debt required for the Talwandi Power Project as certified by the lender/lead lender or in case TSPL develops the project on a non-recourse basis, TSPL shall have achieved financial closure.

If any of the above conditions is not satisfied by TSPL within three months after the time specified above, then on and from the expiry of such period and until TSPL has satisfied such conditions, TSPL shall be liable to furnish to the PSEB an additional performance guarantee of Rs. 74.25 million within two business days of the expiry of every such week. If the fulfillment of such conditions is delayed beyond three months and TSPL fails to furnish an additional performance guarantee to the PSEB or if TSPL furnishes an additional performance guarantee to PSEB but fails to fulfill the conditions for a period of eight months beyond the specified period, PSEB or TSPL shall have the right to terminate this Talwandi PPA by giving a termination notice in writing of at least seven days. In such event, TSPL shall be liable to pay to the PSEB an amount of Rs. 2,000 million as liquidated damages. PSEB shall be entitled to recover this amount of damages by invoking the performance guarantee to the extent of Rs. 2,000 million and shall then return the balance performance guarantee, if any, to TSPL. If the PSEB is unable to recover the said amount of Rs. 2,000 million or any part thereof from the performance guarantee, the amount not recovered from the performance guarantee, if any, shall be payable by TSPL to the PSEB within 10 days from the end of eight months period from the due date of completion of conditions subsequent. If the conditions are not satisfied due to any force majeure event, the time period for the fulfilment of conditions subsequent shall be extended for the period of the force majeure event, subject to a maximum extension period of 10 months, continuous or non-continuous in aggregate. Thereafter the Talwandi PPA may be terminated by either party by giving a termination notice of at least seven days in writing to the other party. In such event, the PSEB shall, within a period of 30 days, purchase the entire shareholding of TSPL for the following amount:

- (a) Total amount of purchase price paid by TSPL to the shareholders of TSPL to acquire the equity shares of TSPL; plus
- (b) Total amount of the declared price of land to the extent paid by TSPL after the acquisition of its 100% shareholding by the Company; plus
- (c) An additional sum equal to 10% of the sum total of the amount mentioned clause (a) and (b) above.

TSPL has undertaken to sell to the PSEB, and the PSEB has undertaken to pay the tariff monthly, determined under the Talwandi PPA. The tariff is to be paid in two parts comprising:

- (a) Capacity charge based on plant availability (full capacity charge recoverable at 80% availability); and
- (b) Energy charge based on actual net generation.

Further, to the extent that the availability in a year exceeds 85%, an incentive at the rate of 40% of the non-escalable capacity charges shall be paid to TSPL by the PSEB.

The parties have agreed that where the PSEB has not made payment by the due date of a invoice and after giving a notice of at least seven days to the PSEB, under default, TSPL shall have the obligation to offer 25% of the contracted capacity pertaining to the PSEB, under default, to a third party. If the PSEB does not make the election to receive the default electricity or a part thereof within two business days of it being so offered, TSPL shall have the right (but not the obligation) to make available and sell the default electricity or a part thereof to a third party, namely:

- (a) Any consumer, subject to applicable law; or
- (b) Any licensee under the Electricity Act.

The Talwandi PPA further provides that any lender to the Talwandi Power Project shall be required by TSPL to incorporate the right to substitute TSPL on the happening of an event of default by TSPL. Upon the occurrence and continuation of any event of default by PSEB, TSPL shall have the obligation to offer 25% of the contracted capacity pertaining to PSEB, under default, to a third party.

PSEB shall provide to TSPL, in respect of its monthly bills a monthly, unconditional revolving and irrevocable letter of credit. Further, as a collateral arrangement, PSEB and TSPL have entered into a default escrow agreement dated September 1, 2008 for establishment and operation of a default escrow account in favour of TSPL through which revenues of PSEB shall be routed.

2. Letter of Assurance dated August 14, 2008 from MCL (“Talwandi LoA”)

MCL has issued the Talwandi LoA dated August 14, 2008 to the Company, provisionally assuring coal quantity of 7.72 mtpa for meeting requirements of 1,800 MW power plant and coal corresponding to Grade ‘E’ (Grade F in case of shortage of Grade E coal), from December 2011 onwards. The price shall be as notified by Coal India Limited from time to time. The Talwandi LoA is valid for a period of 24 months from the date of its issue, unless extended for a further period of three months due to any force majeure event. TSPL has made an application dated January 12, 2009 to Standard Linkage Committee, MOC for enhancement of allocation of coal linkage to 10 mtpa.

Under the terms of the Talwandi LoA, TSPL is required to complete the specified milestones, including, but not limited to, obtaining environmental approvals, acquiring requisite land and obtaining commitment for equity investment in the Talwandi Power Project, within a period of 24 months from the date of issue of the Talwandi LoA.

The terms of the Talwandi LoA provide for a formal fuel supply agreement to be executed between the Company and MCL within three months from the expiry of the Talwandi LoA. Additionally, TSPL has provided a commitment guarantee to MCL of Rs. 339.68 million prior to the issue of the Talwandi LoA. The validity of the commitment guarantee is four months after the period of expiry of the Talwandi LoA. In case of non-performance of any milestone specified in the Talwandi LoA within the specified time period, 10% of the commitment guarantee for each such incomplete milestone shall be provided as additional commitment guarantee by TSPL within 15 days of such milestone falling due for completion. The Talwandi LoA may be cancelled or withdrawn by MCL on serving a written notice at least seven days in advance if milestones are delayed beyond the period specified and the commitment guarantee is not furnished. The commitment guarantee can be encashed in case of cancellation or withdrawal of the Talwandi LoA or failure to sign the fuel supply agreement.

3. SEPCO EPC Contracts

The Talwandi Sabo Power Project is being implemented by way of turnkey EPC contracts (together the “**Talwandi EPC Contracts**”), which have been awarded to SEPCO Electric Power Construction Corporation

("SEPCO"). The Company had executed four separate contracts each dated May 31, 2008 two for supply of plant and machinery (onshore and offshore) and two for services and construction (onshore and offshore) in respect of the 1,980 MW (3 X 660 MW) thermal power station, proposed at Korba, Chattisgarh. Subsequently, on July 18, 2009 the Company has entered into a memorandum of understanding with SEPCO to implement the EPC contracts for the Talwandi Power Project, and to amend certain provisions in each of the four offshore and onshore contracts stated above. The EPC contracts may be assigned to TSPL in the future.

The brief details of individual contracts, as amended, are as follows:

(a) *Offshore Supply Contract between the Company and SEPCO ("Talwandi Offshore Supply Contract")*

The scope of work for SEPCO under the Talwandi Offshore Supply Contract includes, but is not limited to, manufacture, shop inspection, testing, seaworthy packing, forwarding, inland transportation and delivery of plant and equipment, including commissioning spares, O&M spares, ash disposal by high concentration slurry disposal system, fuel oil handling system and required steam piping, initial fill of lubricants, chemicals and consumables, special tools and tackles, on cost and freight (CFR) Indian sea port basis. The scope also includes demonstration of certain performance guarantees as specified under the terms of Talwandi Offshore Supply Contract. As consideration, the Company is required to pay an aggregate amount of US\$ 1,017.72 million to SEPCO on the basis of achievement of specified milestones identified under the Talwandi Offshore Supply Contract.

(b) *Contract for Offshore Engineering and Technical Services between the Company and SEPCO ("Talwandi Offshore Engineering and Technical Services Contract")*

The scope of work for SEPCO under the Talwandi Offshore Engineering and Technical Services Contract includes, but is not limited to, system design and engineering of plant and equipment as per technical specifications, supervision of civil, structure and manufacturing work of contractor's affiliates or sub-contractors, interfacing, integration, synchronization, trial run, project and construction management and demonstration of performance guarantee of all the units and training of Company's personnel in China and onsite training. As consideration, the Company is required to pay an aggregate amount of US\$ 5.94 million to SEPCO on the basis of achievement of specified milestones identified under the Talwandi Offshore Engineering and Technical Services Contract.

(c) *Onshore Supply Contract between the Company and SEPCO ("Talwandi Onshore Supply Contract")*

The scope of work for SEPCO under the Talwandi Onshore Supply Contract includes, but is not limited to, manufacture, shop inspection, testing, packing, forwarding, delivery of plant and equipment including commissioning spares, ash disposal by high concentration slurry disposal system, fuel oil handling system and required steam piping, initial fill of lubricants, chemicals and consumables, special tools and tackles, on for site basis. The scope also includes demonstration of certain performance guarantees as specified under the terms of Talwandi Onshore Supply Contract. As consideration, the Company is required to pay an aggregate amount of Rs. 605.88 million to SEPCO on the basis of achievement of specified milestones identified under the Talwandi Onshore Supply Contract.

(d) *Onshore Services and Construction Contract between the Company and SEPCO ("Talwandi Onshore Services and Construction Contract")*

The scope of work for SEPCO under the Talwandi Onshore Services and Construction Contract includes, but is not limited to, custom clearance, port clearance, inland transportation of offshore as well as onshore plant and equipment, unloading, storage and preservation for all equipment and material required for the facility as a whole, construction, management and administration including supervision and procuring statutory clearances/approvals within the scope of the contractor, shop inspection of onshore plant and equipment (mechanical, electrical, instrumentation & controls, refractory, utility services, associated facilities etc.), infrastructure and all civil works including piling or any special foundation treatment (wherever necessary), one 275 meters high chimney, road for construction purpose, ash disposal by high concentration slurry disposal system, fuel oil handling system, all steam piping works, drainage and sewage systems, site clearance, levelling, assistance to the Company with necessary data, drawings and details as may be required for statutory clearance to be procured by the Company, all erection work including site supervision and inspection, pre-operational

checking, starting, calibration, system balancing, hooking up with existing system, all commissioning activity including start up, trial run, reliability run and activities relating to performance guarantees tests, procuring comprehensive insurance policy covering marine and erection risks, which are valid up to completion and taking over of the facility, field training of O&M personnel of the Company, interfacing, integration, synchronization, trial run and demonstration of performance guarantee of respective units and comprehensive project management and construction management services in a fully coordinated manner. As consideration, the Company is required to pay an aggregate amount of Rs. 19,732.68 million to SEPCO on the basis of achievement of specified milestones identified under the Talwandi Onshore Services and Construction Contract.

Each of the Talwandi EPC Contracts provide that, as per the completion schedule, the first unit, the second unit, the third unit and the fourth unit shall be constructed within a period of 41 months, 44 months and 48 months, respectively, from the commencement date, being the date of transmission of swift message from the Company's bank evidencing remittance of advance payment. If SEPCO fails to send bank guarantees to the Company's bank within 14 days of the signing of the memorandum of understanding dated July 18, 2009, then the 21st day from the date of signing the memorandum of understanding would be the commencement date.

SEPCO is responsible for procuring and maintaining a comprehensive insurance policy from a reputed insurance company acceptable to the Company, covering risks of damage and loss of goods from FOB point of shipment (in case of imported goods) and from ex-works (in case of indigenous goods) up to delivery till the units. The said insurance policy shall also cover comprehensive risks during inland transportation, handling, storage, erection and commissioning. Additionally, SEPCO shall also take an 'Erection All Risks' insurance, third party liability insurance, personal accident insurance in respect of SEPCO's supervisory personnel and workmen and such other insurance as required by applicable law. The value of the insurance policy shall cover full erected value of the facilities including value of spares for O&M. The Company shall be the principal beneficiary of the insurance policy along with SEPCO and shall reserve the exclusive right to assign the insurance policy.

In the event of SEPCO's inability to meet the completion schedule, it is required to pay to our Company liquidated damages as set forth in each of the Talwandi EPC Contracts.

In addition, under the terms of each of the Talwandi EPC Contracts, the Company and SEPCO have the right to terminate the contracts on certain specified grounds, including breach of the terms and conditions of the contracts by SEPCO, and by providing notice under the terms of the Talwandi EPC Contracts. The Company is entitled to suspend work in whole or in part by giving a notice in writing to such effect stating the nature, the date and the anticipated duration of such suspension. If such suspension continues for more than 180 days, at the end of the period, SEPCO shall be entitled to terminate the Talwandi EPC Contracts by a further 30 days prior notice. In such an event, the Company shall be required to pay to SEPCO 105% of the cost incurred by SEPCO till the date of termination as compensation after adjusting payments already made till such termination.

Collaborations

Our Company has not entered into any collaboration with any third party as per Item (2)(VIII)(B)(1)(c) of Part A of Schedule VIII to the ICDR Regulations.

Strategic and Financial Partners

Our Company does not have any strategic or financial partners within the meaning of the ICDR Regulations.

OUR MANAGEMENT

Our Articles of Association require us to have not less than three and not more than 12 Directors. We presently have six Directors, of which one is a whole-time Director and three are independent Directors.

The following table sets forth details regarding our Board of Directors as of the date of filing this Draft Red Herring Prospectus with the SEBI.

Name, Designation, Term, Occupation and DIN	Age (years)	Address	Other Directorships
Mr. Anil Agarwal <i>Designation:</i> Chairman <i>Term:</i> Liable to retire by rotation <i>Occupation:</i> Industrialist <i>DIN:</i> 00010883	56	42, Hill Street, London WJ5NU, United Kingdom	<ul style="list-style-type: none"> • Bharat Aluminium Company Limited; • Hindustan Zinc Limited; • Sterlite Industries (India) Limited; • Sterlite Paper Limited; • Sterlite Opportunities and Ventures Limited; • Vedanta Aluminium Limited; • Copper Mines of Tasmania Pty Limited; • Thalanga Copped Mines Pty Limited; • Sterlite Technologies Limited; • Sterlite Metal Rollings Mills Private Limited; • Finsider International Limited; • Vedanta Resources plc, UK; and • Vedanta Resources Holdings Limited.
Mr. Agnivesh Agarwal <i>Designation:</i> Non-executive Director <i>Term:</i> Liable to retire by rotation <i>Occupation:</i> Industrialist <i>DIN:</i> 00038950	33	113/114, Samudra Mahal Worli, Mumbai 400 018 Maharashtra, India	<ul style="list-style-type: none"> • Hindustan Zinc Limited; • Sterlite Infrastructure Private Limited; • Sterlite Infrastructure Holdings Private Limited; • The Madras Aluminium Company Limited; and • Sterlite Iron & Steel Company Limited.
Mr. Pramod Suri <i>Designation:</i> Wholetime Director <i>Term:</i> For a period of three years w.e.f. October 5, 2009 <i>Occupation:</i> Professional <i>DIN:</i> 01483262	51	B 18 Gulmohar Park New Delhi 110 049, India	<ul style="list-style-type: none"> • Bharat Aluminium Company Limited; • Vedanta Medical Research Foundation; and • Lanjigarh Project Area Development Foundation.
Mr. R. Kannan <i>Designation:</i> Independent Director <i>Term:</i> Liable to retire by rotation <i>Occupation:</i> Advisor and Consultant <i>DIN:</i> 00227980	60	B-205, Karachi Citizen CHS Limited Juhu-Versova Link Road Andheri (West) Mumbai 400 053 Maharashtra, India	<ul style="list-style-type: none"> • Imperial Corporate Financial Services; • Plama Developers Limited; • Orion Sayi Castings Limited; and • R.K. Chari Stock Broking Limited.
Mr. Sandeep H. Junnarkar <i>Designation:</i> Independent Director	58	Flat No. 1702, Wallace Apartments, 1, Naushir Bharucha Marg Mumbai 400 007	<ul style="list-style-type: none"> • Everest Industries Limited; • Excel Crop Care Limited; • IL&FS Infrastructure Development Corporation Limited;

Name, Designation, Term, Occupation and DIN	Age (years)	Address	Other Directorships
<i>Term:</i> Liable to retire by rotation <i>Occupation:</i> Advocate and solicitor <i>DIN:</i> 00003534		Maharashtra, India	<ul style="list-style-type: none"> • Jai Corp Limited; • Jai Realty Ventures Limited; • Reliance Industrial Infrastructure Limited; • Reliance Industrial Investments & Holdings Limited; • Reliance Ports and Terminals Limited; • Reliance Utilities Private Limited; • Sterlite Industries (India) Limited; • The Bombay Incorporated Law Society; and • Sunshield Chemicals Limited.
Mr G. S. Kang <i>Designation:</i> Independent Director <i>Term:</i> Liable to retire by rotation <i>Occupation:</i> Advisor and Consultant <i>Provisional DIN:</i> 02818868*	63	House No. 100, Sector 7, Panchkula 134 109 Haryana, India	Nil

*Mr. Kang has filed Form DIN-1 for allotment of final DIN. Form 32 will be filed by Mr. Kang after allotment of final DIN.

All our Directors are Indian nationals. Further, except Mr. Agnivesh Agarwal, who is the son of Mr. Anil Agarwal, none of our Directors are related to each other.

Details of Directors

Mr. Anil Agarwal, who founded the Vedanta Group in 1976, is our Chairman and was appointed to our board of directors in 2007. Mr. Anil Agarwal is the founder of the Vedanta Group. He received the E&Y Entrepreneur of the Year, 2008 award. Mr. Agarwal was previously the Chairman and Managing Director and Chief Executive Officer of Sterlite Industries from 1980 until the expiration of his term in October 2004 and the chief executive officer of Vedanta from December 2003 to March 2005. He is also currently executive chairman of Vedanta. Mr. Agarwal has 33 years of experience as an industrialist.

Mr. Agnivesh Agarwal is an industrialist with knowledge of business operations and has experience in managing large projects and business restructuring and strategy. He holds a Bachelor's degree in Commerce from Sydenam College, Mumbai. Mr. Agnivesh Agarwal has over 10 years of experience as an industrialist. He was appointed as a member of our Board of Directors on October 5, 2009.

Mr. Pramod Suri is our whole time director. He holds a Master's degree in Chemistry from Indian Institute of Technology, Delhi. He is responsible for overall project execution and operations of our Company. Prior to joining our Company, he was the whole time director of BALCO and was responsible for the overall operations of BALCO and Vedanta Aluminium. Prior to that, from 2004, Mr. Suri was the senior vice president of operations and head of BALCO's 245,000 tpa aluminum smelter at Korba. Prior to joining the Vedanta Group in March 2004, Mr. Suri held various positions at the Indian Aluminum Company Limited, CEAT Limited and Goodyear South Asia Tyres Pvt Ltd. Mr Suri has a Master of Chemistry from the Indian Institute of Technology, Delhi. He was appointed as a member of our Board of Directors on October 5, 2009.

Mr. Sandeep H. Junnarkar is an independent Director. Mr. Junnarkar holds a Bachelor's degree in Law from the University of Mumbai and is a member of the Bombay Incorporated Law Society. Mr. Junnarkar is a solicitor and a partner of Messrs Junnarkar & Associates. Prior to that, he was a partner at Messrs Kanga & Co. from 1981 until 2002. Mr. Junnarkar specializes in banking and corporate law and regularly advises on all aspects of exchange control under the Foreign Exchange Management Act, 1999 and the Securities Contracts (Regulation) Act, 1956. He was appointed as a member of our Board of Directors on October 5, 2009.

Mr. R. Kannan is an independent Director. He holds a Master's degree in Mathematics from the University of Madras, a post graduate diploma in Management Studies from the University of Mumbai and is a certified associate of Certified Associate of India Institute of Banking. He has over 36 years experience in the banking and corporate sector. He was appointed as a member of our Board of Directors on October 5, 2009.

Mr G.S. Kang is an independent Director. He holds a Master's degree in History and English from the University of Punjab and was a member of the Indian Administrative Services (IAS). Between 1970 and 2006, Mr. Kang served the Government of Bihar in various capacities, and retired as chief secretary in September 2006. He currently also serves as a consultant to the Birla Group (Education). He was appointed as a member of our Board of Directors on October 5, 2009.

Borrowing Powers of the Board of Directors of our Company

Pursuant to a resolution passed by our shareholders on September 30, 2006 in accordance with the provisions of the Companies Act, our Board has been authorised to borrow money for the purposes of our Company upon such terms and conditions and with or without security as the Board may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs. 100,000 million.

Remuneration paid to our Directors

None of our Directors received any remuneration from our Company in fiscal 2009. We have not entered into any contracts with our Directors for appointing, fixing their remuneration of or providing benefits upon termination of employment.

Shareholding of Directors in our Company

Our Articles do not require our Directors to hold any qualification shares. None of our Directors hold any Equity Shares in our Company.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors of our Company such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

Our Directors may also be regarded as interested in the Equity Shares that may be subscribed by or Allotted to them or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

Mr. Anil Agarwal is the founder of the Vedanta Group and has been instrumental in the growth and development of Sterlite Industries, our Promoter, since its inception. Further, Mr. Anil Agarwal and Mr. Sandeep Junnarkar are on the board of directors of our Promoter, Sterlite Industries.

Except as stated in this Draft Red Herring Prospectus and in particular the section titled "*Related Party Transactions*" on page 120 our Directors have no interest in any property acquired by us within two years of the date of filing of this Draft Red Herring Prospectus. Further, Mr. Agnivesh Agarwal is the son of Mr. Anil Agarwal.

Certain of our Directors also hold directorships in our Group Entities which are allowed to engage in the power generation business. None of our Directors have been appointed on our Board pursuant to any arrangement with our shareholder, customers, suppliers or others.

Except as stated in this Draft Red Herring Prospectus and in particular the section "*Related Party Transactions*" on page 120 our Directors do not have any other interest in our business.

Changes in our Board of Directors during the last three years

The changes in our Board of Directors in the last three years preceding the filing of this Draft Red Herring Prospectus are as follows:

Name	Date of Joining/Appointment /Re-appointment	Date of Cessation	Reason
Mr. Dwarka Prasad Agarwal	September 15, 2004	August 18, 2007	Resignation
Dr. Anand Agarwal	December 13, 2004	August 18, 2007	Resignation
Mr. C.V. Krishnan	August 18, 2007	October 5, 2009	Resignation
Mr. Anil Agarwal	November 5, 2007	Continuing	Appointment
Mr. Kuldeep Kumar Kaura	November 5, 2007	October 5, 2009	Resignation
Mr. Praveen Kumar Agarwal	December 11, 1996	November 5, 2007	Resignation
Mr. Agnivesh Agarwal	August 31, 2004	November 5, 2007	Resignation
Mr. Agnivesh Agarwal	October 5, 2009	Continuing	Appointment
Mr. Navin Agarwal	December 13, 2004	October 5, 2009	Resignation
Mr Pramod Suri	October 5, 2009	Continuing	Appointment
Mr R. Kannan	October 5, 2009	Continuing	Appointment
Mr Sandeep H. Junnarkar	October 5, 2009	Continuing	Appointment
Mr G. S. Kang	October 5, 2009	Continuing	Appointment

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to the Company immediately upon the listing of the Equity Shares with the Stock Exchanges. We have complied with the requirements of corporate governance contained in the Listing Agreement, to particularly those relating to composition of Board of Directors, constitution of committees such as Audit Committee, Shareholders' /Investors' Grievance Committee and Remuneration Committee.

We have a Board constituted in compliance with the Companies Act and Listing Agreement with Stock Exchanges. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board has six directors, out of which three are Independent Directors.

Committees of the Board of Directors

The Company has constituted the following committees on October 5, 2009 for compliance with corporate governance requirements:

(a) Audit Committee

The Audit Committee was constituted on November 5, 2007 and reconstituted pursuant to the Board meeting held on October 5, 2009 and comprises of Mr. R. Kannan (Chairman), Mr. Sandeep Junnarkar, Mr. G.S. Kang and Mr. Pramod Suri. The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and Clause 49 of the Listing Agreements, as amended from time to time, and its terms of reference include the following:

- Overseeing the financial reporting process and disclosure of our financial information;
- Recommending to the Board the appointment, re-appointment or replacement of statutory auditors, and the setting of audit fees;
- The management shall disclose to the Audit Committee the uses/applications of funds by major category (capital expenditure, sales and marketing, working capital, etc.) raised through an issue (public issues, rights issues, preferential issues, etc.) on a quarterly basis, as part of the Company's quarterly declaration of financial results; and
- Approving the statement of funds utilized for purposes other than those stated in any offer document/prospectus/notice issued by our Company.

Our Company Secretary is the Secretary of the Audit Committee. The Audit Committee is required to meet at least four times in a year, including once before the finalisation of annual accounts and once in every six

months. The quorum for the meetings is two members or one-third of the total number of members, whichever is higher, provided that at least two independent members are present.

(b) Shareholders'/Investors' Grievance Committee

The Shareholders Grievance Committee was constituted pursuant to the Board meeting held on October 5, 2009 and comprises of Mr. Sandeep Junnarkar, Mr. R. Kannan and Mr. Pramod Suri. The terms of reference of the Shareholders Grievance Committee include the following:

- Redressal of investors' complaints;
- Allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal etc.; and
- Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

The Shareholders'/Investors' Grievance Committee shall meet at least four times a year with a maximum interval of four months between two meetings. The quorum for the committee is the presence of one-third of the total number of members or two directors, whichever is higher.

(c) Remuneration Committee

The Remuneration Committee was constituted pursuant to the Board meeting held on October 5, 2009 and comprises Mr. R. Kannan, Mr. Anil Agarwal and Mr. Sandeep Junnarkar. The terms of reference of Remuneration Committee include the following:

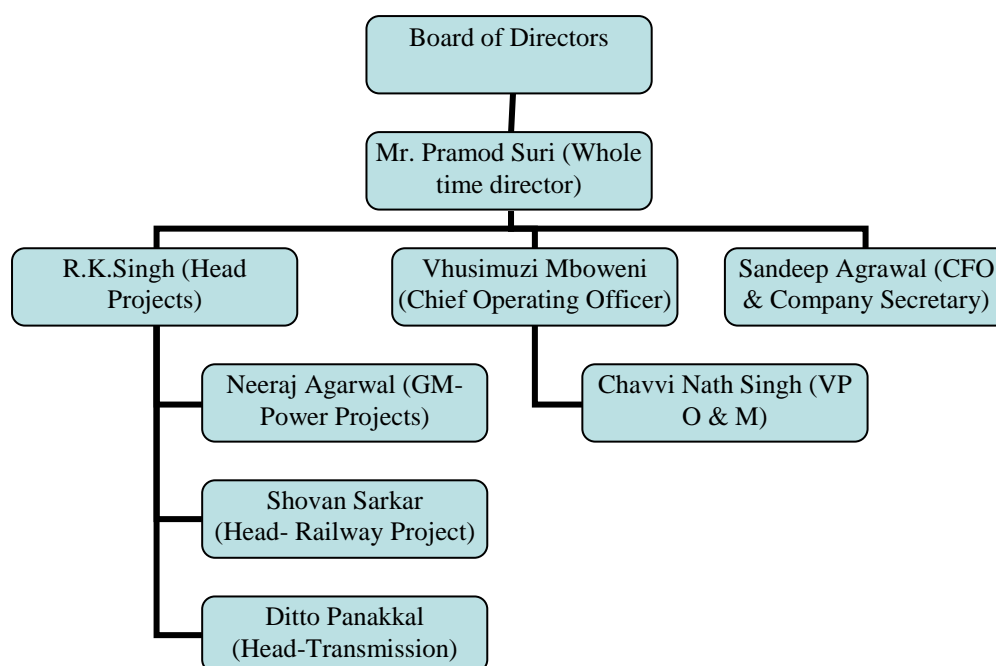
- Reviewing, assessing and recommending the appointment of executive/non-executive directors and senior employees;
- Reviewing the remuneration packages of executive/non-executive directors and senior employees; and
- Carrying out any other function contained in the Listing Agreement as and when amended from time to time.

(d) IPO Committee

The IPO Committee was constituted pursuant to the Board meeting held on October 5, 2009 and comprises Mr. Mr. Sandeep Junnarkar, Mr. Pramod Suri and Mr. R. Kannan. The terms of reference of IPO Committee include the following:

- To decide on the actual size of the Issue, timing, pricing and all the terms and conditions of the Issue, including the price, and to accept any amendments, modification, variations and alterations thereto;
- To appoint and enter into arrangements with the book running lead managers, co-managers, underwriters, syndicate members, brokers, escrow collection bankers, registrars, IPO grading agency, monitoring agency, legal advisors, printers and any other agencies or persons whose appointment is required in relation to the Issue; and
- To do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Issue.

Organisation Structure:



Key Managerial Personnel

The details regarding our key managerial personnel as on the date of filing this Draft Red Herring Prospectus are as follows:

Mr. Vhusimuzi Mboweni, is the Chief Operating Officer, Jharsuguda Power Project. He holds a Bachelor's degree in Electrical Engineering and a Master's degree in Business Administration from Potchefstroom University. He is responsible for the overall development and functioning of the Jharsuguda Power Project. He has 23 years' experience in large generation capacity coal based thermal power plants in various operational, projects as well as strategic roles. Prior to joining our Company on October 1, 2009, he was with Eskom, South Africa, as Power Station Manager for Lethabo Power Station and was also acting Senior General Manager for a cluster of power plants including two upcoming power projects of multiple units of 900 MW each.

Mr. Arabinda Pani is the General Manager (Power), Jharsuguda Power Project. He holds a degree in Electrical Engineering from University College of Engineering, Burla, Sambalpur and a post graduate diploma in Management from IMT Ghaziabad. He is responsible for the commissioning, O&M activities of 2400 MW Jharsuguda Power Plant. He has 27 years' experience in the power sector and has worked with NTPC Limited in various positions. Prior to joining our Company on September 16, 2009, he was working with Jindal Power Limited.

Mr. Sandeep Agrawal is the CFO, Company Secretary and Compliance Officer of our Company. He holds a Bachelor's degree in Commerce from Calcutta University. He is a Chartered Accountant, Company Secretary and Cost Accountant. He joined our Company on October 5, 2009. He is a nominee director of our Company on the board of directors of RCMEPL. He joined the Vedanta Group in October 2001 and has been in various positions at India Foils, AGRC Armenia and Vedanta Aluminum Limited. He has 14 years' experience in the field of finance and has been associated with Electrical Manufacturing Company Limited, Roopacherra Tea Company Limited, and Umi Special Steel Limited.

Mr. Neeraj Aggarwal is the General Manager-Power Projects of our Company and is specifically in charge of BTG project execution. He holds a Bachelor's degree in Mechanical Engineering from Delhi University and holds a post graduate diploma in Business Management from MDI, Gurgaon. He has over 24 years experience. Prior to joining our Company on January 21, 2008, he has worked in ACC-Babcock Limited and NTPC Limited.

Mr. Ramesh Kumar Singh is the Head-Projects of our Company. He holds a Bachelor's degree in Civil Engineering from the Indian Institute of Technology, Roorkee and a Master's degree in Project Management from All India Institute of Management Association, Delhi. He joined our Company on June 3, 2008. He joined Vedanta Aluminium Limited, Jharsuguda in 2008. He has 29 years experience, including 27 years with NTPC Limited.

Mr. P. Ditto Panakkal is the Head-Transmission, of our Company. He holds a Bachelor's degree in Electrical Engineering from Chennai University and a Master's Degree in Business Administration from Annamalai University. He joined our Company as General Manager (Transmission Line Project) on November 19, 2008. He has 19 years experience and has worked with Crompton Greaves, KEC International Limited and with the Bhilwara Group, in various capacities in power projects/transmission line projects.

Mr. Shovan Sarkar is the Head-Railway Projects of our Company. He holds a Bachelor's degree in Civil Engineering from Bangalore University and a post graduate diploma in Management from Indira Gandhi National Open University. He joined our Company as General Manager (Railway Projects) on April 1, 2008. He has 19 years experience, and has worked with Michigan Engineers Private Limited, The Freyssinet Prestressed Concrete Company Limited, Metropolitan Transport Project and Konkan Railway Corporation in various capacities.

Mr. Chavvi Nath Singh is the Vice President (Operations and Maintenance), Jharsuguda. Mr. Singh holds a Bachelor's degree in Mechanical Engineering from Motilal Nehru Regional Engineering College, Allahabad and has a post graduate diploma in Business Management from MDI, Gurgaon. He has over 28 years experience in the power sector. Prior to joining our Company on October 15, 2009, Mr. Singh has worked in NTPC Limited, HZL, Essar Power and Jindal Power.

Except Mr. Mboweni who is on secondment from Vedanta Aluminium, all of the key managerial personnel are on secondment from Sterlite Industries to our Company. The term of all our key managerial personnel continues until terminated by us, Vedanta Aluminium or Sterlite Industries or expiration of the term of secondment. Further, none of the key managerial personnel are related to each other or to our Directors.

None of our key managerial personnel have been paid any salaries or remuneration of any nature from our Company in fiscal 2009 since they were not our employees in fiscal 2009. However, our Company pays the costs of such employees as apportioned by our Promoter or certain Vedanta Group companies for shared management

Shareholding of the key managerial personnel

None of our key managerial personnel holds any Equity Shares in our Company.

Bonus or profit sharing plan for our key managerial personnel

Our Company does not have any bonus or profit sharing plan for our key managerial personnel.

Payment or benefit to officers of our Company

We are a participating company in the Vedanta LTIP which was adopted by Vedanta in February 2004 to grant awards of Vedanta to its employees or employees of its subsidiaries which are indexed to and settled by the issuance of ordinary shares of Vedanta. Awards under the plan may be granted to any employee of Vedanta or any of its subsidiaries who is not within six months of such employee's normal retirement date.

The Vedanta LTIP is consistent with our reward philosophy, which aims to provide rewards for outstanding performance, and to provide remuneration to executive directors and senior employees depending on the performance of the Vedanta Group. The maximum value of Vedanta ordinary shares which may be conditionally awarded in any fiscal to a participant in the Vedanta LTIP who is an executive director is restricted to 100% of that executive director's annual base salary. The performance target which currently applies to vesting of awards is our performance as measured against comparative total shareholder return against a peer group of companies.

During fiscal 2009, options to acquire 29,000 Vedanta ordinary shares under the Vedanta LTIP vested to our Directors and key managerial personnel all of which have been exercised as on July 31, 2009 at an exercise price of GBP 0.10 per ordinary share.

Further, as a majority of our key managerial personnel and some of our other officers are employees of our Promoter and other Vedanta Group companies who have been seconded to our Company, they may also be entitled to receive payments or benefits from such entities.

No amount or benefit (non-salary related) has been paid by our Company within the two preceding years to any officer.

Changes in our key managerial personnel during the last three years

The changes in our key managerial personnel in the three years prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Name	Date of Appointment as a Key Managerial Personnel	Date of Cessation	Reason
Mr. Vhusimuzi Mboweni	October 1, 2009	-	Appointment
Mr. Ramesh Kumar Singh	June 3, 2008	-	Appointment
Mr. P. Ditto Panakkal	November 19, 2008	-	Appointment
Mr. Shovan Sarkar	April 1, 2008	-	Appointment
Mr. Chavvi Nath Singh	October 15, 2009	-	Appointment
Mr. Arabinda Pani	September 16, 2009	-	Appointment
Mr. Sandeep Agrawal	October 5, 2009	-	Appointment
Mr. Neeraj Aggrawal	January 21, 2008	-	Appointment

Interest of Key Managerial Personnel

None of our key managerial personnel holds any Equity Shares. The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per the terms of their appointment, incentives payable as per policies of our Company and reimbursement of expenses incurred by them during the ordinary course of business.

None of our key managerial personnel have been paid any amount or benefit (non-salary related) from our Company in fiscal 2009 since they were not our employees in fiscal 2009. Except the contracts pursuant to which certain of our key managerial personnel have been seconded to our Company from our Group Entities, there is no arrangement or understanding with major shareholders, customers or suppliers of our Company, pursuant to which any of our key managerial personnel has been appointed as a key managerial personnel of our Company.

OUR PROMOTER AND GROUP ENTITIES

The Promoter of our Company is Sterlite Industries (India) Limited. Sterlite Industries acquired 99.99% equity interest in our Company on October 3, 2006 from Twinstar Infrastructure Limited, an affiliated company and Mr. Anil Agarwal, the founder of Vedanta Resources plc., pursuant to share purchase agreements, each dated October 3, 2006, for a total consideration of Rs. 4,934,900.

Promoter

1. Sterlite Industries (India) Limited (“Sterlite Industries”)

Sterlite Industries was incorporated under the Companies Act on September 8, 1975 as ‘Rainbow Investment Limited’. Subsequently, the name changed to ‘Sterlite Cables Limited’ and then its present name ‘Sterlite Industries (India) Limited’ in 1986.

Sterlite Industries is engaged in the business of manufacturing of copper cathodes, rods, sulphuric acid, phosphoric acid etc. The registered office of Sterlite Industries is situated at SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin 628 002, Tamil Nadu, India.

Sterlite Industries was engaged in the business of power and control cables, overhead power transmission conductors and enameled copper wires. In 1990, Sterlite Industries diversified its activities by undertaking the manufacture of jelly-filled telecommunication cables and a plant was also commissioned to manufacture of aluminium sheets and foils. Sterlite Communication Limited was merged with Sterlite Industries in 1996 in accordance with a scheme of amalgamation. Pursuant to a subsequent scheme of restructuring, the telecommunication business of Sterlite Industries was transferred to Sterlite Optical Technologies Limited as a going concern with effect from July 1, 2000.

There has been no change in control or management of Sterlite Industries in the last three years.

The equity shares of Sterlite Industries are presently listed on the Stock Exchanges and its American Depositary Shares (“ADSs”) are listed on the New York Stock Exchange (“NYSE”).

Shareholding Pattern

The shareholding pattern of Sterlite Industries as of September 30, 2009 is as follows:

Category of Shareholder	No. of shareholders	Total No. of equity shares of face value Rs. 2 each	Total No. of shares held in dematerialized form	Percentage
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
Individuals / Hindu Undivided Family	4	207,040	207,040	0.02
Bodies Corporate	3	25,664,125	25,636,230	3.05
Sub Total	7	25,871,165	25,843,270	3.08
(2) Foreign				
Bodies Corporate	5	411,306,383	34,670,418	48.94
Sub Total	5	411,306,383	34,670,418	48.94
Total shareholding of Promoter and Promoter Group (A)	12	437,177,548	60,513,688	52.02
(B) Public Shareholding				
(1) Institutions				
Mutual Funds / UTI	219	30,842,245	30,828,945	3.67
Financial Institutions / Banks	38	1,117,342	1,103,792	0.13
Central Government / State Government(s)	1	700	-	-

Insurance Companies	21	32,126,646	32,110,096	3.82
Foreign Institutional Investors	478	110,913,331	110,892,641	13.20
Sub Total	757	175,000,264	174,935,474	20.82
(2) Non-Institutions				
Bodies Corporate	1,947	33,208,981	33,142,430	3.95
Individuals				
Individual shareholders holding nominal share capital up to Rs. 1 lakh	90,356	20,015,960	17,197,533	2.38
Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	24	6,635,625	6,352,125	0.79
Any Others (Specify)	2,343	21,378,696	3,432,039	2.54
Non Resident Indians	1,944	955,057	761,925	0.11
Trusts	11	17,761,168	7,643	2.11
Clearing Members	382	1,078,112	1,078,112	0.13
Foreign Bodies - D R	6	1,584,359	1,584,359	0.19
Sub Total	94,670	81,239,262	60,124,127	9.67
Total Public shareholding (B)	95,427	256,239,526	235,059,601	30.49
Total (A)+(B)	95,439	693,417,074	295,573,289	82.51
(C) Shares held by Custodians and against which Depository Receipts have been issued	2	146,983,348	138,534,127	17.49
Total (A)+(B)+(C)	95,441	840,400,422	434,107,416	100.00

Board of Directors

The board of directors of Sterlite Industries as of September 30, 2009, comprised of Mr. Anil Agarwal, Mr. Navin Agarwal, Mr. Gautam Doshi, Mr. Sandeep Junnarkar, Mr. Berjis Desai and Mr. Din Dayal Jalan.

Financial Performance

The audited financials of Sterlite Industries for fiscal 2009, 2008 and 2007 are set forth below.

	<i>(Rs. in million, except per share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity capital	1,417.00	1,417.00	1,117.00
Reserves and surplus (excluding revaluation reserves)	138,973.20	130,235.10	43,462.30
Sales/Turnover	122,777.40	13,4515.90	124,575.70
Profit/(Loss) after tax	12,364.30	9,516.30	7,840.30
Earnings per share (in Rs.)	17.45	14.10	14.04
Diluted earnings per share (in Rs.)	17.45	14.10	14.04
Net asset value per share (in Rs.)	256.93	236.91	135.84

Details of listing and highest and lowest market price during the preceding six months

Monthly high and low price of the equity shares of Sterlite Industries during the preceding six months at the BSE and the NSE and the ADSs listed on NYSE are as follows:

Month	BSE		NSE		NYSE*	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)	High (US\$)	Low (US\$)
September 2009	775.35	635.15	776.10	633.95	16.15	12.85
August, 2009	695.95	610.55	697.90	610.20	14.34	12.38
July 2009	657.50	546.05	657.15	544.45	13.40	10.75
June 2009	718.10	571.45	720.00	571.35	14.84	11.44
May 2009	622.70	449.00	623.70	447.85	13.17	8.52
April 2009	425.10	351.35	423.30	351.10	8.58	7.10

(Source: www.bseindia.com, www.nseindia.com and Bloomberg)

**One ADS is equivalent to one equity share of Sterlite Industries*

The share price of Sterlite Industries as of September 30, 2009 on the BSE and the NSE and the price of its ADSs on the NYSE were Rs. 775.35, Rs. 776.10 and US\$ 15.97 respectively.

The market capitalization of Sterlite Industries as of September 30, 2009 was Rs. 651,604.5 million on the BSE, Rs. 652,234.80 million on the NSE and US\$ 13,421.19 million on the NYSE.

Sterlite Industries issued 131,906,011 ADSs (where one ADS is equivalent to one equity share) between April 1, 2009 and September 30, 2009.

Capital issues in the last three years

Sterlite Industries issued 150,000,000 ADSs in June 2007 at a price of US\$ 13.44 per ADS aggregating to US\$ 2,016 million (where one ADS is equivalent to one equity share of Sterlite Industries). The issue closed on June 22, 2007. The delivery of share certificates was completed on June 22, 2007. The ADSs were listed on the NYSE.

Further, Sterlite Industries has issued 131,906,011 ADSs at a price of US\$ 12.15 per ADS aggregating to US\$ 1,602.70 million in the form of ADSs (where one ADS is equivalent to one equity share of Sterlite Industries). The issue closed on July 31, 2009. The delivery of share certificates was completed on July 31, 2009. The ADSs were listed on the NYSE.

Additionally, Sterlite Industries has issued US\$ 500 million 4.0% convertible senior notes due 2014, convertible into ADSs (where one ADS is equivalent to one equity share of Sterlite Industries) at any time prior to maturity. The issue closes on October 29, 2009. The convertible senior notes are not listed on any stock exchange.

Rate of dividend

<i>(Per share in Rs.)</i>			
Fiscal 2009	Fiscal 2008	Fiscal 2007	
3.50	4.00	4.00	

Changes in the capital structure of Sterlite Industries since the date of last issue

There was no change in capital structure of Sterlite Industries since the ADS issue in 2009.

Promise v/s Performance

The objects of the ADS issue in 2007 were for general corporate purposes, capital expenditure and working capital, reduction of debt and for possible acquisitions of complementary businesses and consolidation of the ownership of the subsidiaries. The proceeds from the aforesaid ADS issue were used by Sterlite Industries for the objects as stated in the offer document.

The objects of the ADS issue in 2009 were to meet fund requirements for its acquisitions, tie up funding requirements for proposed capital expenditure on its power projects being set up, to meet other capital expenditure requirements of the group including subsidiary / associate companies and for general corporate purposes. The proceeds from the aforesaid ADS issue were used by Sterlite Industries for the objects as stated in the offer document.

The net proceeds from the sale of the Convertible Senior Notes shall be used for expansion of Sterlite Industries' copper business, acquisition of complementary businesses outside of India and any other permissible purpose under, and in compliance with, applicable laws and regulations in India, including the external commercial borrowing regulations specified by the RBI.

Mechanism for redressal of investor grievance

The board of directors of Sterlite Industries have constituted a shareholders/investors grievance committee comprising Mr. Sandeep Junnarkar, Mr. Berjis Desai and Mr. Din Dayal Jalan, in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges to look into the redressal of complaints of investors such as

transfers or credit of shares to demat accounts and non receipt of dividend/interest/annual reports. Mr. Rajiv Choubey, the company secretary, is the Compliance Officer.

Sterlite Industries normally takes 15 days to dispose of investor complaints. Sterlite Industries received 4,650 investor complaints in the last three years and all were disposed of in that period. As of September 30, 2009, there were three investor complaints pending against Sterlite Industries.

Promoter of Sterlite Industries

The promoter of Sterlite Industries is Vedanta Resources plc. (“**Vedanta**”), a company incorporated under the laws of England and Wales on April 22, 2003. Vedanta is the flagship company of the Vedanta Group, a diversified industrial group based out of United Kingdom with interests in metals and mining and operations spanning the globe with significant interests in India.

The board of directors of Vedanta comprises Mr. Anil Agarwal, Mr. Navin Agarwal, Mr. M.S. Mehta, Mr. Naresh Chandra, Mr. Aman Mehta and Mr. Euan Macdonald.

Vedanta has been listed on the London Stock Exchange since December 10, 2003. There has been no change in the control or management of Vedanta since its incorporation.

Details of listing and highest and lowest market price during the preceding six months


The equity shares of Vedanta were listed on the London Stock Exchange on December 10, 2003. The details of the highest and lowest price on the LSE during the preceding six months are as follows:

Month	LSE	
	High (GBP)	Low (GBP)
September, 2009	20.25	16.31
August, 2009	18.75	16.9
July 2009	17.64	12.7
June 2009	17.7	12.88
May 2009	15.81	11.3
April 2009	10.74	6.925

(Source: LSE website)

The share price of Vedanta as of September 30, 2009 on LSE was GBP 19.02. The market capitalization of Vedanta as of September 30, 2009 was GBP 5,191.91 million.

Mr. Anil Agarwal is the founder of Vedanta.

	<p>Mr. Anil Agarwal, who founded the Vedanta Group in 1976, is the Chairman of our Company. Mr. Anil Agarwal is the founder of the Vedanta Group. He received the E&Y World Entrepreneur of the year award in May 2009. Mr. Agarwal was previously the Chairman and Managing Director and Chief Executive Officer of Sterlite Industries from 1980 until the expiration of his term in October 2004 and the chief executive officer of Vedanta from December 2003 to March 2005. He is also currently executive chairman of Vedanta. Mr. Agarwal has 33 years of experience as an industrialist.</p> <p>Driving License No.: 1195 / 98</p> <p>Voter ID No.: N.A.</p>
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Our Company confirms that the PAN, Bank Account Number, the Company Registration Number of our Promoter and the address of the RoC where the Promoter is registered will be submitted to the Stock Exchanges, at the time of the filing of this Draft Red Herring Prospectus with the Stock Exchanges.

Payment or Benefits to Promoter

Except as stated otherwise in the “*Financial Statements*” and “- *Interests of our Promoter and Group Entities*” on pages F1 and 118 respectively, there has been no payment or benefits to our Promoter during the two years prior to the filing of this Draft Red Herring Prospectus.

Group Entities

In addition to our Promoter named above, the following entities form part of our Group Entities.

Indian Companies:

1. Hindustan Zinc Limited;
2. Bharat Aluminum Company Limited;
3. Vedanta Aluminum Limited;
4. Sterlite Opportunities and Ventures Limited;
5. Sterlite Copper Limited; and
6. Sterlite Paper Limited.

Foreign Companies:

1. Monte Cello BV;
2. Copper Mines of Tasmania Pty Ltd;
3. Thalanga Copper Mines Pty Limited;
4. Fujairah Gold FZE; and
5. Sterlite (USA) Inc.

Unless otherwise stated, no equity shares of our Group Entities are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.

Top five group companies

Pursuant to sub-clause (2) of clause (C) of (IX) of Part A of Schedule VIII of the ICDR Regulations, the relevant details of the Group Company listed on the BSE and the NSE is as provided below:

1. Hindustan Zinc Limited (“HZL”)

HZL was incorporated on January 10, 1966 under the Companies Act. HZL is primarily engaged in the business of manufacturing and mining of non ferrous metals, and in power generation.

The equity shares of HZL are listed on the Stock Exchanges.

As on September 30, 2009, our Promoter indirectly holds 64.92% of the issued and paid up capital of HZL.

Financial Information

The audited financial results of HZL for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Amount in Rs. million, except per share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	4,225.30	4,225.30	4,225.30
Reserves and Surplus (excluding revaluation reserves)	139,350.00	114,260.00	72,050.00
Sales/Turnover	56,802.70	78,777.70	85,602.20
Profit/(loss) after tax	27,280.00	43,960.00	44,420.00
Earnings per share (in Rs.)	64.55	104.04	105.12
Diluted earnings per share (in Rs.)			
Net asset value per share (in Rs.)	339.80	280.41	180.51

Information on Share Price

The equity shares of HZL are traded on the Stock Exchanges. The details of the highest and lowest price on the BSE and the NSE during the preceding six months are as follows:

Period	BSE		NSE	
	High	Low	High	Low
September 2009	837.30	727.40	837.55	729.65
August 2009	748.10	692.35	748.15	692.20
July 2009	699.45	546.05	701.70	545.70
June 2009	665.05	571.95	665.20	570.55
May 2009	606.95	528.75	614.35	528.05
April 2009	499.95	461.85	499.85	461.55

Source: www.bseindia.com and www.nseindia.com

The share price of HZL as of September 30, 2009 on the BSE and the NSE were Rs. 826.35 and Rs. 826.50 respectively.

The market capitalization of HZL as of September 30, 2009 was Rs. 349,159.20 million on the BSE and 349,222.60 million on the NSE.

HZL has not issued any equity shares between April 1, 2009 and September 30, 2009.

Capital issues in the last three years

There have been no capital issues by HZL in the last three years.

Promise v/s Performance

There have been no public or rights issue in the last 10 years.

Mechanism for redressal of investor grievance

The board of directors of HZL have constituted a shareholders/investors grievance committee comprising Mr. A.R. Narayanaswamy, Mr. M.S. Mehta and Mr. Akhilesh Joshi in accordance with Clause 49 of the Listing Agreement with each of the Stock Exchanges to look into the redressal of complaints of investors such as transfers or credit of shares to demat accounts and non receipt of dividend/interest/annual reports. Mr. R. Pandwal, the company secretary, is the Compliance Officer.

HZL normally takes seven days to dispose of investor complaints. HZL received 29 investor complaints in the last three years and all were disposed of in that period. As of September 30, 2009, there were no investor complaints pending against HZL.

Pursuant to sub-clause (2) of clause (C) of (IX) of Part A of Schedule VIII of the ICDR Regulations, the relevant details of the remaining largest unlisted Group Entities as determined on the basis of their turnovers are as provided below:

2. Bharat Aluminium Company Limited (“BALCO”)

BALCO was incorporated on November 27, 1965 under the Companies Act. BALCO is primarily engaged in the business of production of aluminium and captive power generation to support its mining and smelting operations.

Our Promoter holds 51% of the issued and paid up capital of BALCO.

Financial Information

The audited financial results of BALCO for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Amount in Rs. million, except per share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	2206.20	2,206.20	2,206.20
Reserves and Surplus (excluding revaluation reserves)	28,207.90	23,094.50	16,617.80
Sales/Turnover	39,336.00	41,695.50	41,002.50

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Profit/(loss) after tax	5,173.60	6,781.80	9,065.20
Earnings per share (in Rs.)	23.45	30.74	41.09
Diluted earnings per share (in Rs.)	23.45	30.74	41.09
Net asset value per share (in Rs.)	137.86	114.68	85.32

3. Vedanta Aluminium Limited (“Vedanta Aluminium”)

Vedanta Aluminium was incorporated on January 18, 2001 under the Companies Act. Vedanta Aluminium is primarily engaged in the business of production of calcined alumina.

Our Promoter holds 29.50% of the issued and paid up capital of Vedanta Aluminium.

Financial Information

The audited financial results of Vedanta Aluminium for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Amount in Rs. million, except per share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	528.39	528.39	528.39
Reserves and Surplus (excluding revaluation reserves)	16,054.10	10,090.75	10,005.34
Sales/Turnover	2,068.83	-	-
Profit/(loss) after tax	(5,303.73)	(49.09)	0.07
Earnings per share (in Rs.)	(93.77)	(0.93)	0.002
Diluted earnings per share (in Rs.)	(93.77)	(0.93)	0.002
Net asset value per share (in Rs.)	282.81	200.97	199.36

4. Copper Mines of Tasmania Pty Ltd. (“CMT”)

CMT was incorporated on July 18, 1994 under the Corporations Act, 2001 of Australia. CMT is primarily engaged in the business of mining and processing of ore into concentrate containing copper, gold and silver.

Our Promoter indirectly holds 100% of the issued and paid up capital of CMT.

Financial Information

The audited financial results of CMT for fiscal 2009, 2008 and 2007 are set forth below:

	<i>(Amount in A\$ million, except per share data)</i>		
	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	Nil	Nil	Nil
Reserves and Surplus (excluding revaluation reserves)	184.37	100.61	54.36
Sales/Turnover	200.22	224.14	260.11
Profit/(loss) after tax	83.76	63.25	91.67
Earnings per share (in A\$)	41.88	31.63	45.84
Diluted earnings per share (in A\$)	NA	NA	NA
Net asset value per share (in A\$)	92.19	50.31	27.18

5. Sterlite Opportunities and Ventures Limited (“SOVL”)

SOVL was incorporated on January 11, 2002 under the Companies Act. SOVL is primarily engaged in the business of holding investments.

As on September 30, 2009, our Promoter holds 99.99% of the issued and paid up capital of SOVL.

Financial Information

The audited financial results of SOVL for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	25.50	25.50	25.50
Reserves and Surplus (excluding revaluation reserves)	3,808.40	3,123.40	1,751.40
Sales/Turnover	-	-	-
Profit/(loss) after tax	685.10	1,372.00	1,366.70
Earnings per share (in Rs.)	268.67	538.04	535.97
Diluted earnings per share (in Rs.)	0.92	1.57	1.34
Net asset value per share (in Rs.)	1503.52	1234.83	696.78

Companies with negative net worth:

Except as disclosed below, neither our Promoter nor any of our Group Entities have negative net worth.

1. Sterlite Paper Limited (“Sterlite Paper”)

Sterlite Paper was incorporated on June 25, 1999 under the Companies Act. Sterlite Paper is primarily engaged in the business of manufacture, trade, sale, import, export or otherwise deal in all kinds, classes and of papers, boards and pulps, all products and articles made therefrom.

As on September 30, 2009, our Promoter holds 99.99% of the issued and paid up capital of Sterlite Paper.

Financial Information

The audited financial results of Sterlite Paper for fiscal 2009, 2008 and 2007 are set forth below:

(Amount in Rs. million, except per share data)

	Fiscal 2009	Fiscal 2008	Fiscal 2007
Equity Capital	0.50	0.50	0.50
Reserves and Surplus (excluding revaluation reserves)	1,298.00	1,298.00	1,298.00
Sales/Turnover	-	3.30*	0.01*
Profit/(loss) after tax	(6.25)	(2.34)	(6.40)
Earnings per share (in Rs.)	(124.99)	(46.82)	(128.00)
Diluted earnings per share (in Rs.)	(124.99)	(46.82)	(128.00)
Net asset value per share (in Rs.)	NA	NA	NA

*These are unspent liabilities written back

Other Group Entities

Sr. No.	Name of group company	Type of organization	Brief description of business	Equity interest of Promoter (%)
1.	Monte Cello B.V.	Company incorporated in the Netherlands	Monte Cello B.V. is a holding company.	100
2.	Thalanga Copper Mines Pty. Limited	Company incorporated in Australia	Thalanga Copper Mines Pty. Limited is primarily engaged in the business of copper mining.	100
3.	Fujairah Gold FZE	Company incorporated in UAE	Fujairah Gold FZE is primarily engaged in the business of gold mining and processing.	100
4.	Sterlite (USA) Inc.	Company incorporated in USA	Sterlite (USA) Inc. is a financing company.	100
5.	Sterlite Copper Limited	Company incorporated in India	Sterlite Copper Limited is a defunct company.	100

Disassociation by the Promoter in the last three years

Our Promoter has not disassociated from any entity in the last three years.

Interests of our Promoter and Group Entities

Our Promoter is interested in our Company to the extent of its shareholding in our Company and the dividends received by it on such shareholding. We have also availed short term loans of Rs. 27,175.08 million from our Promoter, Sterlite Industries, of which Rs. 22,175.08 million is outstanding as of October 15, 2009. Additionally, Sterlite Industries has also given corporate guarantees with respect to certain loans. For details, see “*Financial Indebtedness*” on page 190.

Our Promoter is also interested to the extent of rentals paid by us for the assignment of our registered office. Further, Vedanta Aluminium has permitted us to use the premises where our corporate office is located.

We currently procure the construction power for our Jharsuguda Power Project from Vedanta Aluminium, which is setting up an aluminium smelter at an adjacent site. Further, we intend to sell a portion of the power generated from the Jharsuguda Power Project to Vedanta Aluminium. Except as disclosed, the Promoter and Group Entities have no interest in any property acquired or proposed to be acquired by our Company during the last two years from the date of filing of this Draft Red Herring Prospectus.

Except as stated above, none of our Promoter, Group Entities or associates have any business interests in our Company and our Promoter has no interest in our Company other than as a promoter.

There are no sales/purchases between our Company and our Group Entities, Subsidiary and associate companies when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Common Pursuits of the Promoter and Group Entities

Certain of our Group Entities have commenced power generation from their respective power plant facilities with the intention of such surplus power generated being sold on a commercial basis as well. Group entities engaged in such activities are BALCO, Vedanta Aluminium and HZL. While Vedanta has indicated to us that all future commercial power generation projects in the Vedanta Group will be developed by our Company, Vedanta may determine to have another of its subsidiaries, instead of us, pursue business opportunities in the power generation business, or any other business, or cause such companies or us to undertake corporate strategies, the effect of which is to benefit such companies instead of us and which could be detrimental to our interests. The Vedanta Group has been building and managing captive power plants since 1997 and depending upon their requirements, such power plants may from time to time supply power to commercial users which may be our existing or potential customers if they have excess capacity.

Except as set forth above and in “*Related Party Transactions*” on page 120, we have not entered into any related party transactions that impact the financial performance of our Company.

Other Confirmations

Our Promoter, directors of our Promoter, directors of our Group Entities and Group Entities have confirmed that they have not been declared as wilful defaulters by the RBI or any other governmental authority and, except as disclosed in “*Outstanding Litigation and Material Developments*” on page 194, there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them.

For details relating to legal proceedings involving the Promoter and the Group Entities, see “*Outstanding Litigation and Material Developments*” on page 194.

Except Sterlite Copper Limited which is in the process of winding up, neither our Promoter nor our Group Entities have become sick companies under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against them. Further no application has been made, in respect of any of them, to the Registrar of Companies for striking off their names. Additionally, neither our Promoter nor any of the Group Entities have become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

DIVIDEND POLICY

As of September 30, 2009, our Company has not paid any cash dividends on its Equity Shares. The declaration and payment of any dividends in the future will be recommended by the Board of Directors and approved by the shareholders of our Company at their discretion and would depend on a number of factors, including our financial condition, results of operations, capital requirements and surplus, contractual obligations, applicable Indian legal restrictions, the provisions of our Articles of Association, the terms of our credit facilities and other financing arrangements at the time dividend is considered, and other factors considered relevant by our Board of Directors. Our Company may also from time to time pay interim dividends.

RELATED PARTY TRANSACTIONS

Our Company entered into related party transactions with the holding company, Subsidiary, Joint Venture and Group Entities. For details see “*Financial Statements – Consolidated Restated Statement of Related Party Transaction*” on page F 57.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

AUDITORS REPORT ON RESTATED STANDALONE FINANCIAL STATEMENTS

To,

The Board of Directors,
Sterlite Energy Limited,
232, Solitaire Corporate Park,
Chakala, Andheri (East),
Mumbai 400 093,
Maharashtra, India

Dear Sirs,

Re: Proposed initial public offer having a face value of Rs. 10/- each for cash, at an issue price to be arrived at by the book building process (referred as the ‘Offer’).

We have examined the unconsolidated financial information of Sterlite Energy Limited (‘the Company’) described below in A and B and annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus (‘the DRHP’). The unconsolidated financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 (‘the Act’), the Securities and Exchange Board of India (‘SEBI’) –Issue of Capital and Disclosure Requirements) Regulation, 2009 (the ‘ICDR Regulations’) notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India (‘ICAI’) and terms of engagement agreed upon by us with the Company. The unconsolidated financial information has been prepared by the Company and approved by its Board of Directors.

A. Unconsolidated Financial Information as per Audited Unconsolidated Financial Statements:

We have examined:

- a) the attached restated unconsolidated Statements of Assets and Liabilities as at September 30, 2009, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 (Annexure 1);
- b) the attached restated unconsolidated Statements of Profit and Loss for the six month period ended September 30, 2009 and financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 (Annexure 2);
- c) the attached restated unconsolidated Statements of Cash Flow for the six month period ended September 30, 2009, financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 (Annexure 3);
- d) the significant accounting policies adopted by the Company as at and for six month period ended September 30, 2009 and notes to the Restated Unconsolidated Summary Statements (Annexure 4);

- together referred to as the ‘Restated Unconsolidated Summary Statements’.

The Restated Unconsolidated Summary Statements have been extracted from audited unconsolidated financial statements of the Company as at and for the six month period ended September 30, 2009 and years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 which have been approved by the Board of Directors. Audits of the unconsolidated financial statements as at and for the years ended March 31, 2006 and March 31, 2005 were conducted by M/s. R. Patodia & Co., Chartered Accountants, being the auditor of the Company for those periods, and accordingly reliance has been placed on the financial statements audited and reported upon by them for the said period.

Based on our examination and in accordance with the requirements of the Act, ICDR Regulations and terms of engagement agreed by us with the Company we state that:

- i) the unconsolidated restated assets and liabilities of the Company as at September 30, 2009, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 are as set out in Annexure 1, which are

after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;

- ii) the unconsolidated restated profits/losses of the Company for the period ended September 30, 2009 and financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 are as set out in Annexure 2, which have been arrived at after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- iii) the unconsolidated restated cash flows of the Company for the period ended September 30, 2009 and financial years ended March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005 are as set out in Annexure 3; which have been arrived at after making such material adjustments and regroupings as, in our opinion are appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- iv) The Restated Unconsolidated Summary Statements have been restated with retrospective effect to reflect the Significant Accounting Policies adopted by the Company as at September 30, 2009 except for early adoption of Accounting Standard 30 'Financial Instruments: Recognition and Measurement' which as stated in notes B-3 to annexure 4 has been adopted prospectively with effect from April 01, 2008;
- v) there are no extra-ordinary items in any of the financial statements that need to be disclosed separately in the Restated Unconsolidated Summary Statements.

B. Other Unconsolidated Financial Information as per Audited Unconsolidated Financial Statements:

We have also examined the following unconsolidated financial information relating to the Company, which is based on the Restated Unconsolidated Summary Statements / audited unconsolidated financial statements and approved by the Board of Directors for the purpose of inclusion herein:

- a) Restated unconsolidated fixed assets schedule (Annexure 5)
- b) Restated unconsolidated details of Investments (Annexure 6)
- c) Restated unconsolidated details of Loans and Advances (Annexure 7)
- d) Restated unconsolidated details of Loan taken (Annexure 8)
- e) Restated unconsolidated details of Current Liabilities and Provisions (Annexure 9)
- f) Restated unconsolidated details of Other Income (Annexure 10)
- g) Restated unconsolidated details of Capital Work in Progress (Annexure 11)
- h) Restated Unconsolidated details of Project Development Expenses, (Annexure 12)
- i) Restated unconsolidated details of Rates of Dividend Paid by the Company (Annexure 13)
- j) Restated unconsolidated statement of Tax Shelter (Annexure 14)
- k) Restated unconsolidated Capitalization Statement (Annexure 15)
- l) Restated unconsolidated Statement of Accounting Ratios (Annexure 16)
- m) Statement of Related Party Disclosures, as restated (Annexure 17).

In respect of "Other unconsolidated financial information" stated above, we have relied upon the audited unconsolidated financial statements for the financial years ended March 31, 2006 and March 31, 2005, which were audited and reported by M/s. R. Patodia & Co, Chartered Accountants as stated above.

In our opinion, the unconsolidated financial information of the Company attached to this report, as mentioned in paragraph (B) above, read with significant accounting policies and notes as annexed to this report, and after making such adjustments as were considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the ICDR Regulations.

This report should not in any way be construed as a reissuance or redating of the previous audit report by the other firm of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

We did not perform audit tests for the purposes of expressing an opinion on individual balances or summaries of selected transactions, and accordingly, we express no such opinion thereon.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544
Mumbai
Date: October 29, 2009

STERLITE ENERGY LIMITED
Annexure 1:
RESTATED UNCONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs in Million)

	Particulars	As At Sept 30, 2009	As At March 31,				
			2009	2008	2007	2006	2005
A	Fixed Assets						
	Gross Block	95.25	94.88	106.70	65.42	0.03	-
	Less: Accumulated Depreciation/Amortisation	4.51	3.31	1.24	0.01	-	-
	Net Block	90.74	91.57	105.46	65.41	0.03	-
	Capital Work in Progress (including capital advances)	55,727.85	40,526.55	15,572.85	6,092.76	34.56	22.81
	Total	55,818.59	40,618.12	15,678.31	6,158.17	34.59	22.81
B	Investments	479.14	1,935.89	967.82	85.31	190.03	-
C	Current Assets, Loans and Advances						
	Cash & Bank Balances	3,438.27	1,959.26	88.56	3.66	123.62	1.91
	Loans and Advances	3,916.42	5,098.51	1.09	6.32	100.80	421.76
	Total	7,354.69	7,057.77	89.65	9.98	224.42	423.67
	Total Assets (A+B+C)	63,652.42	49,611.78	16,735.78	6,253.46	449.04	446.48
D	Liabilities and Provisions						
	Loan Funds						
	Secured Loans	3,317.58	1,998.10	-	5,860.00	-	-
	Unsecured Loans	21,201.22	13,952.67	3,046.70	-	10.66	23.91
	Current Liabilities and Provisions						
	Current Liabilities	8,240.80	6,241.66	1,553.16	92.57	0.10	0.75
	Provisions	24.80	24.80	0.19	0.18	0.18	0.28
	Total	32,784.40	22,217.23	4,600.05	5,952.75	10.94	24.94
E	Share Application Money Pending Allotment	17,350.00	13,350.00	-	-	140.08	140.08
F	Net Worth [(A+B+C) – D – E]	13,518.02	14,044.55	12,135.73	300.71	298.02	281.46
	Represented by:						
	Share Capital						
	-Equity Shares	11,864.94	11,864.94	11,864.94	4.94	4.94	4.94
	-Preference Shares	8.03	8.03	8.03	8.03	8.03	7.88
	Reserves & Surplus						
	- Securities Premium	248.30	248.30	248.30	273.10	273.10	267.81
	- Hedging Reserve	1,326.49	1,994.12	-	-	-	-
	- Profit and Loss A/c	70.26	(70.84)	14.46	14.64	11.95	0.83
	NET WORTH	13,518.02	14,044.55	12,135.73	300.71	298.02	281.46

Notes:

- The above statement should be read with the Significant Accounting Policies and Notes to the Restated Unconsolidated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
- Negative figures have been shown in brackets.

**Annexure 2:
RESTATED UNCONSOLIDATED STATEMENT OF PROFITS & LOSSES**

(Rs in Million)

	Particulars	For six months ended Sept 30, 2009	For the Period Ended March 31,				
			2009	2008	2007	2006	2005
A	Income						
	Other Income	141.10	9.47	-	3.50	16.91	2.64
	Total Income	141.10	9.47	-	3.50	16.91	2.64
B	Expenditures						
	Administrative and General Expenses	-	94.77	-	-	0.10	0.04
	Total Expenditures	-	94.77	-	-	0.10	0.04
C	Profit / (Loss) before Tax	141.10	(85.30)	-	3.50	16.81	2.60
D	Provision For Tax						
	-Current Tax	-	-	-	0.62	5.50	1.00
E	Net Profit / (Loss) after Tax	141.10	(85.30)	-	2.88	11.31	1.60
F	Balance brought forward from Previous Year	(70.84)	14.46	14.65	11.95	0.82	(0.78)
	Preference Dividend and tax thereon	-	-	0.19	0.18	0.18	-
	Balance carried forward to Next Year	70.26	(70.84)	14.46	14.65	11.95	0.82

Notes:

- The above statement should be read with the Significant Accounting Policies and Notes to the Restated Unconsolidated Statement of Assets and Liabilities, Profit and Loss Account and Cash flows.
- Negative figures have been shown in brackets.

Annexure 3:
RESTATED UNCONSOLIDATED STATEMENT OF CASH FLOW

(Rs in Million)

	Particulars	For Six Months Ended Sept 30, 2009	For the Period Ended March 31,				
			2009	2008	2007	2006	2005
A	Cash Flow From Operating Activities						
	Net Profit/(Loss) before tax, as restated	141.10	(85.30)	-	3.50	16.81	2.60
	Adjusted for :						
	- Preliminary Expenses Written off	-	-	-	-	-	0.02
	- Exchange Loss/(Gain)	(57.56)	49.21	-	-	-	-
	- Provision for Premium on Redemption of Preference Shares	-	24.80	-	-	-	-
	- Interest earned	-	-	-	(1.82)	(16.88)	(2.59)
	- Dividend earned	-	-	-	(1.68)	(0.03)	(0.05)
	Operating Profit before Working Capital Changes	83.54	(11.29)	-	-	(0.10)	(0.02)
	Direct taxes paid	-	-	(0.22)	-	(2.31)	-
	Net Cash From Operating Activities	83.54	(11.29)	(0.22)	-	(2.41)	(0.02)
B	Cash Flow From Investing Activities						
	Purchase of Fixed Assets including Intangible Assets, Capital Work in Progress and Preoperative Expenses	(15,623.87)	(22,710.86)	(7,946.75)	(5,990.36)	(11.78)	(22.81)
	Sale of Fixed Assets	-	19.25	-	-	-	-
	Movement in:						
	- Loans and Advances	(262.71)	(3.34)	5.22	93.85	317.48	(417.93)
	- Current Liabilities	2,160.00	3,785.87	1,155.88	92.47	(0.65)	(0.10)
	Investment in Joint Venture Company(Including Share Application Money)	-	(5.22)	(5.22)	-	-	-
	Investment in Subsidiary (Including Share Application Money (Paid)/ Refunded)	280.00	(3,900.50)	-	-	-	-
	(Purchase)/Sale of current investments (Including dividend reinvestment)	1,459.36	(967.16)	(877.29)	104.71	(190.03)	-
	Interest Income	36.18	-	-	1.82	16.88	2.59
	Dividend Income	17.71	48.83	38.21	11.60	0.03	0.05
	Net Cash From Investing Activities	(11,933.33)	(23,733.13)	(7,629.95)	(5,685.91)	131.93	(438.20)
C	Cash Flow From Financing Activities						
	Proceeds From/(Refund of) Share Application Money (including Shares allotted and those pending allotment)	4,000.00	13,350.00	11,860.00	(140.08)	-	139.83
	Proceeds From Preference Shares issued (Including premium)	-	-	-	-	5.44	275.69
	Proceeds from /(Repayment of) borrowings (net)	9,222.33	11,891.72	(2,813.30)	5,849.34	(13.25)	23.90
	Interest and finance charges paid	(558.99)	(431.69)	(103.83)	(10.11)	-	-
	Preference Share Dividend Paid including tax thereon	-	(0.19)	(0.19)	(0.18)	-	-
	Rollover Gain/(Loss)	665.46	805.28	(1,202.81)	(133.02)	-	-

Share Issue Expenses	-	-	(24.80)	-	-	-
Net Cash From Financing Activities	13,328.80	25,615.12	7,715.07	5,565.95	(7.81)	439.42
Net (Decrease)/Increase In Cash And Cash Equivalents (A+B+C)	1,479.01	1,870.70	84.90	(119.96)	121.71	1.20
Opening Cash and Cash Equivalents	1,959.26	88.56	3.66	123.62	1.91	0.71
Closing Cash and Cash Equivalents	3,438.27	1,959.26	88.56	3.66	123.62	1.91

Notes to Cash Flow Statement:

1. The above statement should be read with the Significant Accounting Policies and Notes to the Restated Unconsolidated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
2. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.
3. Net Movement in working capital is considered as part of Investment Activities as the Company is in project stage.
4. Negative figures have been shown in brackets.

Annexure 4:

Significant Accounting Policies and Notes to the Restated Unconsolidated Statement of Assets and Liabilities, Profit & Loss Account and Cash flows as at and for the period ended September 30, 2009 (“Restated Unconsolidated Summary Statements”)

A. Significant accounting policies

(a) Basis of accounting:

The financial statements are prepared as a going concern under historical cost convention on an accrual basis and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, except for items covered under ‘Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement’ which have been measured using the principle laid down in that standard.

(b) Use of estimates:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known/ materialized.

(c) Fixed assets:

Fixed assets are stated at cost of acquisition/construction. Cost includes taxes, duties and other expenses incidental to acquisition/ construction.

(d) Expenditure During Construction Period:

All costs attributable to the construction of the project or incurred in relation to the project under construction, net of income, during the construction/pre-production period, are aggregated under Expenditure During Construction Period to be allocated to individual identified assets on completion.

(e) Borrowing cost:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are considered as part of the qualified assets.

(f) Depreciation:

i) Depreciation on fixed assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.

ii) Amortization of leasehold land has been done in proportion to the period of the lease.

(g) Investments:

i) Investments are recorded as long-term investments unless they are expected to be sold within one year. Investments in subsidiaries and associates are valued at cost less any provision for impairment.

ii) Current investments are stated at fair value.

(h) Foreign currency transactions:

(i) Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

(ii) All monetary items denominated in foreign currencies at the yearend are restated at the yearend rates.

(iii) Exchange differences relating to long term monetary items falling under Accounting Standard 11 are accounted as under:

(a) in so far as they relate to the acquisition of a depreciable capital asset added to/ deducted from the cost of the asset and depreciated over the balance life of the asset

(b) in other cases accumulated such differences in "Foreign Currency Monetary Item Translation Difference Account" and amortised to the Profit and Loss Account over the balance life of the long term monetary item or March 31, 2011, whichever is shorter.

(i) Derivative Instruments :

In order to hedge its exposure to foreign currency risk, the Company enters into foreign currency forward contracts.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. Any cumulative gain or loss on the hedging instrument recognized in hedging reserve is kept in hedging reserve until the forecast transaction occurs. Amounts deferred to hedging reserve are recycled in the profit and loss account in the periods when the hedged item is recognized in the Profit and loss account or when the portion of the gain or loss is determined to be an ineffective hedge.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised directly in equity are removed, and are included in the initial cost or other carrying amount of the asset or liability.

(j) Taxation

Provision for current tax is made after taking into consideration rebate and relief available under the provisions of the Income Tax Act, 1961.

(k) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of economic resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

B. Material Adjustments

1. The Company has chosen to capitalize exchange difference arising on the reinstatement of long term monetary items related to acquisition of fixed assets in accordance with Notification no GSR 225 (E) dated March 31, 2009 issued by Central Government. The restated unconsolidated summary statements for previous years have been adjusted accordingly.
2. Appropriate adjustments have been made in the restated unconsolidated summary statements, wherever required, by a reclassification of the corresponding items of assets, liabilities and cash flows, in order to bring them in line with the groupings as per the audited financials of the Company for the period ended September 30, 2009.
3. **Non Adjustments**

The Company has chosen to early adopt Accounting Standard 30 (AS 30), Financial Instruments: Recognition and Measurement. Co-terminus with this, in the spirit of complete adoption, the Company has also implemented the consequential limited revisions in view of AS 30 to certain Accounting Standards as have been announced by the Institute of Chartered Accountants of India.

Since adoption of AS 30 requires maintenance of extensive records from the inception of the transaction which the Company has maintained only with effect from April 1, 2008 in accordance with AS 30. Hence, the unconsolidated summary statements for the previous years have not been restated for giving effect to impact, had AS 30 been adopted by the Company in each of those years.

C. Notes on Accounts

1. The Company was incorporated as “Manjiri Finvest Private Limited” on February 2, 1995 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. On May 10, 2004 the name of our Company was changed to “Sterlite Energy Private Limited” due to change in its business activities to generation and distribution of power and subsequently was converted into a public limited company on July 21, 2006.
2. Based on an expert opinion, the Company has not provided for fringe benefit tax on various expenditures incurred on the construction of the project till March 31, 2009, since they are capitalized to the project and depreciated, when put to use. From April 1, 2009, the provisions under the Income Tax Act, 1961 relating to Fringe Benefit Tax were withdrawn. Accordingly no provision has been created for Fringe Benefit Tax for the half year ended September 30, 2009.

3. On June 29, 2009, the Company entered into secured term loan facility of \$140 million with India Infrastructure Finance Company (UK) Limited as lender and Rs. 55,690 million with a syndicate of banks, with SBI acting as a facility agent, to finance the costs of construction of its 2,400 MW thermal coal-based power facility in Jharsuguda in the State of Orissa. The facility is secured by, among other things, a first charge over the movable and immovable properties and tangible or intangible assets of the Company as well as charges over trust and retention bank accounts. As of September 30, 2009, the Company has drawn down the loan Rs. 12,056.77 million as interim disbursement which will be converted into term loan facility under the syndication loan agreement after meeting all the drawal conditions.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)

Particulars	(Rs. In Million)					
	September 2009	2008-09	2007-08	2006-07	2005-06	2004-05
Contract amount remaining to be executed	82,746	27,340	42,938	49,661	Nil	Nil

The Company has entered into an EPC contract for setting up 1,980 MW Independent Power Plant at Talwandi Punjab and has paid Rs. 4,937 million as mobilization advance. The estimated amount of contracts remaining to be executed on capital account under this contract as at September 30, 2009 is Rs. 64,577 million and included in above disclosures. This contract may be assigned in future for execution of the project to Talwandi Sabo Power Limited, a subsidiary of the Company.

5. The Company has subscribed to the memorandum of association of M/s Rampia Coal Mines & Energy Private Limited, a joint venture company incorporated in India under Companies Act, 1956 for the purpose of development of coal block. The Company has invested in 5,217,432 equity shares of Re. 1 each amounting to Rs. 5.22 million representing 17.391% of total equity share. As on September 30, 2009, 5,217,432 equity shares are pending for allotment.

Following is the information pertaining to the Company's interest in the above jointly controlled entity as extracted from the financial information of the jointly controlled entity.

Particulars	(Rs. In Million)		
	September 2009 (Un-audited)	2008-09 (Audited by other auditors)	2007-08 (Un-audited)
Assets	10.49	10.51	5.22
Liability	0.05	0.07	-
Equity Contribution	10.44	10.44	5.22
Profit and Loss Account	-	-	-

6. In the year 2008-09, the Company had purchased entire share capital of M/s Talwandi Sabo Power Limited for Rs. 0.05 million comprising of 50,000 Equity shares of Rs. 10 each, at par. With effect from September 01, 2008, M/s Talwandi Sabo Power Limited has become 100% subsidiary of the Company. The Company had further paid Rs. 3,900 million towards share application money to Talwandi Sabo Power Limited. During the half year ended September 30, 2009, excess share application money of Rs. 280 million was refunded and Rs. 3,620 million is still pending for allotment.
7. The Company had issued 2% Redeemable Cumulative Convertible Preference Shares to Twinstar Infrastructures Limited on March 15, 2005 amounting to Rs. 7.88 million and on March 30, 2006 amounting to Rs. 0.02 million. Preference shares are redeemable on expiry of 10 years from the date of allotment with a call option to the Company to redeem the same at any time after the expiry of 12 months from the date of allotment at a premium of Rs. 340 per share.
8. Particulars of Optionally Fully Convertible Debentures (OFCD) converted into equity shares

The Company had issued Zero percent Optionally Fully Convertible Debentures, to Sterlite Industries (India) Ltd as under:-

- a. Series-I : 58,600,000 Zero Percent OFCD of Rs. 100 each fully paid up aggregating Rs. 5,860 million
- b. Series-II: 60,000,000 Zero Percent OFCD of Rs. 100 each aggregating Rs. 6,000 million and

paid up to the extent of Rs. 27.50 per debentures, aggregating Rs. 1,650 million.

These Debentures were secured by way of first charge on immovable property of the Company situated at Ahmedabad costing Rs. 0.03 million.

The Company had during the year 2007-08 converted the above OFCD to 1,186,000,000 Equity share of Rs. 10 each at par as per the terms of issue.

9. Earnings per share (EPS):

(Rs. In Million except for share data and EPS)

Earnings per share (EPS):	September 2009	2008-09	2007-08	2006-07	2005-06	2004-05
Net (Loss)/Profit for the year attributable to equity shareholders; before adjustment of dividend on preference shares and tax thereon	141.10	(85.30)	-	2.88	11.31	1.60
Less: Preference Share Dividend on Redeemable Cumulative Preference Shares and tax thereon	0.08	0.16	0.19	0.18	0.18	-
Net (Loss)/Profit for the year attributable to equity shareholders; after adjustment of dividend on preference shares and tax thereon	141.02	(85.46)	(0.19)	2.70	11.13	1.60
Nominal value per share	Rs. 10	Rs. 10	Rs. 10*	Rs. 100	Rs. 100	Rs. 100
Weighted average number of equity shares for basic earnings per share	1,186,493,500	1,186,493,500	478,142,815	49,350	49,350	49,350
Weighted average number of equity shares for diluted earnings per share	1,186,493,500	1,186,493,500	478,142,815	58,649,350	49,350	49,350
Basic earnings per share (in Rs.)	0.12	(0.07)	-	54.71	225.53	32.42
Diluted Earnings per share (in Rs.)#	0.12	(0.07)	-	0.05	225.53	32.42

* The Company in its Extraordinary General Meeting held on October 27, 2007 and after obtaining the approval of the shareholders had increased and subdivided its Authorised Share Capital from Rs. 20,000,000 divided into 55,000 equity shares of Rs. 100 each and 145,000 preference shares of Rs. 100 each to 4,500,000,000 divided into 3,500,000,000 equity shares of Rs. 10 each and 1,000,000,000 preference shares of Rs. 10 each.

The terms of the preference shares provide for conversion into such number of equity shares of the Company at such premium as may be deemed appropriate by the Board of Directors. Since the conversion price is not determinable, preference shares have not been considered in computing dilutive earnings per share.

For computation of Dilutive EPS for the year 2006-07, Optionally Fully Convertible Debentures of Rs. 5,860 million have been assumed to be converted into 58.60 million Equity Shares of Rs. 100 each and added to the weighted average number of equity shares.

10. Financial and Derivative Instruments

- a) Derivative contracts entered into by the Company and outstanding as at the balance sheet:

For hedging currency risks: - Nominal amounts of outstanding derivatives contracts entered into by the Company, along with Marked to Market (MTM) loss/ (gain) as at the balance sheet date, are as follows:

(Rs. In Million)

Year	Nominal Amount	MTM Loss/(Gain)
September 30, 2009	7,211	144
March 31, 2009	9,923	(1,189)
March 31, 2008	13,539	302
March 31, 2007	9,524	251
March 31, 2006	Nil	Nil
March 31, 2005	Nil	Nil

Derivative and financial instruments acquired by the Company are for hedging purposes only.

- b) Un-hedged foreign currency exposure as at the balance sheet date is as under: -

Year	USD in Million	Rs. In Million
September 30, 2009	293	14,078
March 31, 2009	225	11,451
March 31, 2008	76	3,047
March 31, 2007	606	26,426
March 31, 2006	Nil	Nil
March 31, 2005	Nil	Nil

11. Contingent Liabilities

(Rs. In Million)

Particulars	September 2009	2008-09	2007-08	2006-07	2005-06	2004-05
Export Obligation against EPCG License taken for Import of Capital goods	58,678	45,658	17,563	Nil	Nil	Nil
Bank Guarantees provided under contractual/ legal obligations. No cash outflow is expected	2,205	2,205	400	Nil	Nil	Nil
Dividend on 2% Redeemable Cumulative Convertible Preference Shares (not provided in absence of profit)	0.16	0.16	Nil	Nil	Nil	Nil

12. The Company is engaged in setting up Independent Power Plants and its operations are in a single segment as defined by Accounting Standard 17 –“Segment Reporting”, issued by the Institute of Chartered Accountants of India.

13. Post Balance Sheet Events

Pursuant to the resolutions passed at its Board Meeting held on October 5, 2009, following changes have occurred in the capital structure of the Company

- i. Of the total Share Application Money of Rs. 17,350 million, the Company has allotted 821,215 equity shares of Rs. 10 each, at a premium of Rs. 203 per share, aggregating to Rs. 174.92 million to Sterlite Industries (India) Limited, Promoter company. The balance share application money of Rs. 17,175.08 million has been converted into an unsecured inter-corporate deposit (ICD) from Sterlite Industries (India) Limited for a tenure of 1 year with an option to roll over. The ICD carries interest rate 8% p.a. for the 1st year payable quarterly, with reset at the end of period as per prevailing market rates.

- ii. The Company has redeemed 803,230 2% Redeemable Cumulative Convertible Preference Shares of Rs.10 each issued to Twinstar Infrastructure Limited at a price of Rs.350 per share against the call option available with the Company.

Annexure 5A:
RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT SEPTEMBER 30, 2009

(Rs in Million)

Particulars	Gross Block			Depreciation				Net Block	
	As at	Additions	Deletion	As at	Accumulated	For	Deductions	Accumulated	As At
	April 1, 2009	during the period	during the period	Sept 30,2009	April 1, 2009	the period		Sept 30, 2009	Sept 30,2009
Freehold Land	0.29	-	-	0.29	-	-	-	-	0.29
Leasehold Land	85.66	-	-	85.66	1.91	0.48	-	2.39	83.29
Office Equipment	2.55	0.12	-	2.67	0.58	0.16	-	0.74	1.93
Furniture and Fixtures	2.60	-	-	2.60	0.14	0.08	-	0.22	2.38
Computer and Laptops	2.44	-	-	2.44	0.63	0.17	-	0.80	1.64
Vehicle	1.34	-	-	1.34	0.05	0.06	-	0.11	1.23
Temporary Structure	-	0.25	-	0.25	-	0.25	-	0.25	-
Total	94.88	0.37	-	95.25	3.31	1.20	-	4.51	90.74

Annexure 5B:
RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2009

(Rs in Million)

Particulars	Gross Block			Depreciation				Net Block	
	As at	Additions	Deletion	As at	Accumulated	For	Deductions	Accumulated	As at
	April 1, 2008	during the year	during the year	March 31,2009	April 1, 2008	the year		March 31,2009	March 31,2009
Freehold Land	0.29	-	-	0.29	-	-	-	-	0.29
Leasehold Land	104.91	-	19.25	85.66	1.17	0.74	-	1.91	83.75
Office Equipment	0.23	2.32	-	2.55	0.01	0.57	-	0.58	1.97
Furniture and Fixtures	0.82	1.78	-	2.60	0.01	0.13	-	0.14	2.46
Computer and Laptops	0.45	1.99	-	2.44	0.05	0.58	-	0.63	1.81
Vehicle	-	1.34	-	1.34	-	0.05	-	0.05	1.29
Total	106.70	7.43	19.25	94.88	1.24	2.07	-	3.31	91.57

**Annexure 5C:
RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2008**

(Rs in Million)

Particulars	Gross Block			Depreciation				Net Block	
	As at April 1, 2007	Additions during the year	Deletion during the year	As at March 31,2008	Accumulated April 1, 2007	For the year	Deductions	Accumulated March 31,2008	As at March 31,2008
Freehold Land	0.29	-	-	0.29	-	-	-	-	0.29
Leasehold Land	64.94	39.97	-	104.91	-	1.17	-	1.17	103.74
Office Equipment	0.03	0.20	-	0.23	-	0.01	-	0.01	0.22
Furniture and Fixtures	-	0.82	-	0.82	-	0.01	-	0.01	0.81
Computer and Laptops	0.16	0.29	-	0.45	0.01	0.04	-	0.05	0.40
Vehicle	-	-	-	-	-	-	-	-	-
Total	65.42	41.28	-	106.70	0.01	1.23	-	1.24	105.46

**Annexure 5D:
RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2007**

(Rs in Million)

Particulars	Gross Block			Depreciation				Net Block	
	As at April 1, 2006	Additions during the year	Deletion during the year	As at March 31,2007	Accumulated April 1, 2006	For the year	Deductions	Accumulated March 31,2007	As at March 31,2007
Freehold Land	-	0.29	-	0.29	-	-	-	-	0.29
Leasehold Land	-	64.94	-	64.94	-	-	-	-	64.94
Office Equipment	0.03	-	-	0.03	-	-	-	-	0.03
Furniture and Fixtures	-	-	-	-	-	-	-	-	-
Computer and Laptops	-	0.16	-	0.16	-	0.01	-	0.01	0.15
Vehicle	-	-	-	-	-	-	-	-	-
Total	0.03	65.39	-	65.42	-	0.01	-	0.01	65.41

**Annexure 5E:
RESTATED UNCONSOLIDATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2006**

(Rs in Million)

Particulars	Gross Block			Depreciation				Net Block	
	As at April 1, 2005	Additions during the year	Deletion during the year	As at March 31,2006	Accumulated April 1, 2005	For the year	Deductions	Accumulated March 31,2006	As at March 31,2006
Office Equipment	-	0.03	-	0.03	-	-	-	-	0.03
Total	-	0.03	-	0.03	-	-	-	-	0.03

**Annexure 6:
RESTATED UNCONSOLIDATED DETAILS OF INVESTMENT**

(Rs in Million)

Particulars	As At Sept 30, 2009	As At March 31,				
		2009	2008	2007	2006	2005
1.LONG TERM INVESTMENT UNQUOTED						
Investment in Subsidiary company						
50,000 fully paid equity shares of Rs. 10 each of Talwandi Sabo Power Limited	0.50	0.50	-	-	-	-
Investment in Joint Venture						
5,217,432 fully paid up Equity shares of Re. 1 each of Rampa Coal Mines & Energy Private Limited	5.22	5.22	5.22	-	-	-
Sub Total	5.72	5.72	5.22	-	-	-
2.CURRENT INVESTMENTS: UNQUOTED						
Birla Sunlife Cash Fund	-	450.15	240.30	-	-	-
Birla Sunlife Saving Fund	195.44	-	-	-	-	-
Tata Liquid Super Fund	-	350.13	240.27	35.16	-	-
Reliance Liquid Fund	-	481.28	-	50.15	190.03	-
ICICI Prudential Institutional Liquid Plan	52.11	413.56	241.82	-	-	-
ICICI Prudential Flexible Income Plan	200.77	-	-	-	-	-
Kotak Liquid Institutional Fund	22.30	-	240.21	-	-	-
UTI Money Market Fund	-	235.05	-	-	-	-
HDFC Liquid Fund	2.80	-	-	-	-	-
Sub Total	473.42	1,930.17	962.60	85.31	190.03	-
Total	479.14	1,935.89	967.82	85.31	190.03	-

**Annexure 7:
RESTATED UNCONSOLIDATED DETAILS OF LOANS & ADVANCES**

(Rs in Million)

Particulars	As At Sept 30, 2009	As At March 31,				
		2009	2008	2007	2006	2005
Secured, Considered Good	-	-	-	-	-	-
Unsecured, Considered Good						
Advances recoverable in cash or in kind or for value to be received	12.37	1.16	0.72	2.66	0.09	0.05
Loan to Others	-	-	-	3.56	100.33	421.71
Income Tax/ TDS (Net of Provision)	10.71	2.53	0.33	0.10	0.31	-
Advance towards Equity Share Capital of Subsidiary	3,620.00	3,900.00	-	-	-	-
Advance towards Equity Share Capital of Joint Venture	5.22	5.22	-	-	-	-
Security / Other deposits	0.04	0.04	0.04	-	-	-
Syndication & Borrowing Fees	266.91	-	-	-	-	-
Cash Flow Derivative Asset	-	1,188.86	-	-	-	-
Others	1.17	0.70	-	-	0.07	-
Total	3,916.42	5,098.51	1.09	6.32	100.80	421.76
The above includes the following loans and advances to the promoter group#						
Advances recoverable in cash or in kind or for value to be received	-	-	-	0.09	-	-
Total	-	-	-	0.09	-	-

The promoter group companies have been identified by the Company and relied upon by the auditors.

**Annexure 8:
RESTATED UNCONSOLIDATED DETAILS OF LOANS TAKEN**

(Rs in Million)

SECURED LOANS		As at March 31,				
Particulars	As At Sept 30, 2009	2009	2008	2007	2006	2005
Zero percent Optionally Fully Convertible Debentures from Sterlite Industries (India) Limited*	-	-	-	5,860.00	-	-
Buyer's Credit	3,317.58	1,998.10	-	-	-	-
TOTAL	3,317.58	1,998.10	-	5,860.00	-	-

(Rs. in Million)

UNSECURED LOANS		As at March 31,				
Particulars	As At Sept 30, 2009	2009	2008	2007	2006	2005
Loan from Body Corporate	-	-	-	-	10.66	23.91
Inter Company Deposit from Sterlite Industries (India) Limited*	5,000.00	-	-	-	-	-
Buyer's Credit	10,761.22	9,452.67	3,046.70	-	-	-
Term Loan	5,440.00	4,500.00	-	-	-	-
TOTAL	21,201.22	13,952.67	3,046.70	-	10.66	23.91

* Sterlite Industries (India) Limited is a promoter company of Sterlite Energy Limited

**Annexure 8(a):
LOAN DETAILS AS AT SEPTEMBER 30, 2009**

Particulars	Name of Lender	Amount (Rs. in Million)	Interest Rate	Security
Secured Loan				
Buyer's Credit	State Bank of India	3,317.58	LIBOR + 200 bps	Secured against Fixed Deposit of Rs. 3,390 million (Current value of FD - 3,416.15 million)
Total Secured Loan		3,317.58		
Unsecured Loan				
Inter Company Deposit	Sterlite Industries (India) Limited- Promoter Company	5,000.00	8.00% p.a.	Not Applicable
	sub total	5,000.00		
Buyer's Credit	ICICI Bank	3,661.84	LIBOR + 69 bps	Not Applicable
	HDFC Bank	482.61	LIBOR + 190 bps	Not Applicable
	State Bank of India	2,789.30	LIBOR + 200 bps	Refer Note
	IDBI Bank	2,315.39	LIBOR + 190 bps	Refer Note
	Punjab National Bank	741.20	LIBOR + 185 bps	Refer Note
	Jammu & Kashmir Bank	770.88	LIBOR + 185 bps	Refer Note
	sub total	10,761.22		
Bank Loan	State Bank of India	2,000.00	11.50% p.a.	Refer Note
	IDBI Bank	2,500.00	12.00% p.a.	Refer Note
	Punjab National Bank	740.00	11.50% p.a.	Refer Note
	Jammu & Kashmir Bank	200.00	11.50% p.a.	Refer Note
	sub total	5,440.00		
Total Unsecured Loan		21,201.22		

Repayment Schedule

Secured Loans: All secured loans are payable within 1 year.

Unsecured Loans:

Particulars	Within Year 1	Within Year 1-3	Within Year 3-5	After 5 years
Buyers Credit	5,264.61	5,496.61	-	-
Term Loan	-	-	-	5,440.00
Inter Corporate Deposit	5,000.00	-	-	-
Total	10,264.61	5,496.61	-	5,440.00

Note: On June 29, 2009, the Company entered into secured term loan facility of \$140 million with India Infrastructure Finance Company (UK) Limited as lender and Rs. 55,690 million with a syndicate of banks, with SBI acting as a facility agent, to finance the costs of construction of its 2,400 MW thermal coal-based power facility in Jharsuguda in the State of Orissa. The facility is secured by, among other things, a first charge over the movable and immovable properties and tangible or intangible assets of the Company as well as charges over trust and retention bank accounts. The Company is in the process of meeting the pre drawal conditions to avail the loan.

The Company has drawn down Rs. 12,056.77 million as buyer's credit and short term facility as interim disbursement which will be converted into term loan facility under the syndication loan agreement. The term loan will be for 12 years bearing interest rate SBAR (State Bank of India advance rate)-25 basis points.

Annexure 9:
RESTATED UNCONSOLIDATED DETAILS OF CURRENT LIABILITIES & PROVISIONS

(Rs in Million)

Particulars	As At Sept 30, 2009	As At March 31,				
		2009	2008	2007	2006	2005
Current Liabilities						
Sundry Creditors -Capital Goods	7,909.92	6,135.40	1,195.67	-	-	-
Interest Accrued but not due on Loan	144.38	69.44	23.26	-	-	-
Cash Flow Derivative Liability	144.20	-	301.98	-	-	-
Other liabilities	42.30	36.82	32.25	92.57	0.10	0.75
Total	8,240.80	6,241.66	1,553.16	92.57	0.10	0.75
Provision						
Provision for Preference Dividend and Tax thereon	-	-	0.19	0.18	0.18	-
Provision for Tax (Net of advance)	-	-	-	-	-	0.28
Provision for Premium on Preference Shares Redemption	24.80	24.80	-	-	-	-
Total	24.80	24.80	0.19	0.18	0.18	0.28

Annexure 10:
**RESTATED UNCONSOLIDATED DETAILS OF ITEM OF OTHER INCOME WHICH EXCEED 20 PERCENT OF NET
PROFIT BEFORE TAX**

(Rs in Million)

Particulars	For six months ended Sept 30, 2009	For the Period Ended March 31,				
		2009	2008	2007	2006	2005
Other Income exceeding 20 percent of net profit before tax	141.10	-	-	3.50	16.91	2.64

(Rs in Million)

Source of Income	For six months ended Sept 30, 2009	For the Period Ended March 31,					Nature
		2009	2008	2007	2006	2005	
Interest received (Refer Note below)	-	-	-	1.82	16.88	2.59	Non recurring
Dividend received(Refer Note below)	-	-	-	1.68	0.03	0.05	Non recurring
Exchange gain, net	141.10	-	-	-	-	-	Non recurring
Total	141.10	-	-	3.50	16.91	2.64	

Note: The interest and dividend income is earned by temporary deployment of surplus funds raised for Project Expenditure.

**Annexure 11:
RESTATED UNCONSOLIDATED DETAILS OF CAPITAL WORK IN PROGRESS**

(Rs in Million)

Particulars	As At Sept 30, 2009	As At March 31,				
		2009	2008	2007	2006	2005
Leasehold Land and Site Development	445.77	263.66	182.14	220.40	18.54	14.05
Plant and Machinery	39,489.39	29,291.50	5,523.73	133.03	-	-
Water Pipeline	715.23	676.90	508.27	-	-	-
Railway Sidings	550.46	285.64	-	-	-	-
Transmission Line	303.77	245.98	-	-	-	-
Building and Civil Works	130.90	128.32	79.48	-	-	-
Advance for Capital Expenditures	11,870.82	7,067.69	9,045.43	5,708.45	-	-
Project Development Expenditure/(Income)	2,221.51	2,566.86	233.80	30.88	16.02	8.76
Total	55,727.85	40,526.55	15,572.85	6,092.76	34.56	22.81

Annexure 12:
RESTATED UNCONSOLIDATED DETAILS OF PROJECT DEVELOPMENT EXPENDITURE

(Rs in Million)

Particulars	As At Sept 30, 2009	As At March 31,				
		2009	2008	2007	2006	2005
Employees' remuneration and benefits :						
Share of Seconded Employees remuneration	45.66	64.36	27.30	6.77	0.21	0.11
Staff welfare	0.34	0.21	0.16	0.06	0.06	0.04
Administrative and general expenses :						
Advertisement	-	0.22	1.77	0.52	-	-
Auditors remuneration	-	2.21	1.57	0.11	-	-
Communication	0.40	0.75	0.44	0.06	-	-
Community development	-	0.69	0.22	0.10	-	-
Electricity	-	0.01	0.28	0.03	-	-
Legal and professional Charges	3.72	4.52	3.29	1.59	5.79	6.86
Office expenses	2.17	1.65	1.04	0.10	0.06	0.01
Rent, Rates and taxes	0.30	1.41	0.37	0.49	-	1.03
Tender fees	0.05	0.50	1.51	0.69	-	-
Travelling and conveyance	2.24	2.94	6.69	3.79	1.14	0.25
Vehicle hire charges	3.70	3.20	1.54	0.08	-	0.05
Miscellaneous expenses	6.73	6.23	3.88	0.26	-	0.41
Depreciation	1.20	2.07	1.23	0.01	-	-
Interest & Financial Expenses :						
Bank charges	70.35	61.36	72.38	0.08	-	-
Bank guarantee commission	26.86	32.45	23.57	10.03	-	-
Interest & Financial Charges	508.08	384.07	31.14	-	-	-
Exchange Differences	-	1,824.48	62.75	-	-	-
Total	671.80	2,393.33	241.13	24.77	7.26	8.76
Other Income :						
Interest Income	36.18	11.03	-	-	-	-
Dividend Income	17.71	48.83	38.21	9.91	-	-
Exchange Gain	960.60	-	-	-	-	-
Miscellaneous Income	2.66	0.41	-	-	-	-
Total	1,017.15	60.27	38.21	9.91	-	-
Net Project Development Expenditure/(Income) capitalized	(345.35)	2,333.06	202.92	14.86	7.26	8.76
Cumulative Net Project Development Expenditure/(Income) capitalized	2,221.51	2,566.86	233.80	30.88	16.02	8.76

**Annexure 13:
RESTATED UNCONSOLIDATED DETAILS OF RATES OF DIVIDEND PAID BY THE COMPANY**

(Rs in Million)

Class of Shares	Face Value (Rs/Share)	For six months ended Sept 30, 2009	For the Period Ended March 31,				
			2009	2008	2007	2006	2005
Equity Share Capital	10	11,864.94	11,864.94	11,864.94	4.94	4.94	4.94
Dividend		-	-	-	-	-	-
Dividend (%)		-	-	-	-	-	-
Preference Share Capital	10	8.03	8.03	8.03	8.03	8.03	7.88
Dividend		-	-	0.16	0.16	0.16	-
Tax on Dividend		-	-	0.03	0.02	0.02	-
Dividend (%)		-	-	2%	2%	2%	-

Note: No preference dividend is declared or paid for the period ending March 31, 2009 in the absence of profit.

**Annexure 14:
RESTATED UNCONSOLIDATED STATEMENT OF TAX SHELTER**

(Rs in Million)

Particulars		For six months ended Sept 30, 2009	For the Period Ended March 31,				
			2009	2008	2007	2006	2005
Profit/(Loss) before tax, as restated	A	141.10	(85.30)	-	3.50	16.81	2.60
Income tax rate (%)		33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
Tax at notional rate on profits		47.96	-	-	1.18	5.66	0.95
Less: Permanent Differences	B						
Dividend Income exempt u/s 10(34) of the Income Tax Act, 1961		-	-	-	(1.68)	(0.03)	(0.05)
Preliminary Expenses written off		-	-	-	-	-	0.02
Exchange difference & Other Expenditures related to asset cost		-	85.30	-	-	-	-
Deduction u/s 80IA of the Income Tax Act, 1961		(141.10)	-	-	-	-	-
Total Permanent Differences		(141.10)	85.30	-	(1.68)	(0.03)	(0.03)
Less: Timing Differences	C						
Expenses Disallowed u/s 40(a)(ia) of the Income Tax Act, 1961		-	-	-	-	(0.71)	0.71
Brought forward Loss		-	-	-	-	-	(0.77)
Total Timing Differences		-	-	-	-	(0.71)	(0.06)
Net Adjustments	B+C	(141.10)	85.30	-	(1.68)	(0.74)	(0.09)
Tax savings thereon	D	47.96	-	-	0.56	0.25	0.03
Taxable Income /(Loss)	E=A-(B+C)	-	-	-	1.82	16.07	2.51
Tax as per Normal Provision	F	-	-	-	0.61	5.41	0.92
Tax Deducted at Source / Advance tax		-	-	-	(0.41)	(5.79)	(0.69)
Interest u/s 234 of the Income Tax Act, 1961		-	-	-	0.01	0.06	0.08
Total Tax Payable		-	-	-	0.21	(0.32)	0.31

Note: The above statement has been prepared based on the tax computations for the respective years. The figures for the six months ended September 30, 2009 are based on the provisional computations of total income prepared by the Company and are subject to any changes that may be considered at the time of final filing of the return of income for the year ending March 31, 2010.

Annexure 15:
RESTATED UNCONSOLIDATED CAPITALIZATION STATEMENT AS AT SEPTEMBER 30, 2009

(Rs in Million)

Particulars	Pre Issue	Post Issue
Long Term Debt	10,936.61	
Short Term Debt	13,582.19	
Total Debt	24,518.80	-
Shareholders' Funds		
- Equity Share Capital (1,186,493,500 Equity Shares of Rs. 10 each fully paid up)	11,864.94	
- Preference Share Capital (803,230 2% Redeemable Cumulative Convertible Preference Shares of Rs. 10 each fully paid up)	8.03	
Reserves & Surplus		
- Security Premium	248.30	
- Profit & Loss A/c	70.26	
- Hedging Reserve	1,326.49	
Total Shareholders' Funds	13,518.02	-
Long Term Debt / Equity	0.81	
Total Debt / Shareholders' Funds	1.81	-

Notes:

1. Short term debts represents debts which are due within twelve months from September 30, 2009 and includes current portion of long term debt.
2. Long term debt represents debt other than short term debt, as defined above.
3. The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company as at September 30, 2009.
4. Long Term debt / Equity :
$$\frac{\text{Long Term Debt}}{\text{Shareholders' Funds}}$$
5. The corresponding post issue figure are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.
6. The above excludes share application money pending allotment.

Annexure 16:
RESTATED UNCONSOLIDATED STATEMENT OF ACCOUNTING RATIOS

(Rs in Million except for share data)

Particulars		As At Sept 30, 2009	As At March 31,				
			2009	2008	2007	2006	2005
Net Worth as per Unconsolidated Restated Statement of Assets & Liabilities		13,518.02	14,044.55	12,135.73	300.71	298.02	281.46
Add/(Less): MTM (Gain)/Loss on Derivative Instruments included in Hedging Reserve		144.20	(1,188.86)	-	-	-	-
Less: Preference share capital		(8.03)	(8.03)	(8.03)	(8.03)	(8.03)	(7.88)
Adjusted Net Worth (Refer Note 1)	A	13,654.19	12,847.66	12,127.70	292.68	289.99	273.58
Net Profit/(Loss) after tax as per Unconsolidated Restated Statement of Profit & Loss	B	141.10	(85.30)	-	2.88	11.31	1.60
Less: Preference Share Dividend & tax thereon		(0.08)	(0.16)	(0.19)	(0.18)	(0.18)	-
Net Profit as restated attributable to Equity Shareholders	C	141.02	(85.46)	(0.19)	2.70	11.13	1.60
Nominal Value Per Share (Rs.)		10.00	10.00	10.00*	100.00	100.00	100.00
Total number of shares outstanding at the end of the period	D	1,186,493,500	1,186,493,500	1,186,493,500	49,350	49,350	49,350
Weighted average number of equity shares outstanding during the period for Basic Earnings Per Share	E	1,186,493,500	1,186,493,500	478,142,815	49,350	49,350	49,350
Potential Weighted average number of equity shares outstanding during the period for Dilutive Earnings Per Share (Refer Note 2)	F	1,186,493,500	1,186,493,500	478,142,815	58,649,350	49,350	49,350
Basic Earnings per share (Rs.)	C/E	0.12	(0.07)	-	54.71	225.53	32.42
Diluted Earnings per share (Rs.)#	C/F	0.12	(0.07)	-	0.05	225.53	32.42
Return on Adjusted Net Worth (%)	C/A	1.03%	(0.67%)	-	0.92%	3.84%	0.58%
Net asset value per equity share (Rs.)	A/D	11.51	10.83	10.22	5,930.69	5,876.19	5,543.66

* The Company in its Extraordinary General Meeting held on October 27, 2007 and after obtaining the approval of the shareholders had increased and subdivided its Authorised Share Capital from Rs. 20,000,000 divided into 55,000 equity shares of Rs. 100 each and 145,000 preference shares of Rs. 100 each to 4,500,000,000 divided into 3,500,000,000 equity shares of Rs. 10 each and 1,000,000,000 preference shares of Rs. 10 each.

The terms of the preference shares provide for conversion into such number of equity shares of the Company at such premium as may be deemed appropriate by the Board of Directors. Since the conversion price is not determinable, preference shares have not been considered in computing dilutive earnings per share.

Note:

- For the purpose of calculating accounting ratios, Net worth as determined in Annexure 1 has been adjusted as disclosed.
- For computation of Dilutive EPS for the year 2006-07, Optionally Fully Convertible Debentures of Rs. 5,860 million has been assumed to be converted into 58.60 million Equity Shares of Rs. 100 each and added to the weighted average number of equity shares.

3. The ratios have been computed as below:

Basic Earnings per share (Rs.)	$\frac{\text{Net Profit/(Loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$
Diluted Earnings per share (Rs.)	$\frac{\text{Net Profit/(Loss) as restated, attributable to equity shareholders}}{\text{Potential Weighted average number of equity shares outstanding during the period}}$
Return on Adjusted Net worth (%)	$\frac{\text{Net Profit/(Loss) after tax, as restated}}{\text{Adjusted Net worth at the end of the period}}$
Net asset value per equity share (Rs.)	$\frac{\text{Adjusted Net worth}}{\text{Number of equity shares outstanding at the end of period}}$

4. The ratios are computed on the basis of the Restated Unconsolidated Financial Statements of the Company.

5. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

Annexure 17
List of Related party

a. Names of related parties and description of relation:

(i) Holding companies:		Immediate : Sterlite Industries (India) Limited (SIIL) Ultimate : Vedanta Resources Plc* : Volcan Investments Limited. : Vedanta Resources Holding Limited* : Twin Star Holding Limited*
(ii) Subsidiary		: Talwandi Sabo Power Limited
(iii) Fellow subsidiaries		: Hindustan Zinc Limited (HZL) Bharat Aluminium Company Limited(BALCO) The Madras Aluminium Company Limited Sterlite Opportunities and Ventures Limited * Copper Mines of Tasmania Pty Limited * Thalanga Copper Mines Pty Limited * Vedanta Aluminium Limited Konkola Copper Mines Plc * THL KCM Limited* KCM Holdings Limited* Sterlite Paper Limited * Monte Cello BV * Monte Cello NV (MCNV) Netherland Antilles* Fujariah Gold * Sesa Goa Limited * Sesa Industries Limited * Richter Holdings Limited * Westglobe Limited * Lakomasko BV, Netherland * Vedanta Resources Finance Limited * Vedanta Resources Cyprus Limited * Vedanta Finance Jersey Limited * Vedanta Resources Investment Limited * Welter Trading Limited * THL Aluminium Limited * Sterlite (USA) Inc* Finsider International UK * VS Dempo Private Limited* Goa Maritime Private Limited* Dempo Mining Corporation Limited*
(iv) Joint Venture		Rampia Coal Mines & Energy Pvt. Limited
(v) Key Managerial Personnel		Mr. Anil Agarwal* Mr. Navin Agarwal* Mr. K K Kaura* Mr. C V Krishnan* Mr. M. Siddiqi#
(vi) Others		Anil Agarwal Foundation Sterlite Foundation*

* No transaction with parties during the period.

No direct transaction, only debits have been received from SIIL in respect of remuneration

The related parties have been identified by the Company and relied upon by the auditors.

RESTATED UNCONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTION

(Rs in Million)

Particulars	For six months ended Sept 30, 2009	For the period ended March 31,				
		2009	2008	2007	2006	2005
Issue of Equity Shares						
-Sterlite Industries India Ltd.	-	-	11,860.00*	-	-	-
Share Application Money Received						
-Sterlite Industries India Ltd.	4,000.00	13,350.00	-	-	-	-
Issue of Preference Shares						
-Volcan Investment Limited (Amount received on behalf of Twinstar International Ltd)	-	-	-	-	-	13.52
Issue of Debentures						
-Sterlite Industries India Ltd.	-	-	1,650.00	5,860.00	-	-
Purchase / (Sales) of Fixed Assets						
-Vedanta Aluminium Ltd	7.74	(129.45)	0.51	-	-	-
Salary, Personnel services and Reimbursement of Expenses (net)						
-Sterlite Industries (India) Ltd.	23.15**	34.21**	29.97	7.15	0.28	0.15
-Bharat Aluminium Company Ltd.	0.04	-	(1.54)	0.87	-	-
-Madras Aluminum Company Ltd.	-	-	0.11	0.23	-	-
-Hindustan Zinc Ltd.	0.03	0.03	-	(0.04)	-	-
-Anil Agarwal Foundation	-	-	-	(0.17)	-	-
-Vedanta Aluminium Ltd	27.45	42.17	0.32	1.06	-	-
Inter Company Deposit and interest thereon						
-Vedanta Aluminium Ltd	-	-	507.88	-	-	-
-Sterlite Industries (India) Ltd	5,024.11	-	-	-	-	-
Repayment of Inter Company Deposit and Interest thereon						
-Vedanta Aluminium Ltd	-	-	(507.88)	-	-	-
Reimbursement of capital advance						
-Vedanta Aluminium Ltd	-	-	85.08	260.08	-	-
Loan Received & Repaid during the year						
-Sterlite Foundation	-	-	-	-	-	0.70
Investments						
-Rampia Coal Mines & Energy Pvt. Ltd. Talwandi Sabo Power Ltd [Including (Refund)/Paid] towards Share Application Money	-	5.22	5.22	-	-	-
	(280.00)	3,900.50	-	-	-	-

Balances at the Period End						
Issue of Equity Shares						
-Sterlite Industries (India) Ltd.	-	-	11,864.94	4.94	-	-
Share Application Money Received						
-Sterlite Industries (India) Ltd.	17,350.00	13,350.00	-	-	-	-
Issue of Debentures						
-Sterlite Industries (India) Ltd.	-	-	-	5,860.00	-	-
Inter Company Loan						
-Sterlite Industries (India) Ltd.	5,000.00	-	-	-	-	-
Debit/(Credit) balance outstanding						
-Sterlite Industries (India) Ltd.	(31.03)	(4.43)	(6.42)	(7.15)	-	-
-Bharat Aluminium Company Ltd	(0.04)	-	-	0.09	-	-
-Madras Aluminum Company Ltd.	-	-	-	-	-	-
-Hindustan Zinc Ltd	-	-	-	-	-	-
-Anil Agarwal Foundation	-	-	-	-	-	-
-Vedanta Aluminium Ltd	(0.64)	(4.26)	-	(85.08)	-	-
Guarantees Given						
-Talwandi Sabo Power Ltd	1,839.68	1,839.68	-	-	-	-
-Rampia Coal Mines & Energy Pvt. Ltd.	221.74	221.74	-	-	-	-
Investments						
-Rampia Coal Mines & Energy Pvt. Ltd.	10.44	10.44	5.22	-	-	-
-Talwandi Sabo Power Ltd	3,620.50	3,900.50	-	-	-	-

Note:

* Issue of Equity shares includes conversion of debentures

**Includes Rs. 10.09 million (2009:Rs. 13.5 million & 2008: Rs. 14.62 million) paid as remuneration to key managerial personnel

AUDITORS REPORT ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

To,

The Board of Directors,
Sterlite Energy Limited,
232, Solitaire Corporate Park,
Chakala, Andheri (East),
Mumbai 400 093,
Maharashtra, India

Dear Sirs,

Re: Proposed initial public offer of equity shares having a face value of Rs. 10/- each for cash, at an issue price to be arrived at by the book building process (referred as the 'Offer').

We have examined the consolidated financial information of Sterlite Energy Limited ('the Company' or 'the Issuer') and its subsidiaries (the Company and its subsidiaries constitute 'the Group') described below in A and B and annexed to this report for the purpose of inclusion in the Draft Red Herring Prospectus ("the DRHP"). The consolidated financial information has been prepared in accordance with the requirements of paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ('SEBI') –Issue of Capital and Disclosure Requirements) Regulation, 2009 (the 'ICDR Regulations') notified on August 26, 2009, the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India ('ICAI') and terms of engagement agreed upon by us with the Company. The consolidated financial information has been prepared by the Company and approved by its Board of Directors.

A. Consolidated Financial Information as per Audited Consolidated Financial Statements:

We have examined:

- a) the attached consolidated restated statements of Assets and Liabilities, as at six month period ended September 30, 2009 and financial year ended March 31, 2009,(Annexure 1);
- b) the attached consolidated restated statements of profit and loss, for the six month period ended September 30, 2009 and financial year ended March 31, 2009 (Annexure 2);
- c) the attached consolidated restated statements of cash flow, for the six month period ended September 30, 2009 and financial year ended March 31, 2009 (Annexure 3);
- d) the significant accounting policies adopted by the Company as at and for the period six months ended September 30, 2009 and notes to the Summary Statements (Annexure 4);

- together referred to as the 'Consolidated Restated Summary Statements'.

The Consolidated Restated Summary Statements have been extracted from audited consolidated financial statements of the Company as at and for the year ended March 31, 2009 and as at and for the period ended September 30, 2009, which have been approved by the Board of Directors.

Based on our examination and in accordance with the aforesaid requirements of the Act, ICDR Regulations and terms of engagement agreed by us with the Company, we state that:

- i) the consolidated restated assets and liabilities of the Group as at September 30, 2009 and March 31, 2009 are as set out in Annexure 1, which have been arrived at after making such material adjustments and regroupings as, in our opinion were appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- ii) the consolidated restated profits/losses of the Group for the six month period ended September 30, 2009 and financial year ended March 31, 2009 are as set out in Annexure 2, which have been arrived at after making such

material adjustments and regroupings as, in our opinion were appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;

- iii) the consolidated restated cash flows of the Group for the six month period ended September 30, 2009 and financial year ended March 31, 2009 are as set out in Annexure 3, which have been arrived at after making such material adjustments and regroupings as, in our opinion were appropriate, and are to be read with the significant accounting policies and notes thereon in Annexure 4;
- iv) We, for the financial year ended March 31, 2009 did not audit the financial statements of a joint venture whose financial statements reflect the Group's share of total assets of Rs. 10.44 Millions as at March 31, 2009, total revenues of Rs. nil for the year ended March 31, 2009. These financial statements have been audited by other auditors whose report have been furnished to us, and our opinion, is based solely on their reports. The other auditors had not reported on the joint venture's cash flow amounting to Rs 7.37 million. We have relied upon the unaudited cash flow statement as provided by the Company's management for the purposes of our examination of the Consolidated Restated Summary Statement of the group.
- v) We, for the six month period ended September 30, 2009 did not audit the financial statements of a joint venture whose financial statements reflect the Group's share of total assets of Rs. 10.44 Millions as at September 30, 2009, total revenues of Rs. NIL million for the period ended September 30, 2009 and net cash flows amounting to Rs. 1.67 million for the period ended September 30, 2009. We have relied upon the unaudited financial statements as provided by the Company's Management for the purpose of our examination of Consolidated Restated Summary Statements of the group.
- vi) The Consolidated Restated Summary Statements have been restated with retrospective effect to reflect the Significant Accounting Policies adopted by the Company as at September 30, 2009;
- vii) there are no extra-ordinary items in any of the financial statements that need to be disclosed separately in the Restated Consolidated Summary Statements.

B. Other Consolidated Financial Information as per Audited Consolidated Financial Statements:

We have also examined the following consolidated financial information relating to the Company, which is based on the Consolidated Restated Summary Statements / audited consolidated financial statements and approved by the Board of Directors for the purpose of inclusion herein:

- a) Consolidated restated fixed assets schedule (Annexure 5).
- b) Consolidated restated details of Investments, (Annexure 6)
- c) Consolidated restated details of Loans and Advances (Annexure 7)
- d) Consolidated restated details of loans taken (Annexure 8)
- e) Consolidated restated details of Current Liabilities and Provisions (Annexure 9)
- f) Consolidated restated details of Other Income (Annexure 10)
- g) Consolidated restated details of Capital Work In Progress (Annexure 11)
- h) Consolidated restated details of Project Development Expenditure (Annexure 12)
- i) Consolidated restated details of Rates of Dividend Paid by the Company (Annexure 13)
- j) Consolidated restated Statement of Tax Shelter (Annexure 14)
- k) Consolidated restated Capitalization Statement (Annexure 15)
- l) Consolidated restated statement of Accounting Ratios (Annexure 16)

m) Consolidated restated Statement of Related Party Transaction (Annexure 17).

In our opinion, the consolidated financial information of the Company attached to this report, as mentioned in paragraph (B) above, read with significant accounting policies and notes as annexed to this report, and after making such adjustments as are considered appropriate, has been prepared in accordance with Part II (B) of Schedule II of the Act and the ICDR Regulations.

This report should not in any way be construed as a reissuance or redating of the previous audit report by the other firm of Chartered Accountants nor should this be construed as a new opinion on any of the financial statements referred to herein.

We did not perform audit tests for the purposes of expressing an opinion on individual balances or summaries of selected transactions, and accordingly, we express no such opinion thereon.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed public offering of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Deloitte Haskins & Sells**
Chartered Accountants

Khurshed Pastakia
Partner
Membership No.: 31544
Mumbai
Date: October 29, 2009

Annexure 1:
CONSOLIDATED RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs in Million)

Particulars		As at Sept 30, 2009	As at March 31, 2009
A	Fixed Assets		
	Gross Block	104.98	104.55
	Less: Accumulated Depreciation/Amortisation	5.95	4.01
	Net Block	99.03	100.54
	Capital Work in Progress (including capital advances)	59,303.82	44,088.75
	Total	59,402.85	44,189.29
B	Investments	520.54	2,275.19
C	Current Assets, Loans and Advances		
	Cash and Bank balances	3,441.58	1,964.33
	Loans and Advances	294.60	1,196.91
	Total	3,736.18	3,161.24
	Total Assets (A+B+C)	63,659.57	49,625.72
D	Liabilities and Provisions		
	Loan Funds		
	Secured Loans	3,317.58	1,998.10
	Unsecured Loans	21,201.22	13,952.67
	Current Liabilities and Provisions		
	Current Liabilities	8,247.95	6,255.60
	Provisions	24.80	24.80
	Total	32,791.55	22,231.17
E	Share Application Money Pending Allotment	17,350.00	13,350.00
F	Net Worth [(A+B+C) – D-E]	13,518.02	14,044.55
	Represented by:		
	Share Capital		
	-Equity Shares	11,864.94	11,864.94
	-Preference Shares	8.03	8.03
	Reserves & Surplus		
	- Securities Premium	248.30	248.30
	- Hedging Reserve	1,326.49	1,994.12
	- Profit & Loss A/c	70.26	(70.84)
	NET WORTH	13,518.02	14,044.55

Note:

- The above statement should be read with the Significant Accounting Policies and Notes to Consolidated Restated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
- Negative Figures have been shown in brackets.

**Annexure 2:
CONSOLIDATED RESTATED STATEMENT OF PROFIT & LOSS**

(Rs in Million)

	Particulars	For the Period Ended	
		Sept 30,2009	March 31,2009
A	Income		
	Other Income	141.10	9.47
	Total Income	141.10	9.47
B	Expenditures		
	Administrative and General Expenses	-	94.77
	Total Expenditures	-	94.77
C	Profit / (Loss) before Tax	141.10	(85.30)
D	Provision For Tax	-	-
	Net Profit / (Loss) after Tax	141.10	(85.30)
E	Balance brought forward from Previous Year	(70.84)	14.46
	Balance carried forward to Next Year	70.26	(70.84)

Note:

- 1) The above statement should be read with the Significant Accounting Policies and Notes to Consolidated Restated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
- 2) Negative Figures have been shown in brackets.

Annexure 3:
CONSOLIDATED RESTATED STATEMENT OF CASH FLOW

(Rs in Million)

	Particulars	For the Period Ended	
		Sept 30,2009	March 31,2009
A	Cash Flow From Operating Activities		
	Net Profit/(Loss) before tax, as restated	141.10	(85.30)
	Adjusted for :		
	- Exchange Loss/(Gain)	(57.56)	49.21
	- Provision for Premium on Redemption of Preference Shares	-	24.80
	Operating Profit before working capital Changes	83.54	(11.29)
	Direct taxes paid	-	-
	Net cash from operating activities	83.54	(11.29)
B	Cash Flow From Investing Activities		
	Purchase of Fixed Assets including Intangible Assets, Capital Work in Progress and Preoperative Expenses.	(15,637.88)	(22,784.56)
	Sale of Fixed Assets	-	19.25
	Movement in:		
	- Loans and advances	(262.49)	(2.01)
	- Current liabilities	2,153.23	3,799.69
	Investment in Subsidiary	-	(0.50)
	(Purchase)/Sale of current investments (Including dividend reinvestment)	1,757.26	(1,312.18)
	Investment in FDR	-	(0.10)
	Interest Income	36.18	25.90
	Dividend Income	20.13	52.90
	Net Cash From Investing Activities	(11,933.57)	(20,201.61)
C	Cash Flow From Financing Activities		
	Proceeds From/(Refund of) share application money	4,000.00	13,350.00
	Proceeds from /(Repayment of) borrowings (net)	9,222.33	7,994.44
	Interest and finance charges paid	(560.52)	(433.39)
	Dividend including tax thereon	-	(0.19)
	Rollover Gain/(Loss)	665.47	805.28
	Net Cash From Financing Activities	13,327.28	21,716.14
	Net (Decrease)/Increase In Cash And Cash Equivalents (A+B+C)	1,477.25	1,503.24
	Opening Cash and Cash Equivalents	1,964.23	460.99
	Closing Cash and Cash Equivalents	3,441.48	1,964.23

Notes to Cash Flow Statements:

- The above statement should be read with the Significant Accounting Policies and Notes to Consolidated Restated Statement of Assets and Liabilities, Profit and Loss Account and Cashflows.
- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.
- Net movement in working capital is considered part of Investing Activities as the Company is in project stage.
- Negative Figures have been shown in brackets.

Annexure 4:

Significant Accounting Policies and Notes to the Restated Consolidated Statement of Assets and Liabilities, Profit & Loss Account and Cash flows as at and for the period ended September 30, 2009 (“Restated Consolidated Summary Statements”)

1. Statement of Significant accounting policies:-

A. Basis of Consolidation:

The Consolidated Financial Statements relate to Sterlite Energy Limited (‘the Company’) and its 100% subsidiary company Talwandi Sabo Power Limited (TSPL) [incorporated in India] and 17.391% interest in joint venture of Rampia Coal Mines and Energy Private Limited [incorporated in India]. The Consolidated Financial Statements have been prepared on a line-by-line basis by adding together the value of like items of assets, liabilities, income and expenses and after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profit or loss. TSPL has become subsidiary with effect from September 1, 2008, and accordingly Consolidated Financial Statements have been presented first time for the year ended March 31, 2009.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements.

B. Significant accounting policy

(a) Basis of accounting:

The financial statements are prepared as a going concern under historical cost convention on an accrual basis and in accordance with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956, except for items covered under ‘Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement’ which have been measured using the principle laid down in that standard.

(b) Use of estimates:

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and the estimates are recognized in the period in which the results are known/ materialized.

(c) Fixed assets:

Fixed assets are stated at cost of acquisition/construction. Cost includes taxes, duties and other expenses incidental to acquisition/ construction.

(d) Expenditure During Construction Period:

All costs attributable to the construction of the project or incurred in relation to the project under construction, net of income, during the construction/pre-production period, are aggregated under Expenditure During Construction Period to be allocated to individual identified assets on completion.

(e) Borrowing cost:

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are considered as part of the qualified assets.

(f) Depreciation:

- i) Depreciation on fixed assets is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- ii) Amortization of leasehold land has been done in proportion to the period of the lease.

(g) Investments:

Current investments are stated at fair value.

(h) Foreign currency transactions:

- (i) Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction.

- (ii) All monetary items denominated in foreign currencies at the yearend are restated at the yearend rates.
- (iii) Exchange differences relating to long term monetary items falling under Accounting Standard 11 are accounted as under:
 - (a) in so far as they relate to the acquisition of a depreciable capital asset added to/ deducted from the cost of the asset and depreciated over the balance life of the asset
 - (b) in other cases accumulated such differences in "Foreign Currency Monetary Item Translation Difference Account" and amortised to the Profit and Loss Account over the balance life of the long term monetary item or March 31, 2011, whichever is shorter.

(i) Derivative Instruments :

In order to hedge its exposure to foreign currency risk, the Company enters into foreign currency forward contracts.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. Any cumulative gain or loss on the hedging instrument recognized in hedging reserve is kept in hedging reserve until the forecast transaction occurs. Amounts deferred to hedging reserve are recycled in the profit and loss account in the periods when the hedged item is recognized in the Profit and loss account or when the portion of the gain or loss is determined to be an ineffective hedge.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised directly in equity are removed, and are included in the initial cost or other carrying amount of the asset or liability.

(j) Taxation

Provision for current tax is made after taking into consideration rebate and relief available under the provisions of the Income Tax Act, 1961.

(k) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of economic resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

2. On June 29, 2009, the Company entered into secured term loan facility of \$140 million with India Infrastructure Finance Company (UK) Limited as lender and Rs. 55,690 million with a syndicate of banks, with SBI acting as a facility agent, to finance the costs of construction of its 2,400 MW thermal coal-based power facility in Jharsuguda in the State of Orissa. The facility is secured by, among other things, a first charge over the movable and immovable properties and tangible or intangible assets of the Company as well as charges over trust and retention bank accounts. As of September 30, 2009, the Company has drawn down Rs. 12,056.77 million as interim disbursement which will be converted into term loan facility under the syndication loan agreement after meeting all the drawal conditions.
3. The Company has subscribed to the memorandum of association of M/s Rampia Coal Mines & Energy Private Limited, a joint venture company incorporated in India under Companies Act, 1956 for the purpose of development of coal block. The Company has invested in 5,217,432 equity shares of Re. 1 each amounting to Rs. 5.22 million representing 17.391% of total equity share. As on September 30, 2009, 5,217,432 equity shares are pending for allotment.

The proportionate share of assets, liabilities, income and expenditure of the above joint venture company included in these consolidated financial statements are given below:

Particulars	(Rs. In Million)	
	September 30, 2009 (Un-audited)	March 31, 2009 (Audited by other auditors)
Assets		
Capital Work in Progress	7.48	5.83
Current Assets (including Loans and Advances)	3.01	4.68

	10.49	10.51
Liabilities		
Current Liabilities and Provisions	0.05	0.07
	0.05	0.07
Income & Expenditures	Nil	Nil

4. Based on an expert opinion, the Company has not provided for fringe benefit tax on various expenditures incurred on the construction of the project till March 31, 2009, since they are capitalized to the project and depreciated, when put to use. From April 1, 2009, the provisions under the Income Tax Act, 1961 relating to Fringe Benefit Tax were withdrawn. Accordingly no provision has been created for Fringe Benefit Tax for the half year ended September 30, 2009.
5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 82,896 million (March 2009: Rs. 27,496 million).

The Company has entered into an EPC contract for setting up 1,980 MW Independent Power Plant at Talwandi Punjab and has paid Rs. 4,937 million (March 2009: Rs. Nil) as mobilization advance. The estimated amount of contracts remaining to be executed on capital account under this contract as at September 30, 2009 is Rs. 64,577 million (March 2009: Rs. Nil) and included in the above disclosures. This contract may be assigned in future for execution of the project to Talwandi Sabo Power Limited, a subsidiary of the Company.

6. Contingent Liabilities

(Rs. In Million)			
	Particulars	September 2009	March 2009
1	Export Obligation against EPCG License taken for Import of Capital goods	58,678	45,658
2	Bank Guarantees provided under contractual/ legal obligations. No cash outflow is expected	2,205	2,205
3	Dividend on 2% Redeemable Cumulative Convertible Preference Shares (not provided in absence of profit)	0.16	0.16

There are around 200 land cases filed by the erstwhile owners of land for enhancement of compensation. The MANSA District Administration and Punjab State Electricity Board which acquired the land, is defending the case and TSPL has not been made party to these cases. There may be a liability on TSPL in the case of awards in favor of land owners.

7. Earnings per share (EPS): (Rs. In Million except for share data and EPS)

Earnings per share (EPS):	September 2009	March 2009
Net (Loss)/Profit for the year attributable to equity shareholders; before adjustment of dividend on preference shares	141.10	(85.30)
Less: Preference Share Dividend on Redeemable Cumulative Preference Shares	0.08	0.16
Net (Loss)/Profit for the year attributable to equity shareholders; after adjustment of dividend on preference shares	141.02	(85.46)
Nominal value per share	Rs. 10	Rs. 10
Weighted average number of equity shares for basic/diluted earnings	1,186,493,500	1,186,493,500
Basic/ diluted earnings per share (in Rs.)*	0.12	(0.07)

*The terms of the preference shares provide for conversion into such number of equity shares of the Company at such premium as may be deemed appropriate by the Board of Directors. Since the conversion price is not determinable, preference shares have not been considered in computing dilutive earnings per share.

8. Financial and Derivative Instruments

- a) Derivative contracts entered into by the Company and outstanding as at the balance sheet date:
For hedging currency risks: - Nominal amounts of outstanding derivatives contracts entered into by the Company, along with Marked to Market (MTM) loss/ (gain) as at the balance sheet date, are as follows:

(Rs. In Million)		
Year	Nominal Amount	MTM Loss/(Gain)

September 30, 2009	7,211	144
March 31, 2009	9,923	(1,189)

Derivative and financial instruments acquired by the Company are for hedging purposes only.

b) Un-hedged foreign currency exposure as at the balance sheet date is as under: -

Year	USD In Million	Rs. In Million
September 30, 2009	293	14,078
March 31, 2009	225	11,451

9. The company is engaged in setting up Independent Power Plant and its operations are in a single segment as defined by Accounting Standard 17 –“Segment Reporting”, issued by the Institute of Chartered Accountants of India.

10. Post Balance Sheet Events

Pursuant to the resolutions passed at its Board Meeting held on October 5, 2009, following changes have occurred in the Capital Structure of the Company

1. Of the total Share Application Money of Rs. 17,350 million, the Company has allotted 821,215 equity shares of Rs. 10 each, at a premium of Rs. 203 per share , aggregating to Rs. 174.92 million to Sterlite Industries (India) Limited, Promoter company. The balance share application money of Rs. 17,175.08 million has been converted into an unsecured inter-corporate deposit (ICD) from Sterlite Industries (India) Limited for a tenure of 1 year with an option to roll over. The ICD carries interest rate 8% p.a. for the 1st year payable quarterly, with reset at the end of period as per prevailing market rates.
2. The Company has redeemed 803,230 2% Redeemable Cumulative Convertible Preference Shares of Rs.10 each issued to Twinstar Infrastructure Limited at a price of Rs.350 per share against the call option available with the Company.

Annexure 5a:
CONSOLIDATED RESTATED FIXED ASSETS SCHEDULE AS AT SEPT 30, 2009

(Rs in Million)

Particulars	Gross Block					Depreciation					Net Block
	As at 01-Apr-09	Additions due to acquisition	Additions during the Period	Deletion during the period	As at Sept 30,2009	As at 01-Apr-09	Additions due to acquisition	Additions during the Period	Deletion during the period	As at Sept 30,2009	As At Sept 30,2009
Freehold Land	0.29	-	-	-	0.29	-	-	-	-	-	0.29
Leasehold Land	85.66	-	-	-	85.66	1.90	-	0.48	-	2.38	83.28
Buildings	5.72	-	-	-	5.72	0.28	-	0.57	-	0.85	4.86
Office Equipment	3.01	-	0.18	-	3.19	0.70	-	0.16	-	0.86	2.33
Furniture and Fixtures	5.06	-	-	-	5.06	0.33	-	0.16	-	0.49	4.57
Computer and Laptops	3.42	-	-	-	3.42	0.75	-	0.25	-	1.00	2.42
Vehicle	1.39	-	-	-	1.39	0.05	-	0.07	-	0.12	1.28
Temporary Structures	-	-	0.25	-	0.25	-	-	0.25	-	0.25	-
Total	104.55	-	0.43	-	104.98	4.01	-	1.94	-	5.95	99.03

Annexure 5b:
CONSOLIDATED RESTATED FIXED ASSETS SCHEDULE AS AT MARCH 31, 2009

(Rs in Million)

Particulars	Gross Block					Depreciation					Net Block
	As at 01-Apr-08	Additions due to acquisition	Additions during the year	Deletion during the year	As at March 31,2009	As at 01-Apr-08	Additions due to acquisition	Additions during the year	Deletion during the year	As at March 31,2009	As At March 31,2009
Freehold Land	0.29	-	-	-	0.29	-	-	-	-	-	0.29
Leasehold Land	104.91	-	-	19.25	85.66	1.17	-	0.73	-	1.90	83.76
Buildings	-	-	5.72	-	5.72	-	-	0.28	-	0.28	5.44
Office Equipment	0.23	0.31	2.55	0.08	3.01	0.01	0.03	0.67	0.01	0.70	2.31
Furniture and Fixtures	0.82	0.29	4.04	0.09	5.06	0.01	0.03	0.30	0.01	0.33	4.73
Computer and Laptops	0.45	0.55	2.70	0.28	3.42	0.05	0.18	0.60	0.08	0.75	2.68
Vehicle	-	-	1.39	-	1.39	-	-	0.05	-	0.05	1.34
Temporary Structures	-	-	-	-	-	-	-	-	-	-	-
Total	106.70	1.15	16.40	19.70	104.55	1.24	0.24	2.63	0.10	4.01	100.54

**Annexure 6:
CONSOLIDATED RESTATED DETAILS OF INVESTMENT**

(Rs in Million)

Particulars	As at Sept 30,	As at March 31,
	2009	2009
1.LONG TERM INVESTMENT UNQUOTED	-	-
Sub Total	-	-
2.CURRENT INVESTMENTS		
Birla Sunlife Cash Fund	-	450.15
Birla Sunlife Saving Fund	195.44	
Tata Liquid Super Fund	-	350.13
Reliance Liquid Fund	-	481.28
ICICI Prudential Institutional Liquid Plan	52.11	413.56
Kotak Liquid Institutional Fund	22.30	-
UTI Money Market Fund	-	235.05
HDFC Liquid Fund	2.81	-
HDFC Cash Management Fund	-	91.24
ICICI Prudential Flexible Income Plan	200.76	117.25
Tata Floater Fund	22.96	27.45
Reliance Medium Term Fund	24.16	109.08
Sub Total	520.54	2,275.19
Total	520.54	2,275.19

**Annexure 7:
CONSOLIDATED RESTATED DETAILS OF LOANS & ADVANCES**

(Rs in Million)

Particulars	As at Sept 30,	As at March 31,
	2009	2009
Secured, Considered Good	-	-
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received	12.49	1.44
Income Tax/ TDS (Net of Provision)	13.62	5.44
Security / Other deposits	0.41	0.47
Cash Flow Derivative Liability	-	1,188.86
Syndication & Borrowing Fees	266.91	
Others	1.17	0.70
Total	294.60	1,196.91

Note: No loans and advances have been made to the promoter group.

**Annexure 8:
CONSOLIDATED RESTATED DETAILS OF LOANS TAKEN**

(Rs in Million)

SECURED LOANS

Particulars	As at Sept 30,	As at March 31,
	2009	2009
Buyer's Credit	3,317.58	1,998.10
TOTAL	3,317.58	1,998.10

(Rs in Million)

UNSECURED LOANS

Particulars	As at Sept 30,	As at March 31,
	2009	2009
Buyer's Credit	10,761.22	9,452.67
Inter Company Deposit from Sterlite Industries (India) Limited*	5,000.00	-
Term Loan	5,440.00	4,500.00
TOTAL	21,201.22	13,952.67

* Sterlite Industries (India) Limited is a promoter company of Sterlite Energy Limited

**Annexure 8a:
LOAN DETAILS AS AT SEPTEMBER 30, 2009**

Particulars	Name of Lender	Amount (Rs. in millions)	Interest Rate	Security
Secured Loan				
Buyers Credit	State Bank of India	3,317.58	LIBOR + 200 bps	Secured against Fixed Deposit of Rs. 3,390 million (Current value of FD - 3,416.61 million).
Total Secured Loan		3,317.58		
Unsecured Loan				
Inter Company Deposit	Sterlite Industries (India) Limited- Promoter Company	5,000.00	8.00% p.a.	Not Applicable
	sub total	5,000.00		
Buyers Credit	ICICI Bank	3,661.84	LIBOR + 69 bps	Not Applicable
	HDFC Bank	482.61	LIBOR + 190 bps	Not Applicable
	State Bank of India	2,789.30	LIBOR + 200 bps	Refer Note
	IDBI Bank	2,315.39	LIBOR + 190 bps	Refer Note
	Punjab National Bank	741.20	LIBOR + 185 bps	Refer Note
	Jammu & Kashmir Bank	770.88	LIBOR + 185 bps	Refer Note
	sub total	10,761.22		
Term Loan	State Bank of India	2,000.00	11.50% p.a.	Refer Note
	IDBI Bank	2,500.00	12.00% p.a.	Refer Note
	Punjab National Bank	740.00	11.50% p.a.	Refer Note
	Jammu & Kashmir Bank	200.00	11.50% p.a.	Refer Note
		5,440.00		
Total Unsecured Loan		21,201.22		

Repayment Schedule

Secured Loans: All secured loans are payable within 1 year.

Unsecured Loans:

Particulars	Within Year 1	Within Year 1-3	Within Year 3-5	After 5 year
Buyers Credit	5,264.61	5,496.61	-	-
Term Loan	-	-	-	5,440.00
Inter Company Deposit	5,000.00			
Total	10,264.61	5,496.61	-	5,440.00

Note: On June 29, 2009, the Company entered into secured term loan facility of \$140 million with India Infrastructure Finance Company (UK) Limited as lender and Rs. 55,690 million with a syndicate of banks, with SBI acting as a facility agent, to finance the costs of construction of its 2,400 MW thermal coal-based power facility in Jharsuguda in the State of Orissa. The facility is secured by, among other things, a first charge over the movable and immovable properties and tangible or intangible assets of the Company as well as charges over trust and retention bank accounts. The Company is in the process of meeting the pre drawal conditions to avail the loan.

The Company has drawn down Rs. 12,056.77 million as buyer's credit and short term facility as interim disbursement which will be converted into term loan facility under the syndication loan agreement. The term loan will be for 12 years bearing interest rate SBAR (State Bank of India advance rate)-25 basis points.

Annexure 9:
CONSOLIDATED RESTATED DETAILS OF CURRENT LIABILITIES & PROVISIONS

(Rs in Million)

Particulars	As at Sept 30,	As at March 31,
	2009	2009
Current Liabilities		
Sundry Creditors -Capital Goods	7,910.14	6,139.93
Interest Accrued but not due on Loan	144.38	69.44
Cash Flow Derivative Liability	144.20	-
Other liabilities	49.23	46.23
Total	8,247.95	6,255.60
Provision		
Provision for Premium on Preference Shares Redemption	24.80	24.80
Total	24.80	24.80

Annexure 10:
**CONSOLIDATED RESTATED DETAILS OF ITEM OF OTHER INCOME WHICH EXCEED 20 PERCENT OF NET
PROFIT BEFORE TAX**

(Rs in Million)

Particulars	For the Period Ended	
	Sept 30,2009	March 31,2009
Other Income exceeding 20 percent of net profit before tax	141.10	-

(Rs in Million)

Sources of Income	Sept 30,2009	March 31,2009	Nature
Exchange gain, net	141.10	-	Non recurring
Total	141.10	-	

**Annexure 11:
CONSOLIDATED RESTATED DETAILS OF CAPITAL WORK IN PROGRESS**

(Rs in Million)

Particulars	As at Sept 30,	As at March 31,
	2009	2009
Leasehold Land and Site Development	3,567.33	3,385.22
Plant and Machinery	39,489.40	29,291.51
Water Pipeline	715.23	676.90
Railway Sidings	550.46	285.64
Transmission Line	303.77	245.98
Building and Civil Works	143.98	128.36
Advance for Capital Expenditures	11,903.45	7,108.40
Project Development Expenditure/(Income)	2,630.20	2,966.74
Total	59,303.82	44,088.75

**Annexure 12:
CONSOLIDATED RESTATED DETAILS OF PROJECT DEVELOPMENT EXPENDITURE**

(Rs in Million)

Particulars	As at Sept 30,	As at March 31,
	2009	2009
Employees' remuneration and benefits		
Share of Seconded Employees remuneration	50.02	125.33
Staff welfare	0.43	0.55
Administrative and general		
Advertisement	-	10.13
Auditors remuneration	0.34	4.32
Communication	0.57	1.77
Community development	0.02	1.40
Electricity	0.13	0.85
Insurance	-	0.04
Legal and professional Charges	4.50	168.75
Office expenses	2.54	4.78
Rent, Rates and taxes	0.30	7.26
Tender fees	0.05	2.70
Travelling and conveyance	2.57	18.53
Vehicle hire charges	4.04	6.86
Miscellaneous	6.20	13.04
Depreciation	1.94	4.11
Security Expenses	0.92	1.32
Survey Expenses	-	0.49
Loss on sale of Fixed Assets	-	0.25
Interest & Financial Expenses		
Bank charges	73.52	136.66
Bank guarantee commission	26.86	66.05
Interest & Financial Charges	508.08	652.59
Exchange Differences	-	1,887.23
Total	683.03	3,115.01
Other Income		
Interest	36.18	46.83
Dividend on units of mutual fund	20.13	101.03
Exchange Gain	960.60	-
Misc Income	2.66	0.41
Total	1,019.57	148.27
Net Project Development Expenditure/(Income) Capitalized	(336.54)	2,966.74
Cumulative Net Project Development Expenditure/(Income) Capitalized	2,630.20	2,966.74

Note: Negative Figures have been shown in brackets.

**Annexure 13:
CONSOLIDATED RESTATED DETAILS OF RATES OF DIVIDEND PAID BY THE COMPANY**

(Rs in Million)

Class of Shares	Face Value (Rs/Share)	For the Period Ended	
		Sept 30,2009	March 31,2009
Equity Share Capital	10	11,864.94	11,864.94
Dividend		-	-
Dividend (%)		-	-
Preference Share Capital	10	8.03	8.03
Dividend		-	-
Tax on Dividend		-	-
Dividend (%)		-	-

Note: No Preference dividend is declared or paid for the period ending March 31, 2009 in the absence of profit

Annexure 14:
CONSOLIDATED RESTATED STATEMENT OF TAX SHELTER

(Rs in Million)

Particulars		For six months ended Sept 30, 2009	For the Year Ended March 31, 2009
Profit/(Loss) before tax, as restated	A	141.10	(85.30)
Income tax rate (%)		33.99%	33.99%
Tax at notional rate on profits		47.96	-
Less: Permanent Differences	B		
Exchange difference & Other Expenditures related to asset cost		-	85.30
Deduction u/s 80IA of the Income Tax Act, 1961		(141.10)	-
Total Permanent Differences		(141.10)	85.30
Less: Timing Differences	C		
Expenses Disallowed u/s 40(a)(ia) of the Income Tax Act, 1961		-	-
Brought forward Loss		-	-
Total Timing Differences		-	-
Net Adjustments	B+C	(141.10)	85.30
Tax savings thereon		47.96	-
Taxable Income /(Loss)	D=A- (B+C)	-	-
Tax as per Normal Provision	E	-	-
Tax Deducted at Source / Advance tax		-	-
Interest u/s 234 of the Income Tax Act, 1961		-	-
Total Tax Payable		-	-

Notes:

- Under Indian Direct Tax regime, companies are subject to Income tax on unconsolidated basis. There is no concept of tax consolidation or group relief in India. The above statement has been prepared based on line by line consolidation of tax computations for respective years of each company considered for consolidation.
- The figures for the six months ended September 30, 2009 are based on the provisional computations of total income prepared by the companies considered for consolidation; and are subject to any changes that may be considered at the time of final filing of the return of income for the year ending March 31, 2010.

Annexure 15:

CONSOLIDATED RESTATED CAPITALIZATION STATEMENT AS AT SEPTEMBER 30, 2009

(Rs in Million)

Particulars	Pre Issue	Post Issue
Long Term Debt	10,936.61	
Short Term Debt	13,582.19	
Total Debt	24,518.80	-
Shareholders' Funds		
- Equity Share Capital (1,186,493,500 Equity Shares of Rs. 10 each fully paid up)	11,864.94	
- Preference Share Capital (803,230 2% Redeemable Cumulative Convertible Preference Shares of Rs. 10 each fully paid up)	8.03	
Reserves & Surplus		
- Security Premium	248.30	
- Profit & Loss A/c	70.26	
- Hedging Reserve	1,326.49	
Total Shareholders' Funds	13,518.02	-
Long Term Debt / Equity	0.81	
Total Debt / Shareholders' Funds	1.81	-

Notes:

- Short term debts represents debts which are due within twelve months from September 30, 2009
- Long term debt represents debt other than short term debt, as defined above.
- The figures disclosed above are based on the Consolidated Restated summary statement of assets and liabilities of the company as at September 30, 2009
- Long Term debt / Equity :
$$\frac{\text{Long Term Debt}}{\text{Shareholders' Funds}}$$
- The corresponding post issue figure are not determinable at this stage pending the completion of the Book Building Process and hence have not been furnished.
- The above excludes share application money pending allotment.

Annexure 16:
CONSOLIDATED RESTATED STATEMENT OF ACCOUNTING RATIO

(Rs in Million)

Particulars		As At Sept 30, 2009	As At March 31, 2009
Net Worth as per Consolidated Restated Statement of Assets & Liabilities		13,518.02	14,044.55
Add/(Less): MTM (Gain)/Loss on Derivative Instruments included in Hedging Reserve		144.20	(1,188.86)
Less: Preference share capital		(8.03)	(8.03)
Adjusted Net Worth (Refer Note 1)	A	13,654.19	12,847.66
Net Profit/(Loss) after tax as per Consolidated Restated Statement of Profit & Loss	B	141.10	(85.30)
Less: Preference Share Dividend		(0.08)	(0.16)
Net Profit as restated attributable to Equity Shareholders	C	141.02	(85.46)
Nominal Value Per Share (Rs.)		10.00	10.00
Total number of shares outstanding at the end of the period	D	1,186,493,500	1,186,493,500
Weighted average number of equity shares outstanding during the period for Basic Earnings Per Share	E	1,186,493,500	1,186,493,500
Potential Weighted average number of equity shares outstanding during the period for Dilutive Earnings Per Share (Refer Note 2)	F	1,186,493,500	1,186,493,500
Basic Earnings per share (Rs.)	C/E	0.12	(0.07)
Diluted Earnings per share (Rs.)#	C/F	0.12	(0.07)
Return on adjusted Net Worth (%)	C/A	1.03%	(0.67%)
Net asset value per equity share (Rs.)	A/D	11.51	10.83

The terms of the preference shares provide for conversion into such number of equity shares of the Company at such premium as may deem appropriate by the Board of Directors. Since the conversion price is not determinable, preference shares have not been considered in computing dilutive earnings per share.

Note:

- For the purpose of calculating accounting ratios, Net Worth as determined in annexure 1 has been adjusted as disclosed.
- The ratios have been computed as below:

Basic Earnings per share (Rs)	$\frac{\text{Net Profit/(Loss) as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period}}$
Diluted Earnings per share (Rs)	$\frac{\text{Net Profit/(Loss) as restated, attributable to equity shareholders}}{\text{Potential Weighted average number of equity shares outstanding during the period}}$
Return on adjusted net worth (%)	$\frac{\text{Net Profit/(Loss) after tax, as restated}}{\text{Adjusted Net Worth at the end of the period}}$
Net asset value per equity share (Rs.)	$\text{Adjusted Net Worth} / \text{Number of equity shares outstanding at the end of the period}$
- The ratios are computed on the basis of the Consolidated Restated Financial Statements of the Company.
- Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India.

Annexure 17: List of Related party

a. Names of related parties and description of relation:

(i) Holding companies:

Immediate : Sterlite Industries (India) Limited
Ultimate : Vedanta Resources Plc*
: Volcan Investments Limited*
: Vedanta Resources Holding Limited*
: Twin Star Holding Limited*

(ii) Fellow subsidiaries

: Hindustan Zinc Limited
Bharat Aluminium Company Limited
The Madras Aluminium Company Limited
Sterlite Opportunities and Ventures Limited *
Copper Mines of Tasmania Pty Limited *
Thalanga Copper Mines Pty Limited *
Vedanta Aluminium Limited
Konkola Copper Mines Plc *
THL KCM Limited*
KCM Holdings Limited*
Sterlite Paper Limited *
Monte Cello BV *
Monte Cello NV (MCNV) Netherland Antilles*
Fujariah Gold *
Sesa Goa Limited
Sesa Industries Limited *
Richter Holdings Limited *
Westglobe Limited *
Lakomasko BV, Netherland *
Vedanta Resources Finance Limited *
Vedanta Resources Cyprus Limited *
Vedanta Finance Jersey Limited *
Vedanta Resources Investment Limited *
Welter Trading Limited *
THL Aluminium Limited *
Sterlite (USA) Inc*
Finsider International UK *
VS Dempo Private Limited*
Goa Maritime Private Limited*
Dempo Mining Corporation Limited*

(iii) Key Managerial Personnel

Mr. Anil Agarwal*
Mr. Navin Agarwal*
Mr. K K Kaura*
Mr. C V Krishnan*
Mr. M. Siddiqi#

(iv) Others

Anil Agarwal Foundation*
Sterlite Foundation*

* No transaction with parties during the period.

No direct transaction, only debits have been received from SIIL in respect of remuneration

The related parties have been identified by the Company and relied upon by the auditors.

CONSOLIDATED RESTATED STATEMENT OF RELATED PARTY TRANSACTION

(Rs in Million)

Particulars	For the period ended	
	Sept 30,2009	March 31,2009
Share Application Money Received		
-Sterlite Industries India Ltd.	4,000.00	13,350.00
Inter Company Loan		
-Sterlite Industries (India) Ltd	5,000.00	-
Interest on above ICD	24.11	-
Purchased/(sale) of Fixed Assets		
-Vedanta Aluminium Ltd	7.74	(129.45)
Salary, Personnel services and Reimbursement of Expenses (net)		
-Sterlite Industries (India) Ltd.**	22.23	42.17
-Bharat Aluminium Company Ltd	(0.65)	-
-Madras Aluminum Company Ltd.	(0.98)	0.22
-Hindustan Zinc Ltd.	(0.52)	0.80
-Vedanta Aluminium Ltd	27.40	42.46
-Sesa Goa Ltd	(0.27)	-
Balances at the Year End		
Share Application Money		
-Sterlite Industries (India) Ltd	17,350.00	13,350.00
Inter Company Loan		
-Sterlite Industries India Ltd.	5,000.00	-
Debit/(Credit) balance outstanding		
-Sterlite Industries (India) Ltd	(30.83)	(4.43)
-Bharat Aluminium Company Ltd	0.41	-
-Madras Aluminum Company Ltd.	0.98	-
-Hindustan Zinc Ltd.	0.23	-
-Vedanta Aluminium Ltd	(0.64)	(4.26)
-Sesa Goa Ltd	0.05	-

**Includes Rs 10.09 millions (2009:Rs. 13.50 millions) paid as remuneration to key managerial personnel

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition, results of operations and cash flows should be read together with our restated unconsolidated and consolidated financial statements prepared in accordance with Indian GAAP, the accounting standards prescribed by the ICAI and the relevant provisions of the Companies Act, including the notes, schedules and annexures thereto, and other financial data appearing elsewhere in this Draft Red Herring Prospectus. Our restated unconsolidated and consolidated financial statements have been derived from our audited unconsolidated and consolidated financial statements, respectively.

Our historical financial statements as well as the following discussion are of limited value to a prospective investor in evaluating our prospects or deciding whether to purchase our Equity Shares as we currently do not any operating power projects and therefore do not derive any income from our operations. This Draft Red Herring Prospectus must be considered in light of the risks and uncertainties inherent in new business ventures. Additionally, investors should not evaluate our prospects and viability based on the performance of our Promoter or any of the Group Entities. See "Risk Factors" on page xiii.

The following discussion is based on our restated consolidated financial statements, as of and for the fiscal years ended March 31, 2009, 2008 and 2007 and six month period ended September 30, 2009. Our fiscal year ends on March 31 of each year.

The financial information as of and for the six month period ended September 30, 2009 and fiscal 2009 reflects the acquisition of TSPL and therefore such results are not comparable to the results for prior fiscal years and periods. In addition, prior to the acquisition of TSPL on September 1, 2008, we did not have any subsidiaries and therefore our financial statements for fiscal 2005, 2006, 2007 and 2008 are unconsolidated.

Some of the statements in the following discussion are forward-looking statements. See "Forward-Looking Statements" on page xi. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could impact our financial condition, results of operations and cash flows, including those set forth elsewhere in this Draft Red Herring Prospectus, under "Risk Factors" on page xiii, and those set forth below.

Overview

We are a company engaged in the commercial power generation business in India and we are currently developing two thermal power projects in Jharsuguda, Orissa and Talwandi, Punjab, respectively, with a combined proposed installed capacity of 4,380 MW. We intend to sell the power generated from these projects under a combination of long-term and short term PPAs to industrial consumers and state owned utility companies and on merchant basis. We are part of the Vedanta Group, a leading metals and mining group in India, and a subsidiary of one of the Vedanta Group's flagship companies, Sterlite Industries.

We leverage on the experience of the Vedanta Group in building and managing captive power plants to develop, operate and manage our power projects. The Vedanta Group has been building and managing captive power plants since 1997 and, as of September 30, 2009, the total capacity of its captive power plants and wind power plants was approximately 2,464 MW of which approximately 2,259 MW was from thermal power plants. The Vedanta Group is currently constructing power plants with an installed capacity of 6,380 MW and expects to have power plants with a capacity of approximately 3,334 MW operational by the end of fiscal 2010. In August 2006, the shareholders of our Promoter, Sterlite Industries approved a new strategy for Sterlite Industries to enter into the commercial power generation business in India, in order to leverage on Sterlite Industries' experience in building and managing captive power plants used to support its primary copper, zinc and aluminium businesses. Sterlite Industries acquired all of the outstanding Equity Shares and operational control of our Company in October 2006. Vedanta has indicated to us that all future commercial power generation projects in India to be undertaken by the Vedanta Group will be developed by our Company.

We are developing a sub-critical thermal power plant, with a power generation capacity of 2,400 MW (comprising four units of 600 MW each) at Jharsuguda in the State of Orissa at an estimated cost of approximately Rs. 82,000 million. This project is expected to be progressively commissioned with the first unit expected to be commissioned in the fourth quarter of fiscal 2010 and the project is expected to be fully commissioned in the third quarter of fiscal 2011. The power plant would require approximately 12.49 mtpa of

coal. The State of Orissa has abundant coal resources estimated at 65.23 billion tons as of April 1, 2009 according to the Geological Survey of India 2009. We intend to source a portion of the fuel for this project from the Rampia Coal Blocks in the State of Orissa, which have been jointly allocated to us together with five other companies. Our proportionate share from these coal blocks is estimated at 112.22 million tons which we believe would meet the coal requirements to produce 1,000 MW of power for approximately 22 years. Pending the development of the Rampia Coal Blocks, we intend to source 2.57 mtpa of coal, which is expected to meet a substantial portion of the coal requirements of the first 600 MW unit of the power plant, from the coal linkage provisionally assured to us by MCL in June 2008. We have applied to the MOC for a coal linkage to meet a substantial portion of the remaining coal requirement for the balance three units. On September 28, 2006, we entered into a long-term PPA with GRIDCO, a nominee of the State Government of Orissa, which was amended in August 2009, granting GRIDCO the right to purchase approximately up to 718 MW from the Jharsuguda Power Project over a period of 25 years.

In July 2008, we were awarded the tender to build a 1,980 MW (comprising three units of 660 MW each) super-critical thermal power plant near Talwandi Sabo, in the State of Punjab, India, by the Government of Punjab. This project is expected to be progressively commissioned with the first unit of 660 MW expected to be commissioned in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. The estimated cost of the project is approximately Rs. 93,200 million. The power plant would require approximately 7.90 mtpa of coal. In August 2008, we secured a coal linkage from MCL, pursuant to which MCL has provisionally agreed to supply 7.72 mtpa of coal. We have applied to the MOC for an increase in the allocation of linkage allotted to meet our remaining requirement. In September 2008, we entered into a long-term PPA with the PSEB, pursuant to which PSEB has agreed to purchase 1,841.40 MW of power from this project.

We have acquired the land for the construction of the main plants and have awarded turnkey EPC contracts to SEPCO and its affiliates on a fixed price and term basis for both our power projects. We believe that by leveraging our management's experience in building and managing captive power plants and mining we can compete successfully in the commercial power generation business and capitalize on what we believe is a significant growth opportunity in India. For example, the State of Punjab has a power deficit of approximately 10.56% in fiscal 2009 according to the Northern Regional Power Committee of the Government of India. We intend to capitalize on attractive growth opportunities arising from factors including, India's economic growth, power deficit, large coal reserves and large and inexpensive labour pools. For details, see "*Industry*" on page 51.

Significant Factors Affecting our Results of Operations

We are a company engaged in the commercial power generation business and we are currently developing two thermal power projects in India. Our financial condition and results of operations are affected by various factors, the following of which are of particular importance:

Development status of our power projects

Our Jharsuguda and Talwandi Power Projects are at different stages of development. The Jharsuguda Power Project is expected to be progressively commissioned with the first unit expected to be commissioned in the fourth quarter of fiscal 2010 and the project is expected to be fully commissioned in the third quarter of fiscal 2011. Commissioning of the Talwandi Power Project will be carried out in phases with the first unit expected to be commissioned in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. We expect to derive our income primarily from the sale of power to state-owned utility companies and industrial consumers after the power facilities are commissioned. The commissioning dates for our power projects are estimates and are subject to delay as a result of our delay or inability to obtain financing and numerous risks and uncertainties including, contractor performance shortfalls, unforeseen engineering problems, *force majeure* events, unanticipated cost increases and delays in obtaining government approvals, or securing fuel or water supplies, any of which could give rise to cost overruns or the termination of the development of our projects. The failure to complete the construction and development of the power facilities as planned, or in accordance with agreed specifications, could result in higher costs, penalties or liquidated damages, lower returns on capital or reduced future earnings, which could be partially offset by recoveries from EPC contractors.

Off-take arrangements and the terms of PPAs

We plan to sell power under long-term PPAs to state-owned utility companies and industrial consumers as well as merchant sales under short-term PPAs and on a spot basis. We believe that long-term off-take arrangements will provide a level of committed revenues while medium to short-term arrangements will enable us to realise higher tariff rates from time to time. Our existing long-term PPAs provide and the PPAs that may be entered into by us in future are expected to provide for among other things, pre-determined tariff and the amount of power we are obligated to sell. Tariff, in many cases, may also be regulated and the PPAs may contain limited price escalation provisions, which may have an adverse effect on our revenues. See “*Business – Summary of Our Current Commercial Power Generation Projects*” and “*History and Certain Corporate Matters–Material Agreements*” for a description of our off-take arrangements on pages 68 and 94, respectively.

Availability of cost effective funding

The development of power facilities is capital intensive and our plans for the development and construction of our power projects will require substantial capital expenditures, which we expect to fund through a combination of Net Proceeds of the Issue, additional debt and equity financing and, as the projects are completed, increasingly from our operating cash flows. To date, we have relied on equity capital contributions from our Promoter, Sterlite Industries, and well as loans from financial institutions and our Promoter to fund our business and we expect to continue to have limited or no operating cash flows in fiscal 2010 as the first 600 MW unit of the Jharsuguda Power Project is expected to be progressively commissioned in the fourth quarter of fiscal 2010. Our debt service costs as well as our overall cost of funding depend on many external factors, including developments in the regional credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Our current debt facilities carry interest at variable rates. The variable interest rates change when the underlying benchmark changes. As of September 30, 2009, Rs. 19,518.80 million of our total debt was subject to variable rates. We do not currently use any instruments such as interest rate swaps, options and other derivative instruments for the purposes of mitigating our exposure to interest rate risk. In view of the high debt to equity ratios of power project development companies, we believe that going forward the availability of cost effective funding will be crucial and the non-availability of such funding at favourable terms could affect our business, financial condition and results of operations. An increase in interest expense is likely to have an adverse effect on our financial results and also increase the project costs and cost of capital to us.

Availability, quality and price of fuel supply

The ability to source quality fuel at desirable prices, in light of electricity tariffs, is one of the key components in the success of our business. The coal requirement for the Jharsuguda Power Project is estimated to be approximately 12.49 mtpa. We have been jointly allocated the Rampia Coal Blocks in the State of Orissa. Our proportionate share in these coal blocks is estimated at 112.22 million tons, which we believe would meet the coal requirements for only 1,000 MW of the 2,400 MW total planned capacity for 22 years at the Jharsuguda Power Project. Pending the development of and the commencement of operations at the Rampia Coal Blocks, we have obtained a provisional assurance from the MCL for the supply of 2.57 mtpa of coal (E/F grade). Whilst we have applied to the MOC for a coal linkage to meet a substantial portion of the remaining coal requirement, there is no assurance that we will be able to secure coal linkage for the units pertaining to such capacity in a timely manner or at all.

The total requirement of coal for the Talwandi Power Project in Punjab is estimated at 7.90 mtpa. We propose to source coal from the mines of MCL in Orissa. MCL has issued a letter of assurance dated August 14, 2008 to us, provisionally assuring supply 7.72 mtpa of Grade E/F coal. We have approached the MOC for an increase in the allocation of linkage allotted, and there is no assurance that we will be able to secure such coal linkage in a timely manner or at all. The supply of coal from the MCL in respect to both our power projects is subject to the execution of fuel supply agreement, which is conditional upon us fulfilling various conditions. In event we are unable to meet these conditions in a timely manner or at all, or are unable to execute the fuel supply agreements, in a timely manner for meeting the coal requirements for both our power projects, it may have a material and adverse effect on our business, prospects and results of operations.

Failure to enter into fuel supply agreements in respect to our power projects in a timely manner or at all may require us to procure coal at a significantly higher spot price from the market for carrying out our operations. There can be no assurance that we will be able to obtain coal supplies both in sufficient quantities, acceptable quality and on commercially acceptable terms for proposed power plants.

Demand for power

The power sector in India has historically been characterized by power shortages that have consistently increased over time. According to the Central Electricity Authority, in the period from April 2009 to June 2009, peak energy deficit was estimated to be at 12.3%. Although recent reports indicate that the GDP growth rate in fiscal 2010 is likely to be lower than 8.0%, we believe that the overall demand for power is likely to remain similarly unaffected. However, our revenues from merchant sales and our expansion plans will be affected by changes in demand for power in India.

The growth of the power industry in India as well as our business is dependent on stable government policies and prudent regulations. Power generation has historically been the domain of the central and state governments, and has been constrained by various factors such as shortages of public funding, political considerations and issues of transparency and accountability. Changes in government policies have facilitated the entry of private capital into the Indian power industry and have led to rapid growth in the sector. For example, the Government of India has expressed a “*Power for All by 2012*” objective, and has enacted legislations in 1991, and again in 2003, designed to increase private sector participation in the Indian power sector. Further, the government’s focus has also led to an increase in captive power generation capacity in India. For further details, see the section “*Industry*” on page 51.

Availability and cost of land

The success of our business is dependent on, among other things, the availability and cost of procuring land for its power projects. For the Jharsuguda Power Project, we have already acquired 296.01 acres of land on a long-term leasehold basis required for the construction and erection of the main plant. In addition, we will require another 543.49 acres of land for an ash pond, rehabilitation and residential township, which is in the process of being acquired. For the Talwandi Power Project, we have already acquired 2,113 acres of land on a freehold basis required for the construction and erection of the main plant. In addition, we will require another 274 acres of land for railway siding and water intake channel. Our financial condition depends, in part, on obtaining affordable land in close proximity to fuel sources and proper power evacuation facilities where it can construct and operate its power projects. Any government regulations that restrict the availability of land or increased competition for land may therefore adversely affect our operations.

Engineering, procurement and construction costs

Our existing contracts with our EPC contractors for the Jharsuguda Power Project and Talwandi Power Project are fixed price arrangements. For further details on EPC contracts see “*History and Certain Corporate Matters—Material Agreements*” on page 94. We believe that any significant increase in power generation projects under development in India will increase demand for third-party contractors and construction materials, which may affect the terms of our future construction contracts. The supply and price of construction materials will also depend on additional factors not under our control, including general economic conditions, competition, production levels, transportation costs and import duties.

Availability of infrastructure for evacuation

Evacuation or “wheeling” power from our power plants to our consumers poses significant challenges due to transmission constraints. We will construct transmission lines connecting our power projects at Jharsuguda and Talwandi to state utility and central utility sub-stations for evacuation of power. If such transmission lines are not made available by the time our power plants are ready to commence operation or it incurs significant transmission costs over its estimates, our financial position and results of operations may be adversely affected.

Compliance with environmental laws and regulations

Our power projects are subject to central and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. In case of any change in environmental or pollution laws and regulations, we may be required to incur significant costs on, among other things, environmental monitoring, pollution control equipment and emissions management. In addition, failure to comply with environmental laws may result in the assessment of penalties and fines against us by regulatory authorities.

Macroeconomic conditions

Our results of operations may be materially affected by conditions in the global capital markets and the economy generally in India and elsewhere around the world. As widely reported, financial markets in the United States, Europe and Asia, including India, have been experiencing extreme disruption in recent months, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. These and other related events, such as the recent collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit and the confidence of the financial markets, globally as well as in India.

Weak economic conditions in the markets, or a reduction in consumer spending even if economic conditions improve, could adversely impact our business and results of operations in a number of ways, including increased costs. Furthermore, as a result of the current tightening of credit in financial markets, our suppliers and contractors may experience serious cash flow problems and as a result, may delay delivery of our orders and this may in turn delay completion of our projects. All of these factors may significantly affect our business and results of operations. See “*Risk Factors*” on page xiii.

Critical Accounting Policies

Our financial statements are prepared under the historical cost convention on accrual and on a going concern basis, in compliance with the accounting standards issued by the ICAI, in accordance with Indian GAAP and the provisions of the Companies Act. The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

The critical accounting policies that are relevant and specific to our business and operations are described below:

Fixed assets

Fixed assets are stated at cost of acquisition/construction. Cost includes taxes, duties and other expenses incidental to acquisition/ construction.

Expenditure during construction period

All costs attributable to construction of project or incurred in relation to project under construction, net of income, during the construction/pre-production period, are aggregated under “Expenditure During Construction Period” to be allocated to individual identified assets on completion.

Borrowing cost

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are considered as part of the qualified assets.

Depreciation

Depreciation on fixed assets is provided on straight-line method at rates specified in Schedule XIV to the Companies Act. Amortization of leasehold land has been done in proportion to the period of lease.

Investments

Current investments are stated at fair value.

Foreign currency transactions

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transaction. All monetary items denominated in foreign currencies at the year end are restated at year end rates.

Exchange differences relating to long term monetary items falling under AS-11 are accounted as under:

- in so far as they relate to the acquisition of a depreciable capital asset added to/ deducted from the cost of the asset and depreciated over the balance life of the asset;
- in other cases accumulated such differences in "Foreign Currency Monetary Item Translation Difference Account" and amortised such difference to the Profit and Loss Account over the balance life of the long term monetary item or March 31, 2011, whichever is shorter.

Derivative Instruments

In order to hedge its exposure to foreign currency risk, we enter into foreign currency forward contracts.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. Any cumulative gain or loss on the hedging instrument recognized in hedging reserve is kept in hedging reserve until the forecast transaction occurs. Amounts deferred to hedging reserve are recycled in the profit and loss account in the periods when the hedged item is recognized in the profit and loss account or when the portion of the gain or loss is determined to be an ineffective hedge.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised directly in equity are removed, and are included in the initial cost or other carrying amount of the asset or liability.

Taxation

Provision for current tax is made after taking into consideration rebate and relief available under the provisions of the Income Tax Act, 1961.

Provision, Contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of economic resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

Results of Operations

The following table sets forth selected financial data from our restated profit and loss statement.

Particulars	<i>(Rs. in millions)</i>			
	Six month period ended September 30, 2009	Fiscal 2009	Fiscal 2008	Fiscal 2007
Income				
Income from Operations	-	-	-	-
Other Income	141.10	9.47	-	3.50
Total Income	141.10	9.47	-	3.50
Expenditures				
Operating Expenses	-	-	-	-
Personnel Expenses	-	-	-	-
Administrative and General Expenses	-	94.77	-	-
Depreciation/Amortization	-	-	-	-
Total Expenditure	-	94.77	-	-
Net Profit/ (Loss) after Tax	141.10	(85.30)	-	2.88

Income

We are currently developing two thermal power projects in Jharsuguda in the State of Orissa and Talwandi Sabo in the State of Punjab. We expect to derive our income primarily from the sale of power from the completed power plants under long-term PPAs to state-run utility companies and industrial consumers well as merchant sales under short-term PPAs and on a spot basis. The Jharsuguda Power Project is expected to be progressively commissioned with the first unit expected to be commissioned in the fourth quarter of fiscal 2010 and the project is expected to be fully commissioned in the third quarter of fiscal 2011. Commissioning of the Talwandi Power Project will be carried out in phases with the first unit expected to be commissioned in the fourth quarter of fiscal 2013 and all the three units are expected to be progressively commissioned by the second quarter of fiscal 2014. Currently, none of our power plants are in operation and, as a result, we do not have any income from operations.

Operating Expenditure

Once a power project commences commercial operation, we expect our expenses for that project to comprise consist primarily of the fixed costs associated with operating the power project (principally interest, depreciation, and O&M costs), and variable costs associated with fuel procurement.

Expenses related to and incurred during the development of a power project are included under capital work in progress on our balance sheet and which are allocated to the respective project upon completion of its construction. These include expenses incurred in relation to our employees, depreciation, interest and administrative expenses. Certain preliminary and miscellaneous expenses such as legal and professional fees, which cannot be specifically assigned to a particular project, are included under administrative and general expenses.

Six month period ended September 30, 2009

Total Income. Our income from operations was nil and other income was Rs. 141.10 million for the six month period ended September 30, 2009. The other income consisted of a gain arising on account of our foreign exchange transactions. Our total income for the six month period ended September 30, 2009 was Rs. 141.10 million.

Total Expenditure. We did not incur any expenditure in the six month period ended September 30, 2009 which was not directly attributable to power projects under development.

Net profit (loss). Our net profit after tax was Rs. 141.10 million for the six month period ended September 30, 2009.

Fiscal 2009

Total Income. Our income from operations was nil and other income was Rs. 9.47 million for fiscal 2009. The other income consisted of a gain arising on account of our foreign exchange transactions. Our total income for fiscal 2009 was Rs. 9.47 million.

Total expenditure. Our total expenditure was Rs. 94.77 million for fiscal 2009 primarily due to expenses which are not directly attributable to power projects under development. This was primarily due to losses arising on account of foreign exchange transactions of Rs. 57.56 million, administrative expenses of Rs. 12.41 million not attributable to power projects under development such as legal and professional fees, and a provision for redemption of the RCCPS of Rs. 24.80 million.

Net profit (loss). Our net loss after tax was Rs. 85.30 million for fiscal 2009.

Fiscal 2008

We did not have any income from operations or other income during fiscal 2008. Further, we incurred expenditure only in connection with the development of the Jharsuguda Power Project which was accounted for in our balance sheet as "Capital work in progress".

Fiscal 2007

Total Income. Our income from operations was nil and other income was Rs. 3.50 million for fiscal 2007. The other income consisted of a gain arising on account of our foreign exchange transactions. Our total income for fiscal 2007 was Rs. 3.50 million.

Total expenditure. We incurred expenditure only in connection with the development of the Jharsuguda Power Project which was carried to the balance sheet as “Capital work in progress”.

Net profit (loss). Our net profit after tax was Rs. 2.88 million for fiscal 2007.

Liquidity and Capital Resources

The business of power generation is capital intensive. Our plans for the development and construction of our power projects will require substantial capital expenditures. The estimated costs of the Jharsuguda Power Project and the Talwandi Power Project are Rs. 82,000 million and Rs. 93,200 million, respectively. We intend to finance approximately 70% of the cost of the power projects through third-party debt and loans from our Promoter, Sterlite Industries, and 30% through equity contributions from our Promoter and the Net Proceeds of this Issue. As of the date hereof, we have obtained firm financing arrangements of approximately Rs. 61,500 million through debt and equity financing and as of October 6, 2009, we had spent Rs. 49,577 million. The balance is expected to be funded by additional equity contributions from our Promoter and from the Net Proceeds of this Issue. For details, see “*Financial Indebtedness*” and “*Objects of the Issue*” on pages 190 and 31, respectively. However, recent global market and economic conditions have increased the cost of and decreased the availability of credit and adversely affected the financial markets and economy in India. See “*Risk Factors*” on page xiii. As a result, we cannot be certain that we will be able to obtain cash from shareholder contributions to our share capital or external financing sources on favourable terms, or at all. We intend to partially satisfy our future capital requirements from our cash flows from operations once our power projects are completed and start to generate positive cash flows.

We expect to have limited or no operating cash flows in fiscal 2010 as the first 600W unit of the Jharsuguda Power Project is expected to be progressively commissioned starting in the fourth quarter of fiscal 2010. However, there can be no assurance that we will generate profit or positive cash flows in the future.

Cash Flows

The following table sets forth a summary of our cash flows as of and for the six months ended September 30, 2009:

Particulars	<i>(Rs. in millions)</i>			
	Six month period ended September 30, 2009	Fiscal 2009	Fiscal 2008	Fiscal 2007
Net Cash From / (Used In) Operating Activities	83.54	(11.29)	(0.22)	-
Net Cash From / (Used In) Investing Activities	(11,933.57)	(20,201.61)	(7,629.95)	(5,685.91)
Net Cash From / (Used In) Financing Activities	13,327.28	21,716.13	7,715.07	5,565.95
Net Increase / (Decrease) in Cash and Cash Equivalents	1,477.25	1,503.24	84.90	(119.96)

Cash in the form of bank deposits, current account balances and cash on hand represents our cash and cash equivalents.

Operating Activities. Net cash from our operating activities for the six month period ended September 30, 2009 was Rs. 83.54 million and our operating profit before working capital changes was Rs. 83.54 million. There were no direct taxes paid.

Our operating loss before working capital changes for fiscal 2009 was Rs. 11.29 million and the net cash used in our operating activities for fiscal 2009 was Rs. 11.29 million. There were no direct taxes paid.

Net cash used in our operating activities for fiscal 2008 was Rs. 0.22 million and there was no operating loss before working capital changes. The difference was attributable to Rs. 0.22 million in direct taxes paid.

We did not incur or generate cash from our operating activities in fiscal 2007 as we were primarily engaged in developing our Jharsuguda Power Project and our expenses were related to project development and reflected on our balance sheet.

Investing Activities. Net cash used in investing activities was Rs. 11,933.57 million for the six month period ended September 30, 2009. This was primarily due to Rs. 15,637.88 million of fixed assets purchased in the six month period ended September 30, 2009 for purchases of plant and machinery, such as boilers, turbines as well as other parts, fixtures, and site development and civil construction costs for the Jharsuguda Power Project. We also made a payment of Rs. 4,937.51 million in connection with our EPC contract for the Talwandi Power Project. This was offset by a change in current liabilities, primarily capital creditors, of Rs. 2,153.23 million and proceeds of Rs. 1,757.26 million sale (net of purchases) of current investments.

Net cash used in investing activities was Rs. 20,201.61 million for fiscal 2009, primarily as a result of purchases of plant and machinery, such as boilers, turbines, as well as site development and civil construction costs for the Jharsuguda Power Project. We also utilized Rs. 3,577 million for the Talwandi Power Project, primarily in connection with the purchase of land, in fiscal 2009. In addition, we purchased (net of sales) current investments of Rs. 1,312.18 million in the same period. This was offset to a certain extent due to change in current liabilities, primarily capital creditors, in the amount of Rs. 3,799.69 million.

Net cash used in investing activities was Rs. 7,629.95 million for fiscal 2008, primarily as a result of purchases of plant and machinery, as well as other parts and fixtures and site development and civil construction costs incurred for the Jharsuguda Power Project. We also purchased current investments (net of sales) of Rs. 877.29 million in fiscal 2009, which were offset to the extent of Rs. 1,155.88 million on account of a change in current liabilities, primarily capital creditors, in the same period.

Net cash used in investing activities was Rs. 5,685.91 million for fiscal 2007, primarily as a result of site development and purchases of plant and machinery, such as boilers, turbines as well as other parts and fixtures for the Jharsuguda Power Project. This was offset by proceeds of Rs. 104.71 million from sale (net of purchase) of current investments.

Financing Activities. Net cash generated from financing activities was Rs. 13,327.28 million for the six month period ended September 30, 2009, primarily as a result of proceeds from borrowings (net of repayment) of Rs. 9,222.33 million and share application money from our Promoter, Sterlite Industries, of Rs. 4,000 million. We also accounted for a gain of Rs. 665.47 million as a result of our foreign currency forward contracts.

Net cash generated from financing activities was Rs. 21,716.14 million for fiscal 2009, primarily as a result of proceeds from borrowings (net of repayments) of Rs. 7,994.44 million and share application money from our Promoter, Sterlite Industries, of Rs. 13,350 million. We also accounted for a gain of Rs. 805.28 million as a result of our foreign currency forward contracts.

Net cash generated from financing activities was Rs. 7,715.07 million for fiscal 2008, primarily as a result of share application money from our Promoter, Sterlite Industries, of Rs. 11,860.00 million. This was offset to a certain extent by repayment of borrowings of Rs. 2,813.30 million, as well as a loss arising as a result of our foreign currency forward contracts of Rs. 1,202.81 million.

Net cash generated from financing activities was Rs. 5,565.95 million for fiscal 2007, primarily as a result of proceeds from borrowings of Rs. 5,849.34 million.

Fixed Assets

As of September 30, 2009, we had Rs. 59,402.85 million of fixed assets, comprising of Rs. 59,303.82 million of capital work in progress and Rs. 99.03 million of tangible assets. Capital work in progress was primarily on account of purchases of land, plant and machinery, such as boilers, turbines as well as other parts and fixtures, site development and civil construction costs for the Jharsuguda Power Project and the Talwandi Power Project. The tangible assets of the Company comprise of land, plant and machinery, office equipment, furniture and fixtures, computers and vehicles.

Planned Capital Expenditure

Our principal capital requirements are capital expenditures for the development and construction of our power projects. The proposed capital expenditures for our projects are set forth below for the periods indicated:

(Rs. in millions)

Name of the Project	Fiscal Year					Total
	2010	2011	2012	2013	2014	
Jharsuguda Power Project	9,157	29,800	1,980	-	-	40,937
Talwandi Power Project	51	13,372	23,923	36,264	11,076	84,686
Total	9,208	43,172	25,903	36,264	11,076	125,623

Contractual obligations

The table below sets out our total future commitments to settle contractual obligations as of March 31, 2009.

(Rs. in millions)

Name of the Project	Fiscal Year					Total
	2010	2011	2012	2013*	2014*	
Indebtedness	12,067	3,884	-	-	-	15,951
Lease obligation	-	-	-	-	-	-
EPC obligation**	15,940	8,270	-	-	-	24,210
Other Purchase and other obligation	2,730	400	-	-	-	3,130
Total	30,737	12,554	-	-	-	43,291

*As of March 31, 2009, there were no existing contractual obligations for payments becoming due in fiscal 2012, 2013 and 2014

** For details of EPC contracts entered into our Company after March 31, 2009, see "History and Certain Corporate Matters" on page 91.

Indebtedness

Our total outstanding indebtedness as of September 30, 2009 was Rs. 24,518.80 million, which includes secured loans of Rs. 3,317.58 million and unsecured loans of Rs. 21,201.22 million. On October 5, 2009, we also converted share application money in the amount of Rs. 17,175.08 million received from our Promoter, Sterlite Industries, into an unsecured loan for an equal amount. For further details, see "Financial Indebtedness" on page 190.

Contingent Liabilities

The following table provides our contingent liabilities as of September 30, 2009:

(Rs. In Millions)

Particulars	As at September 30, 2009
1 Export Obligation against EPCG License taken for import of capital goods	58,678
2 Bank Guarantees provided under contractual/ legal obligations	2,205
3 Dividend on 2% Redeemable Cumulative Convertible Preference Shares (not provided in absence of profit)	0.16

There are around 200 land cases filed by the erstwhile owners of land for enhancement of compensation. The MANSA District Administration and PSEB which acquired the land, is defending the case and TSPL has not been made party to these cases. There may be a liability on TSPL in the case of awards in favor of land owners.

We have availed benefits of concessional customs duty and applicable cess while importing capital goods for our power projects. While Sterlite Industries is permitted to discharge the arising export obligation on our behalf, we intend to discharge a portion of the export obligation pursuant to sale of power from our Jharsuguda Power Project to the special economic zone, being set up by Vedanta Aluminium.

If any or all of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Transactions with Related Parties

We have entered into certain transactions with our Promoter and Group Entities. For further details please refer to the section titled “***Related Party Transactions***” on page 120.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk, foreign exchange risk, inflation and commodity risk. We are exposed to different degrees of these risks in the normal course of our business.

Interest Rate Risk

As of September 30, 2009, Rs. 19,518.80 of our indebtedness was subject to floating rates of interest linked to six-month LIBOR or the State Bank of India prime lending rate (“**PLR**”) and are thereby exposed to changes in interest rates. In addition, the interest rates for our indebtedness are subject to periodic resets. See “***Financial Indebtedness***” on page 190. Upward fluctuations in interest rates increase the cost of our borrowings. The following table illustrates the impact of a 0.5% to 2.0% movement in interest rates on interest payable on our loans for fiscal 2009:

(Rs. in millions)

Movement in interest rates	
0.5%	98
1.0%	195
2.0%	390

We do not currently use any instruments such as interest rate swaps, options and other derivative instruments for the purposes of mitigating our exposure to interest rate risk.

Foreign Exchange Risk

While substantially all of our revenues will be denominated in rupees, we have incurred and expect to incur expenditure and indebtedness denominated in currencies other than rupees for the development of our power projects. For example, we will be required to make certain payments in U.S. Dollars to SEPCO and its affiliates as per the terms of the EPC contractors for development and establishment of our power projects. Any depreciation of the rupee against the currency in which we have an exposure will increase the rupee costs to us of servicing and repaying our expenditure and indebtedness.

We use foreign currency hedging instruments to manage the volatility associated with foreign currency payments due within one year. At September 30, 2009, we had currency forward contracts to purchase and sell USD 150.10 million of currencies, principally the U.S. Dollar. Our unhedged foreign currency exposure as of September 30, 2009 was USD 293 million.

Price of Fuel

As our power projects enter commercial operation, we will be dependent upon our suppliers for coal. See “—***Significant Factors Affecting Results of Operations***” on page 179. Any increase in the market price of coal could have an adverse impact on our results of operations if we are unable to pass on the increase in cost to our customers.

Other Qualitative Factors

Significant Developments occurring after September 30, 2009

On October 5, 2009, our Company redeemed the RCCPS outstanding and availed a short term loan of Rs. 17,175.08 million from our Promoter. We also an in-principle sanction letter from State Bank of India for a term loan of Rs. 25,000 million. Sterlite Industries, the Promoter of the Company, has given a guarantee dated October 19, 2009 that it shall arrange or provide up to Rs. 18,000 million in financing the Talwandi Power Project in the event the Company is unable to arrange debt financing for that amount. Except as stated above and otherwise stated in this Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since September 30, 2009, the date of the last financial statements contained in this Draft Red Herring Prospectus, have arisen which have materially and adversely affected or are likely to affect our business, results of operations, profitability, the value of our assets or our ability to pay our material liabilities within the next 12 months.

Unusual or Infrequent Events or Transactions

Other than as described in this Draft Red Herring Prospectus, there have been no events or transactions which may be described as “unusual” or infrequent”.

Known Trends or Uncertainties

Other than as described in the sections titled “***Risk Factors***”, and this section, to the best of our knowledge there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

New Product or Business Segment

Other than as described in the section titled “***Our Business***” on page 63, we do not have new products or business segments.

Seasonality of Business

Our revenues and results may be affected by seasonal factors. For example, inclement weather, such as the monsoon season, may delay or disrupt the development of our power projects undergoing construction at such times. Further, some of our prospective power consumers may have businesses which may be seasonal in nature and a downturn in demand for power by such consumers could reduce our revenue during such periods.

Dependence on a Single or Few Suppliers or Customers

We will depend on a few customers for the sale of power to be generated by our power projects. In addition, we have entered into EPC contacts with SEPCO for both the Jharsuguda Power Project and the Talwandi Power Project. For additional details, please refer to the sections titled “***Risk Factors***”, “***Our Business***” and “***History and Certain Corporate Matters***” on pages xiii, 63 and 91, respectively,

Competitive Conditions

For further details, please refer to the discussions of our Company’s competition in the sections titled “***Risk Factors***”, “***Our Business***” and “***Industry***” on pages xiii, 63 and 51, respectively.

FINANCIAL INDEBTEDNESS

The total outstanding amount as on September 30, 2009, with respect to the financial borrowings of our Company was Rs. 24,518.80 million. Set forth below is a brief summary of our current significant financing arrangements as on the date of this Draft Red Herring Prospectus.

A. Secured Loans

S.No.	Name of the Lender	Facility	Repayment Terms
1.	State Bank of India, IDBI Bank Limited, Punjab National Bank, Andhra Bank, United Bank of India, Life Insurance Corporation of India, Syndicate Bank, Tamilnad Mercantile Bank Limited, Bank of India, Canara Bank, Union Bank of India, Corporation Bank, Allahabad Bank, Oriental Bank of Commerce, UCO Bank, Jammu and Kashmir Bank Limited, Central Bank of India and The Bank of Rajasthan Limited.	Term loan of Rs. 55,690 million pursuant to Common Rupee Loan Agreement dated June 29, 2009.	The term loan is required to be repaid in 48 quarterly instalments, starting from six months after the date of commencement of commercial operation of the last unit of the Jharsuguda Power Project. Each of the first 47 repayment instalments will be in an amount equal to 1.25% of the loan amount repayable and the final instalment will be an amount equal to 41.25% of the loan amount repayable with interest. In case the debt service coverage ratio ("DSCR") in any year exceeds 1.30, 50% of the cash flow in excess of the cash flow required to maintain the DSCR shall be utilised for prepayment of 40% of the term loan which is required to be paid in a single instalment as part of the last instalment.
2.	India Infrastructure Finance Company (UK) Limited.	Term loan of USD 140 million pursuant to Foreign Currency Facility Agreement dated June 29, 2009.	The term loan is required to be repaid in 56 quarterly instalments, starting from six months after the date of commencement of commercial operation of the last unit of the Jharsuguda Power Project. Each of the first 47 instalments will be in an amount equal to 1.25% of the loan amount repayable. The 48 th quarterly instalment will be in an amount equal to 37.25% of the loan amount repayable. Each of the quarterly instalments thereafter would be 0.50% of the loan amount repayable.
3.	State Bank of India	Buyers credit facility of USD 69.73 million pursuant to letters dated March 18, 2009, March 26, 2009 and May 19, 2009,	The loan amount to be repaid within 360 days of drawdown.

The above-mentioned loans are to be utilised towards funding the construction and development of the Jharsuguda Power Project. In accordance with the conditions precedent to disbursement under both the term loan agreements, our Promoter executed a sponsor support agreement dated June 29, 2009 pursuant to which it undertook to, among other things, contribute Rs. 20,500 million to our capital by subscribing for additional shares in order to ensure that our debt to equity ratio does not exceed 75:25 during the term of the facility, meet any project cost overruns by contributing additional capital or by providing or arranging for unsecured and subordinated loans to be made available to us, retain control of us until the loan is fully repaid, meet all export obligations as required under the Export Promotion of Capital Good Scheme, fund the development of the Rampia Coal Blocks in the State of Orissa that were jointly allocated by the Ministry of Coal to us and other companies, and in the event that we unable to timely discharge its obligations under the loan agreement due to the occurrence of certain events, to provide additional funds to us in order to enable us to meet those obligations.

In addition, our Promoter agreed to indemnify the lenders, the security trustee and the facility agent against all losses and claims incurred by them as a result of any breach of the loan agreement by us.

We have charges over properties including our movable fixed properties, all tangible and intangible assets including, but not limited to, the goodwill, undertaking and uncalled capital of our Company for the Jharsuguda Power Project, all revenues and receivables from the Jharsuguda Power Project, fixed deposit and all our accounts for the Jharsuguda Power Project, however, certain of the security creation agreements are in the process of being executed. We have created a first ranking charge /security interest through creation of mortgage in respect of all our immovable properties, and assignment of all of our rights, titles and interest in respect of certain assets and all the insurance contracts in favour of the lenders under the above secured term loan facilities. Sterlite Industries has provided corporate guarantees in relation to loans provided by IDBI Bank and State Bank of India.

Under the terms of the above-mentioned loan agreements, we have undertaken not to do any of the following without the prior written consent of the lenders including:

- change our capital structure (including shareholding pattern), other than as contemplated in the above-mentioned loan agreements;
- contract, create, incur, assume or suffer to exist any indebtedness except for indebtedness arising under the above-mentioned loan agreements;
- carry on any business or activity other than in connection with the completion or operation of the Jharsuguda Power Project;
- create any subsidiary or permit any company to become our subsidiary other than Talwandi Sabo Power Limited;
- issue any guarantee or undertake any obligations having substantially the same effect as a guarantee except as required in the ordinary course of business;
- revalue our assets and properties during the currency of the facilities;
- suspend or terminate or take any action which would entitle the counterparties in major documents related to the Jharsuguda Power Project to suspend or terminate such documents;
- invest any funds in Talwandi Sabo Power Limited in excess of Rs. 0.5 million and/or Rampia Coal Mine and Energy Private Limited in excess of approximately Rs. 5.2 million unless such funds have been invested in our Company by Sterlite Industries, through subscription to our Equity Shares;
- amendments to our Memorandum and Articles of Association, and any agreement relating to the Jharsuguda Power Project and loan agreements above-mentioned, or termination of any of the agreements relating to the Jharsuguda Power Project and loan agreements above-mentioned, or permit the assignment, transfer, termination, amendment, modification or grant in respect of any provision of any agreement relating to the Jharsuguda Power Project;
- materially change the nature or scope of the Jharsuguda Power Project;
- enter into or undertake any scheme of expansion, merger, demerger, amalgamation, compromise or reconstruction, or convey, sell, lease, transfer all or any part of our fixed assets;
- create, incur, assume or suffer to exist any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, or lien upon or with respect to any property, revenues or assets of our Company, other than as arising out of agreements relating to the Jharsuguda Power Project or loan agreements above-mentioned, or as arising under applicable law;
- enter into or further execute any new agreement having value of over Rs. 100 million in relation to the Jharsuguda Power Project;
- enter into any agreement or arrangement to acquire or make available by lease the use of any property or equipment of any kind, other than for office premises taken in the ordinary course of business provided the lease rent does not exceed Rs. 50 million in any fiscal year, and land constituting the project site taken on lease; and
- initiate or consent to any amendments to the approved budget for all projected payments for the Project or approved completion plan for the Jharsuguda Power Project.

B. Unsecured Loans

S. No.	Name of the Lender	Facility	Repayment Terms
1.	HDFC Bank.	Letter of credit for Rs. 500 million pursuant to sanction letter dated March 10, 2008.	Paid/payable on demand. Recallable on demand by lender.
2.	ICICI Bank Limited	Letter of credit of Rs. 3,690 million with a	Amount availed as part of

S. No.	Name of the Lender	Facility	Repayment Terms
		sub-limit of Rs. 90 million as buyer's credit facility pursuant to letter of credit facility agreement dated October 11, 2007 and credit arrangement letter dated June 29, 2007.	buyer's credit facility to be repaid within 36 months of the first draw-down.

The interest rates payable by us under these financing arrangements are on a floating basis and currently range between 10% per annum to 12% per annum. Under the letter of credit facility from ICICI Bank Limited, an unconditional and irrevocable corporate guarantee has been given by our Promoter, Sterlite Industries. Further, our Promoter, Sterlite Industries, is required to hold not less than 51% of the shareholding of our Company, directly or indirectly.

Under the terms of the above-mentioned facilities, we have, *inter alia*, undertaken not to do any and have undertaken to ensure that none of the following will happen without the prior written consent of the lenders:

- declare or pay any dividend or authorise or make any distribution to our shareholders unless all dues in respect of the facilities have been paid, or if an event of default has occurred or would occur as a result of such declaration;
- make payments of commission to our Promoter, directors or managers for furnishing additional guarantees or indemnities, in case an event of default occurs;
- enter into any transaction of merger, demerger, consolidation, amalgamation, reorganization, scheme or arrangement or compromise with our creditors or shareholders; and
- change in the promoter shareholding.

C. Inter-corporate deposits

Our Company has availed of an unsecured inter-corporate loan facility of Rs. 10,000 million pursuant to a facility agreement dated September 9, 2009 from our Promoter, Sterlite Industries for a period of one year carrying an interest of 8% per annum. As per the agreement, the proceeds from this facility are to be used for advance payment against the EPC contracts awarded to SEPCO for the Talwandi Sabo Project and interim funding for the Jharsuguda Project.

In addition, our Company has also availed of an unsecured loan from our Promoter, October 5, 2009 for an amount of Rs. 17,175.08 million, carrying an interest rate of 8% per annum valid for a period of one year. Earlier this loan represented share application monies in our financial statements.

TSPL

S.No.	Name of the Lender	Facility	Repayment Terms
1.	State Bank of India	Rupee term loan of Rs. 25,000 million pursuant to an in-principle sanction letter dated October 14, 2009.	65% of the total loan amount shall be repaid in equal quarterly instalments commencing from six months after the commercial operation date of the Talwandi Power Project, over a period of 10.50 years. The balance 35% is repayable as a bullet repayment at the end of 10.50 years from six months after the commercial operation date of the Talwandi Power Project.

As per the terms of the in-principle sanction letter, TSPL has to ensure to the satisfaction of the lenders that the debt-equity ratio for meeting the cost of the Talwandi Power Project does not exceed 75:25.

Under the terms of the above-mentioned agreements, TSPL has undertaken not to do any of the following without the prior written consent of the lenders including:

- change the capital structure (including shareholding pattern), other than as contemplated for the Talwandi Power Project;
- create any other security interest of the assets, properties and contracts of the Talwandi Power Project;

- TSPL shall not undertake any new power projects as a special purpose vehicle or as a separate unit in TSPL;
- augment, modernise, expand or otherwise make material changes in the scope of the Project;
- make any material modifications to project contracts/agreements;
- formulate any scheme of amalgamation or reconstruction;
- enter into borrowing arrangements, either secured or unsecured, with any other bank or financial institution, except for buyer's credit for the project, towards refinancing of the bullet instalment of loan and for meeting its working capital requirements and such additional financing as may have been approved by the lenders; and
- undertake guarantee obligations on behalf of any other person except in the ordinary course of business.

For details on guarantee given by our Promoter, Sterlite Industries, see the section *“Objects of the Issue”* on page 31.

SECTION VI – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company, our Subsidiary, Joint Venture and Directors and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by the Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than an unclaimed liability of the Company or Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, Subsidiary, Joint Venture or Directors.

Litigation involving the Promoter and the Group Entities

Except as stated below there is no (i) outstanding litigation against the Promoter and the Group Entities whose outcome could have a material adverse effect on the consolidated results of operations or financial condition of such entity; (ii) default to the financial institutions or banks; (iii) non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares, by the Promoter and the Group Entities; (iv) proceeding initiated for economic offences or civil offences (including the past cases, if found guilty), any disciplinary action taken by SEBI or any recognized stock exchange against the Promoter or the Group Entities; (v) default or litigation relating to lock-outs or strikes against the Promoter or the Group Entities; (vi) litigation against the Promoter or Group Entities involving violation of statutory regulations or alleging criminal offence; (vii) adverse finding in respect of the persons/entities connected with the Promoter or Group Entities in respect of compliance with securities laws; and (viii) past case in which penalties were imposed by relevant authorities.

With respect to litigation information on the Promoter and Group Entities disclosed pursuant to sub clause (i) above, we have included pending matters which, in such entities reasonable judgment, if determined adversely, may result in a material adverse effect on the consolidated results of operations or financial condition of such entity. We define “material and adverse effect on the consolidated results of operations or financial position” of such entity as pending litigation: (a) where the aggregate amount involved in any individual litigation exceeds one per cent (1%) of such entity’s consolidated revenues as of and for the year ended March 31, 2009; (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in a single case individually may not exceed one per cent. (1%) of the consolidated revenues as of and for the year ended March 31, 2009 for such entity, if similar cases put together collectively exceed one per cent (1%) of the consolidated revenues of such entity as of and for the year ended March 31, 2009; and (c) any other litigation which could reasonably be expected to result in a material and adverse effect on their respective business as a whole.

Contingent Liabilities

Contingent liabilities not provided for as of September 30, 2009 as per our restated consolidated financial statements:

		<i>(In Rs. Million)</i>	
	Particulars	September 30, 2009	March 31, 2009
1	Export Obligation against EPCG License taken for Import of Capital goods	58,678	45,658
2	Bank Guarantees provided under contractual/ legal obligations. No cash outflow is expected	2,205	2,205
3	Dividend on 2% Redeemable Cumulative Convertible Preference Shares (not provided in absence of profit)	0.16	0.16

There are around 200 land cases filed by the erstwhile owners of land for enhancement of compensation. The MANSA District Administration and Punjab State Electricity Board which acquired the land, is defending the case and TSPL has not been made party to these cases. There may be a liability on TSPL in the case of awards in favor of land owners. If any or all of these contingent liabilities materialize, it could have an adverse effect on our business, financial condition and results of operation.

I. Litigation involving our Company:

A. *Litigation filed against our Company*

Statutory Notices

Our Company and our joint venture partners received a show cause notice (No. 13016/48/2009-CA-I) from the MOC, Government of India dated September 23, 2009 alleging non-completion of certain milestones as stipulated in the MOC letter dated January 17, 2008, allocating the Rampia Coal Blocks and that the progress of the development of the mine was not satisfactory and has been inordinately delayed. The MOC has asked our Company and our Joint Venture partners to show cause as to why non-compliance of conditions of the allocation letter should not be held as a violation of the terms and conditions of the allotment of the Rampia Coal Blocks, failure of which appropriate action would be taken against our Company for deallocation of the Rampia Coal Blocks.

RCMEPL has replied to this notice on September 30, 2009 stating that the reasons for delay are beyond the control of RCMEPL.

Civil Cases

Mr. Shyam Sunder Poddar has filed a special leave petition (No. 27717 of 2008) on November 10, 2008 against our Company before the Supreme Court of India, challenging the order of the Orissa High Court dated October 22, 2008 whereby the Orissa High Court upheld the acquisition proceedings of land admeasuring 2.26 acres in favour of Vedanta Aluminium for construction of an approach road. The land acquisition process for the said 2.29 acres was initiated by the publication of preliminary notification under section 4(1) of the Land Acquisition Act, 1984 dated December 27, 2005, published in Orissa Gazette on January 7, 2006. The said notification states that the land is being acquired for public purpose at the expense of the government for Sterlite Energy Private Limited. The Supreme Court by an order dated December 19, 2008 issued notice to our Company for reply to the special leave petition and granted an order of status quo over the acquired land. The matter is currently pending.

B. *Litigation filed by our Company*

Our Company has filed a writ petition (No. 11178 of 2007) on September 6, 2007 before the Orissa High Court against the State of Orissa, the Commercial Tax Officer, Jharsuguda Circle, Orissa, the Commissioner of Sales Tax, Cuttack, Orissa and the Assistant Commissioner of Sales Tax, Sambalpur Range, Sambalpur, Orissa, challenging the order (no. 4229/CT) dated August 22, 2007 passed by the Commercial Tax Officer, Jharsuguda Circle, Orissa, imposing entry tax on goods imported (from outside India) to Orissa. The Orissa High Court on September 14, 2007 granted a stay on imposition of entry tax on goods imported within Orissa by our Company. Pursuant to this order our Company has filed an affidavit of details of imported goods and consequent bills of entries and not paying entry tax on such imported goods. The State of Orissa is yet to file its counter in this matter. The matter is currently pending.

II. *Litigation involving our Subsidiary and Joint Venture*

TSPL

There are around 200 land cases filed by the erstwhile owners of land for enhancement of compensation. The MANSA District Administration and PSEB which acquired the land, is defending the case and TSPL has not been made party to these cases. There may be a liability on TSPL in the case of awards in favor of land owners.

RCMEPL

Except the statutory notice detailed above, RCMEPL is not involved in any other litigation.

III. *Litigation involving our Promoter*

A. *Sterlite Industries*

Litigation filed against Sterlite Industries

Statutory Notices

The Tamil Nadu Pollution Control Board (“**TNPCB**”) issued three show cause notices dated September 14, 2005 alleging violations of air, water and hazardous waste pollution standards at the Tuticorin plant following an inspection of the Tuticorin unit on September 12, 2005. These notices further alleged that Sterlite Industries has failed to meet the conditions set out in the environmental consents granted for its operations, including the failure to implement purifying and monitoring systems, limiting the size of certain disposal facilities and maintenance of sufficient storage and waste disposal facilities. The show cause notices require Sterlite Industries to show cause as to why an order of closure of the Tuticorin plant should not be passed against it and why penal action under the relevant environmental legislations should not be taken. Sterlite Industries has responded to the notices by three separate replies dated September 24, 2005 contesting the allegations stating that all the necessary conditions of the consent letters had been complied with. Sterlite Industries has not yet received any further intimation from TNPCB.

SAT cases

SEBI by an order dated April 19, 2001 prohibited Sterlite Industries from accessing the capital market for two years and initiated the prosecution of Sterlite Industries for alleged manipulation of its own share price in connection with its proposed acquisition of shares in the INDAL and its proposed open offer to the shareholders of INDAL in 1998. SEBI also alleged that MALCO provided funds to an entity Sterlite Industries allegedly controlled to enable its associate to purchase Sterlite’s shares, as part of a connected price manipulation exercise. This order was based on the finding that in connection with an open offer made by Sterlite Industries for the Indian Aluminium Company in 1998, Sterlite participated in a price manipulation exercise. Aggrieved by the said order, Sterlite Industries filed an appeal (No. 20/2001) before the Securities Appellate Tribunal (“**SAT**”). SEBI’s order was overruled by the SAT on October 22, 2001. Aggrieved by this order, SEBI filed an appeal (No. 01/2002) in the Bombay High Court. The matter is currently pending and the next date of hearing is yet to be fixed.

Criminal Cases

- (a) Goyal M.G. Gases Private Limited has filed a criminal case (No. 1365/2007) on August 22, 2007 against Sterlite Industries, its directors and officials including Mr. Anil Agarwal and Mr. Sandeep Junnarkar, before the Special Magistrate (CBI), Ghaziabad under section 406 of Indian Penal Code, 1860 (“**IPC**”) for alleged non-payment of Rs. 0.13 million and withholding of 35 industrial gas cylinders supplied during the period 1999-2003. The Special Magistrate (CBI), Ghaziabad by its order dated March 25, 2009 decided to summon the accused persons. Sterlite Industries being aggrieved by the order filed a petition under section 482 of the Code of Criminal Procedure, 1973 (“**CrPC**”) before the Allahabad High Court on June 29, 2009 to quash the impugned summoning order. The Allahabad High Court by its order dated June 29, 2009 granted a stay to the order passed by the Special Magistrate (CBI), Ghaziabad. The matter is currently pending.
- (b) Elpee Commercial, a shareholder of Sterlite Industries has filed a criminal case (No. C-2809/2000) against Sterlite Industries, its directors including Mr. Anil Agarwal and Mr. Sandeep Junnarkar, and PCS Industries Limited before the Chief Metropolitan Magistrate, Kolkata under sections 406, 467, 468, 120-B read with section 34 of IPC for alleged non-receipt of 400 shares which were allotted to Mr. Prakash Anand Patil, a third party. The Chief Metropolitan Magistrate, Kolkata issued warrants against all the directors of Sterlite Industries. The City Session Court at Kolkata by its order dated March 27, 2002 granted exemption from personal attendance under section 205 of the Code of Criminal Procedure in Criminal Revision No. 171/2001. Service of summons is not complete against Mr. Prakash Anand Patil, in whose favour shares were transferred. The matter is currently pending and the next date of hearing is December 4, 2009.
- (c) Mr. R.B. Jhunjunwala, a shareholder of Sterlite Industries has filed a criminal case (No. 245/M/2005 (12/SW/2008)) on August 19, 2005 against Sharepro Services, erstwhile Registrar and Share Transfer Agent of Sterlite Industries, Sterlite Industries and its directors including Mr. Anil Agarwal and Mr. Sandeep Junnarkar, before the Additional Chief Metropolitan Magistrate, Mumbai under sections 403, 406, 409, 420 read with section 34 of IPC for alleged non-release of 100 shares which were transferred in the name of Mr. R.B. Jhunjunwala. The Additional Chief Metropolitan Magistrate, Mumbai issued summons against Sterlite Industries and all its directors. However, no summons has been received in this matter. The matter is currently pending and the next date of hearing is December 17, 2009.

- (d) Hind Coconut Oil Industries, a shareholder of Sterlite Industries has filed a criminal case (No. C/105/2002) against Sterlite Industries, its directors including Mr. Anil Agarwal and Mr. Sandeep Junnarkar, PCS Industries Limited, Sharepro Services and others before the Chief Metropolitan Magistrate, Bankshall Court, Kolkata under sections 406, 467, 468, 120-B read with section 34 of IPC for alleged non-receipt of 330 shares out of 1,000 shares transferred in the name of Hind Coconut Oil Limited and which were found to be transferred in the name of a third party. The Chief Metropolitan Magistrate by an order dated January 31, 2006 issued summons against Sterlite Industries and all its directors, which were subsequently stayed by an order of the Calcutta High Court dated December 12, 2006 in Criminal Revision Petition No. 4045/2006. The matter is currently pending and the next date of hearing is December 2, 2009.
- (e) Mr. Dharam Veer Gulati, a shareholder of Sterlite Industries has filed a criminal case (No. 861/1997) on August 8, 1997 against Sterlite Industries and PCS Technology Limited before Judicial Magistrate, Balrampur under sections 379, 424, 477, 409 read with section 34 of IPC for alleged non-receipt of 40 shares transferred in the name of Mr. Dharam Veer Gulati and which were found to be transferred in the name of various parties. Subsequently, Judicial Magistrate, Balrampur issued non-bailable warrants against the managing director of Sterlite Industries, Mr. Anil Agarwal and managing director of PCS Technology Limited. Sterlite Industries has filed a criminal petition under section 482 of the Code of Criminal Procedure before the Lucknow High Court to quash the criminal proceedings before the Judicial Magistrate, Balrampur. The matter is currently pending.
- (f) Mr. Bimal Prakash filed a criminal complaint (No. 1238/2001) on September 3, 2001 before the Judicial Magistrate, Aurangabad against Sterlite Industries, its directors including Mr. Anil Agarwal and Mr. Sandeep Junnarkar, and Sterlite Optical Technologies Limited (“SOTL”), directors of SOTL and others. Mr. Bimal Prakash contended that the directors of the Sterlite Industries and SOTL have committed an offence under section 207 of the Companies Act in not paying him the dividend upon the 677 shares held by him. The petitioner originally owned 677 shares out of which 100 shares were under dispute with Mr. Anupkumar Jain. These 100 shares are also standing in the name of Mr. Bimal Prakash. Mr. Bimal Prakash further alleged that Sterlite Industries was at fault in not removing the STOP transfer for the remaining 577 shares, which were not in dispute at all. The matter is currently pending.
- (g) Criminal proceeding were initiated by SEBI (No. CC 83/SS/2004) against Sterlite Industries and certain officers of the company before the Court of Metropolitan Magistrate, Mumbai. Sterlite Industries had filed an application before High Court, Mumbai for granting stay against the criminal proceeding and interim stay was granted by High Court, Mumbai against the criminal proceeding. The case has been adjourned from time to time.

Tax cases

There are six cases aggregating to approximately Rs. 1,600 million in relation to income tax at various levels of adjudication. There are 97 cases relating to excise tax aggregating approximately to Rs.2,811.47 million at various levels of adjudication. There are 32 cases relating to customs duty aggregating approximately to Rs.393.59 million at various levels of adjudication. There are 16 cases relating to sales tax aggregating approximately to Rs.4,650.36 million at various levels of adjudication. There are 14 cases relating to service tax aggregating approximately to Rs.165.87 million at various levels of adjudication.

Environmental Litigation

- (a) Sterlite Industries is a defendant in five writ petitions (W. P. Nos. 16861/98, 5769/97 and 15501 to 15503/96) filed before the Madras High Court by the National Trust for Clean Environment and certain private citizens in relation to the operations of its smelter at Tuticorin in the State of Tamil Nadu, India. These writ petitions allege that sulphur dioxide emissions from its copper smelting operations at Tuticorin are causing air, water and hazardous waste pollution resulting in damage to the marine ecosystem and the lives of people living in and around Tuticorin. The petitioners are seeking an order from the Madras High Court for discontinuation of Sterlite Industries’ current operations at Tuticorin and revocation of the environmental permits granted to it by the TNPCB and the MoEF in relation to their Tuticorin smelter plant. The above writ petitions are pending for final disposal. The matter is currently pending.

- (b) Mr. T.N. Godavaraman Thirumulpad filed a writ petition (No. (C) 202/1995) against Sterlite Industries, Vedanta Aluminium, the State of Orissa, the Republic of India, Orissa Mining Corporation Limited (“OMC”), Orissa Industrial Development Corporation, and others before the Orissa High Court. The petition alleges that the proposed grant of the mining lease by OMC to Vedanta Aluminium and Sterlite Industries to mine bauxite in the Niyamgiri Hills at Lanjigarh in the State of Orissa would violate the provisions of the Forest (Conservation) Act, 1980 (“**Forest Act**”). The petition further alleges that the felling of trees and construction of the alumina refinery by Sterlite Industries and Vedanta Aluminium and the development of the mine is in violation of the Forest Act and would have an adverse impact on the environment. The petition sought, among other things, to restrain the grant of the mining lease to mine bauxite in the Niyamgiri Hills at Lanjigarh in the State of Orissa by OMC to Vedanta Aluminium and Sterlite Industries, to declare the memorandum of understanding entered into between OMC and Vedanta Aluminium void, a court direction for the immediate cessation of construction of the alumina refinery by Vedanta Aluminium and an unspecified amount of compensation from Sterlite Industries and Vedanta Aluminium for damage caused to the environment. This petition is yet to be admitted and the next date of hearing is yet to be fixed.
- (c) Certain non-governmental organisations and individuals filed interlocutory applications in 2004 alleging violations of forest conservation laws by Vedanta Aluminium’s refinery project at Lanjigarh and the related mining operations in the Niyamgiri Hills against Sterlite Industries and Vedanta Aluminium. These interlocutory applications were filed in an environment-related public interest litigation brought before the Supreme Court of India. A Central Empowered Committee, set up by the Supreme Court of India, issued a report dated September 21, 2005 which expressed the view that the MoEF should not have permitted the alumina refinery project to commence construction before undertaking an in-depth study about the ecological effects of the proposed bauxite mine on the ecology surrounding the Niyamgiri Hills and that the project would result in the displacement of indigenous tribes. The Central Empowered Committee further stated that Vedanta Aluminium was in violation of certain environmental clearances granted by the MoEF to Vedanta Aluminium for the construction of the alumina refinery and recommended that the Supreme Court of India revoke such clearances and prohibit further work on the project. The Supreme Court of India directed that an in-depth report be prepared on the matter by the MoEF.

The Supreme Court, after obtaining a detailed a report on the impact of flora, fauna and tribal habitation due to bauxite mining from the MoEF and the State of Orissa, passed an order dated November 23, 2007 rejecting Vedanta Aluminium’s application to commence operations. The order of the Supreme Court provided that if the State of Orissa, OMC and Sterlite Industries jointly agree to the rehabilitation package proposed by the Supreme Court, and Sterlite Industries notifies the Supreme Court that it is agreeable to the package, the Supreme Court may consider granting clearance to the project. All parties have filed affidavits confirming their commitment to the rehabilitation package. Pursuant to the rehabilitation package, we have set up a joint venture company, the Lanjigarh Scheduled Area Development Foundation, in which it is proposed that the State Government of Orissa and OMC will have a 51% ownership interest, to operate the mines. On August 8, 2008 the Supreme Court of India granted clearance to Sterlite Industries for its forest diversion proposal for the conversion of 660,749 hectares of forest land from forestry use to mining use, allowing Sterlite Industries to source bauxite which has been mined on the Niyamgiri Hills in Lanjigarh. Pursuant to the Supreme Court order, Sterlite Industries was required to pay the higher of 5% of annual profits before tax and interest from the Lanjigarh project and Rs.100 million per annum (commencing April 2007), as a contribution for scheduled area development, as well as Rs. 122 million towards tribal development and Rs. 1,055.30 million and expenses towards a wildlife management plan for conservation and the management of wildlife around the Lanjigarh bauxite mine. As of March 23, 2009, an amount of Rs.1,411.80 million has been remitted to the Compensatory Afforestation Fund and Rs. 200 million has been deposited with OMC in compliance with the Supreme Court order. On December 11, 2008 the MoEF granted in-principal approval under the Forest Act and we are currently in the process of complying with the conditions specified in MoEF’s approval. On April 28, 2009 the MoEF granted Sterlite Industries environmental clearance for the mining of bauxite. However, final clearance from MoEF is still pending.

- (d) A U.K. government agency, part of the Department for Business Innovation and Skills that promotes voluntary guidelines for multinational companies adopted by the Organization for Economic Cooperation and Development, recently stated in a report that Vedanta violated best practice standards

when it allegedly failed to put in place an adequate and timely consultation mechanism for the environmental and health and safety impact on an indigenous community of its plans, through Vedanta Aluminium Limited to construct a bauxite mine in Niyamgiri Hills, Orissa. Vedanta has issued a press release denying these allegations and has publicly stated that it has complied in all respects with the required Indian regulations including consultations with the local community.

Cases filed by shareholders of Sterlite Industries

There are 189 cases pending before various courts and authorities in India filed by the shareholders of Sterlite Industries. Broadly, these cases include 120 cases pending before various courts and authorities in India with respect to dispute in ownership of equity shares, non-receipt of shares sent for endorsement or transfer and wrong transfer of shares, loss of equity shares of Sterlite Industries etc. The liability of Company in number of equity shares involved in such cases is 70,130. There are 31 cases pending before various courts and authorities in India dealing with disputes regarding repurchase and cancellation of shares by Sterlite Industries under a scheme of arrangement of 2002. The investors in these cases are requesting for restoration of shares bought back and cancelled by Sterlite Industries under the scheme of arrangement. The total number of equity shares involved in such cases is 33,720. There are total 38 proceedings pending before various courts in India against Sterlite Industries for non-receipt of rights issue, non-delivery of shares, non-receipt of bonus shares non-receipt of dividend, interest, dividend warrant cum redemption amount, enhanced compensation etc. The number of equity shares involved in such cases is 20,420. No monetary claim against Sterlite Industries has been quantified in the cases filed by the shareholders of Sterlite Industries.

Additionally, Mr.Rajiv Asthana and Mrs.Ragini Asthana filed a consumer compliant (no.94/2005) before the District Consumer Disputes Redressal Forum (“**DCDRF**”), Muzaffarnagar against the buyback of shares. The DCDRF, Muzaffarnagar vide order dated May 19 2006 adjudicated the matter and passed an ex-parte order in favour of the complainant. The complainants then filed execution proceedings and made Mr.Anil Agarwal, the then Managing Director and Sterlite Industries as party. However, the execution of the order dated May 19, 2009 was not followed by Sterlite Industries as it has no knowledge of any such order. The DCDRF issued warrants against Mr.Anil Agarwal for non compliance of the forum orders. Sterlite Industries has filed an appeal before the State Consumer Redressal Commission who vide order dated July 13, 2009 has stayed the execution proceedings.

Litigation by Sterlite Industries

Criminal cases

Sterlite Industries has filed a petition (No. CC 32/2009) under section 138 of the Negotiable Instruments Act before the Metropolitan Magistrate, Hyderabad, for dishonour of a cheque of Rs. 0.1 million issued by B.R. Electro Control Private Limited. The Metropolitan Magistrate issued non-bailable warrant dated April 24, 2009 against B.R. Electro Control Private Limited. The matter is currently pending and the next date of hearing is October 22, 2009.

Arbitration Proceedings

Under the terms of the shareholders’ agreement dated March 1, 2001 between Sterlite Industries and the GoI, Sterlite Industries was granted an option to acquire the shares of BALCO held by the GoI at the time of exercise. Sterlite Industries exercised this option on March 19, 2004. However, the GoI contested the purchase price and validity of the option. Sterlite Industries sought an interim order from the Delhi High Court to restrain the GoI from transferring or disposing of its shareholding pending resolution of the dispute. However, the Delhi High Court directed on August 7, 2006 that the parties attempt to settle the dispute by way of negotiation. As the negotiations were unsuccessful, on May 17, 2009, Sterlite Industries filed a petition requesting the Delhi High Court to appoint an arbitrator as provided for as per the terms of the shareholders’ agreement. Sterlite Industries initiated arbitration proceedings against the GoI through the Secretary of Mines before an arbitral tribunal. The Arbitral Tribunal was pleased to direct the GoI to file their affidavit by way of evidence by October 5, 2009. The matter is currently pending final hearing on December 23, 2009 to December 25, 2009.

V. Litigation involving our Group Entities

A. Vedanta Aluminium

Cases filed against Vedanta Aluminium

Except as disclosed under “-*Litigation involving our Promoter – A. Sterlite Industries - Litigation filed against Sterlite Industries*”, Vedanta Aluminium is involved in the litigation as disclosed below.

Statutory Notices

- (a) The Sub-Collector of Jharsuguda in exercise of its power under Section 23-A of the Orissa Land Reforms Act, 1960 issued notice for show cause dated August 8, 2008 against alleged eviction of illegal occupants, being members of the scheduled castes and tribes, from total land admeasuring nearly 21 acres allegedly purchased by Vedanta Aluminium without prior approval of the revenue authority. Vedanta Aluminium has proceeded to acquire those lands under the Land Acquisition Act, 1894 in order to overcome such illegality.
- (b) The Sub-Collector of Jharsuguda in exercise of its power under Section 23-A of the Orissa Land Reforms Act, 1960 had issued notice for show cause dated January 16, 2009 against alleged eviction of illegal occupants, being members of the scheduled castes and tribes, and by way of trespass since Vedanta Aluminium constructed an electric tower on the land of an SC/ST person. Vedanta Aluminium has filed its reply dated September 15, 2009 in the matter. The matter is currently pending.

Criminal Cases

- (a) Maytas Infra Limited (“**Maytas**”) filed a criminal complaint (No. 154/09) on February 20, 2009 against the Chairman, Vice-Chairman and senior officials of Vedanta Aluminium before the Chief Metropolitan Magistrate, Hyderabad alleging encashment of bank guarantees as an offence under Section 403, 406, 420 & 120(B) of the IPC. Vedanta Aluminium filed a petition (No. 1495/09) on March 13, 2009 for quashing all proceedings under Section 482 of the CrPC before the Andhra Pradesh High Court. The High Court granted Vedanta Aluminium an interim stay by its order dated March 16, 2009 against all proceedings till further orders. The matter is currently pending.
- (b) The Executive Engineer, JED, Jharsuguda filed a criminal complaint (CMC No. 397/2008) on August 5, 2008 under Section 133 of the Code of Criminal Procedure against Vedanta Aluminium before the Sub-divisional Magistrate, Jharsuguda alleging Vedanta Aluminium's earth filling and excavation work near an existing 11KV electric feeder as a public nuisance. The Sub-divisional Magistrate by an order dated July 28, 2008 observed that Vedanta Aluminium is creating public nuisance by damaging 11KV electric feeder and in the said order Vedanta Aluminium was asked to show cause on August 5, 2008 as to why the order should not be made absolute. The matter is currently posted for reply by Vedanta Aluminium.

Tax proceedings

There are five excise tax cases aggregating to Rs. 240 million at various levels of adjudication. There are six service tax cases aggregating to Rs. 20.70 million at various levels of adjudication. There is one sales tax case of Rs. 19.30 million pending before the Commissioner of Sales Tax. There are two entry tax cases aggregating to Rs. 1,640.90 million pending before the Commissioner and before the Supreme Court. There is one customs duties case where there no monetary claim pending before the Central Excise And Sales Tax Appellate Tribunal and one case pending under the Duty Entitlement Pass Book Scheme for a claim of Rs. 27.40 million.

Environmental Litigation

- (a) Daitari Pradhan has filed a petition (No. 11779/2004) on before the Orissa High Court alleging violations of environmental laws on mining bauxite at Niyamgiri. The matter is currently pending.
- (b) Mr. Prafulla Samantra and some others have filed four appeals (No. 18, 19, 20 and 21 of 2009) against order dated April 28, 2009 of the Environment Clearance of Niyamgiri Mines granted by MoEF before National Environment Appellate Authority (“**NEAA**”). The petitions have been filed against MoEF, OMC and Sterlite Industries. The NEAA on August 21, 2009, has allowed the petition for hearing. Vedanta Aluminium has filed a review petitions before the NEAA. The matter is currently pending.

Cases filed by Vedanta Aluminium

Tax proceedings

- (a) Vedanta Aluminium has filed a special leave petition (No. 8199 of 2009) on March 26, 2008 before the Supreme Court of India challenging an order dated February 18, 2008 of the Orissa High Court upholding the validity of the Orissa Entry Tax Act, 1999. The matter has been referred to a higher bench of the Supreme Court of India. The matter is currently pending.
- (b) Vedanta Aluminium has filed a writ petition (No. 2249 of 2007) before the Orissa High Court challenging imposition of entry tax on imported goods. The said writ has been tagged along with writ petition (No. 11178 of 2007) filed by the Company before the Orissa High Court. The matter is currently pending.

B. BALCO

Cases filed against BALCO

Criminal cases

There are 15 criminal proceedings pending against BALCO. There have been no monetary claims in these cases.

- (a) State of Chhattisgarh filed a criminal case (No. 110/2006) against Mr. Joginder Sharma, a contractor of BALCO, under section 304A of the IPC for causing death by negligence, before the First Class Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is January 1, 2010.
- (b) State of Chhattisgarh filed a criminal case (No. 1002/2000) against Mr. Ramlal Sarathi, a contractor of BALCO, under section 304A of the IPC for causing death by negligence, before the First Class Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is November 19, 2009.
- (c) State of Chhattisgarh filed a criminal case (No. 1542/2004) against Mr. Umashankar Singh, a contractor of BALCO, under section 304A of the IPC for causing death by negligence, before the First Class Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is December 22, 2009.
- (d) State of Chhattisgarh filed a criminal case (No. 1877/2002) against Mr. Pradeep Mahapatra, a contractor of BALCO, under section 304A of the IPC for causing death by negligence, before the First Class Judicial Magistrate, Korba. The matter is currently pending.
- (e) State of Chhattisgarh filed a criminal case (No. 2006/2003) against Mr. Pradeep Singh, a contractor of BALCO, under section 304A of the IPC for causing death by negligence, before the First Class Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is November 7, 2009.
- (f) State of Chhattisgarh filed a criminal case (No. 703/2006) against Mr. Thanwar Lal Kurrey, a contractor of BALCO, under section 304A of the IPC for causing death by negligence, before the First Class Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is November 30, 2009.
- (g) State of Chhattisgarh filed a criminal case (No. 1581/2008) against Mr. Venkatesh and others, under section 304A of the IPC for causing death by negligence, before Judicial Magistrate, Katghora. The matter is currently pending.
- (h) State of Chhattisgarh filed a criminal case (No. 371/2009) against Mr. K.S. Chetty, a contractor of BALCO, under section 304A of the IPC for causing death by negligence, before Judicial Magistrate, Korba. The matter is currently pending.
- (i) Assistant Mining Officer, Kawardha, filed a criminal case (No. 1630/2008) against Mr. Gunjan Gupta and Mr. S.C. Sahoo under section 4/21 read with section 22 of the Mines and Mineral (Regulation and Development) Act, 1957 before the Chief Judicial Magistrate, Kawardha. The matter is currently pending and the next date of hearing is November 11, 2009.

- (j) State of Chhattisgarh filed a criminal case (No. 1060/2008) against Mr. Ashok and others under section 304A of the IPC for causing death by negligence, before Judicial Magistrate, Katghora and charges were framed on January 15, 2009. The matter is currently pending.
- (k) State of Chhattisgarh filed a criminal case (No. 620/2005) against Mr. Shaikhar Babu and others under sections 304A, 34 and 337 of the IPC before the Judicial Magistrate, Korba. The matter is currently pending and the date of hearing for framing of charges is January 8, 2010.
- (l) State of Chhattisgarh filed a criminal case (No. 1030/04) against Mr. Arvindam under section 304A of the IPC for causing death by negligence, before the Chief Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is December 17, 2009.
- (m) State of Chhattisgarh filed a criminal case (No. 1031/04) against Mr. Visheswar, driver of BALCO, under section 304A of the IPC, for causing death by negligence, before the Chief Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is December 17, 2009.
- (n) State of Chhattisgarh filed a criminal case (No. 709/07) against Mr. James and others, under Section 304A of the IPC for causing death by negligence, before the Chief Judicial Magistrate, Korba. The matter is currently pending and the next date of hearing is November 27, 2009.
- (o) Rahul Construction filed a criminal case (No. 1033/1999) on November 13, 1998 against BALCO under sections 406, 467 and 471 of the IPC before the Chief Judicial Magistrate, Korba. The matter was stayed by the High Court of Madhya Pradesh by order dated November 15, 1999. The matter is currently pending.

Environmental Litigation

The Chhattisgarh Environment Conservation Board filed a complaint (No. 399/08) against BALCO under sections 15 and 16 of the Environment Protection Act, 1986 before the Judicial Magistrate, Sitapur with respect to BALCO exceeding mining capacity of 4.5 LT in Mainpat. The matter is currently pending.

Tax cases

There are 12 income tax cases aggregating to Rs. 1,546.48 million at various levels of adjudication. There are 47 excise tax cases aggregating to Rs. 40.08 million at various levels of adjudication. There are 13 service tax cases aggregating to Rs. 86.94 million at various levels of adjudication. There is 10 sales tax case aggregating to Rs. 42.70 million at various levels of adjudication. There are two entry tax cases aggregating to Rs. 68.24 million pending before the commissioner and the Supreme Court. There is one customs duty case of Rs. 7.49 million pending before the Central Excise and Sales Tax Appellate Tribunal.

Civil Cases

There are 35 civil proceedings filed against BALCO before various courts and authorities in India. Though the claims under such proceedings are not presently quantifiable and may in the event of adverse determination, aggregate to a significant amount, where such claims have been quantified, the aggregate claim in dispute is currently approximately Rs. 585 million.

Cases filed by BALCO

Criminal Cases

- (a) BALCO filed a criminal case (No. 1/2007) on July 18, 2000 against Rahul Construction under Section 420 of the IPC before Judicial Magistrate, Korba and bailable warrants were issued against Mr. B. Paul and summons against others by order dated February 20, 2009. The matter is currently pending.
- (b) BALCO filed a criminal miscellaneous appeal (No. 1399/2008) under Section 482 of the Cr.P.C before the Mumbai High Court against the impugned order dated April 22, 2008 of the Judicial Magistrate, Pune whereby the promoters of BALCO were summoned for criminal breach of trust of the terms of a consignee agency agreement entered into between BALCO and Mr. Ajay Phadia, proprietor of Sun

Industries. The Mumbai High Court by an order dated April 30, 2008 stayed the proceeding and the impugned order of the Judicial Magistrate. The matter is currently pending.

Arbitration Proceedings

BALCO has initiated arbitration proceedings against NTPC Limited in relation to an agreement dated June 20, 2002 entered into between the parties. Under the terms of this agreement, NTPC Limited would *inter alia* provide several facilities including supply of water to BALCO's captive power plant. The dispute has arisen with regard to the amount payable by BALCO for the supply of water by NTPC Limited and BALCO's proposal to lay down water pipes for the supply to its captive power plant. BALCO has filed affidavits by way of evidence and the matter is currently pending for examination of witnesses.

Civil Cases

There are 21 civil proceedings filed by BALCO in relation to contractual, monetary, title and other disputes before various courts and authorities in India. Though the claims under such proceedings are not presently quantifiable, where such claims have been quantified, the aggregate claim in dispute is currently approximately Rs. 3,102 million.

Proceedings relating to Tax

BALCO filed a writ petition (W.P. (T) No. 1333/2007) on February 21, 2007 before the High Court, Chhattisgarh challenging *inter alia*, the constitutional validity of *Chhattisgarh Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam 1976* (Act No.52 of 1976) levying entry tax on entry of goods under section 3 of the Act and the notifications No. F-10-12-2001-CT-V (39) dated August 6, 2001 and No. F-10/6/2004/CT/V (57) dated June 30, 2006 under section 4A of the Act, as being violative of Articles 14, 265, 301 and 304B of the Constitution of India. The High Court by an order dated September 10, 2009 dismissed the writ petition. BALCO has filed a Special Leave Petition before the Supreme Court against the order of the High Court, Chhattisgarh and the same has been admitted. The next date of hearing is November 6, 2009.

Land encroachment disputes

- (a) In 2005, in response to several show cause notices issued against BALCO by Tehsildar, Korba alleging encroachment of government land, BALCO filed an amendment petition (W.P. (M) No. 758/2004) before the Chhattisgarh High Court seeking to quash these show cause notices. The Chhattisgarh High Court directed by an order dated July 6, 2005 that the status quo be maintained and that BALCO should not engage in any deforestation activities on the land until the next hearing date. By an order dated July 2, 2007, the Chhattisgarh High Court directed that BALCO may continue construction and engage in deforestation activities after receipt of the requisite environmental approvals. The matter has been heard by the High Court, Chhattisgarh which held on February 6, 2009 that BALCO is not in illegal possession. The State Government of Chhattisgarh has appealed to the Division Bench of the High Court against the order dated February 6, 2009 and sought for the stay of the order. The matter is currently pending.
- (b) BALCO had filed a petition (No. 5328/96) before the High Court of Chhattisgarh for orders to direct the State Government of Chhattisgarh to execute a lease deed in respect of land on which the Korba facility is situated in BALCO's favour. The High Court of Chhattisgarh passed an interim order dated in 2004 directing the State Government of Chhattisgarh to take no action against BALCO. The High Court passed an order dated February 6, 2009 affirming that the possession of land by BALCO was legally valid. The matter is currently pending.
- (c) Sarthak, a non-governmental organisation filed a public interest litigation (WP (P) No. 202/1995) before the Supreme Court alleging encroachment by BALCO on which BALCO's Korba facility is situated. Sarthak has alleged that the land belongs to the State Government of Chhattisgarh and that BALCO was engaged in the illegal felling of trees on such land. The Supreme Court has directed that the petition be listed before the Forest Bench of the Supreme Court. The Central Empowered Committee, set up by the Supreme Court, submitted a report on the petition on October 17, 2007 recommending that BALCO be directed to seek ex-post facto approval under the Forest Act for the allotment and non-forestry use of the land in possession. The matter is currently pending.

- (d) BALCO had entered into a power purchase agreement dated May 25, 2006 with the CSEB for the sale of electricity by BALCO to CSEB. CSEB has on November 14, 2006 issued a letter stating that it had overpaid BALCO a sum of Rs. 529 million due to the quantum of load factor pursuant to which payment had been made having been incorrectly calculated, and that the definition that should have been applied is as provided in the Chhattisgarh Electricity Supply Code. BALCO in its reply dated November 25, 2006 had contested such position and stated that as no fixed quantum of electricity was to be supplied, the definition would be applicable only in those instances where the supply of electricity is between the consumer and the distribution licensee. Subsequently, on August 2, 2007 BALCO filed a petition against the CSEB before the Chhattisgarh State Electricity Regulatory Commission reiterating its position and further stating that the power purchase agreement was entered into between the parties on the basis of stipulation of the Chhattisgarh State Electricity Regulatory Commission. The Chhattisgarh State Electricity Regulatory Commission by an award dated June 27, 2009 has directed CSEB to make payments on the basis of the bills raised by BALCO. CSEB has filed a review petition which was dismissed by the Chhattisgarh State Electricity Regulatory Commission on October 16, 2009. The matter is fixed for final orders.

C. *Hindustan Zinc Limited*

Cases filed against HZL

Criminal case

- (a) Akash Coke has filed a criminal petition (No. 99/2006) against HZL and GM, Visakhapatnam Zinc Smelter, Mr. Arun Chaplot, Mr. N. Raman on April 21, 2009 before the District Court, Dhanbad, Jharkhand alleging non-payment of Rs. 1.74 million by HZL for the supply of 1,000 MT coke breeze from March 2003 till June 2003 by M/s Akash Coke. HZL has filed a petition (No. 558/09) on April 22, 2009 before the Ranchi High Court for quashing the petition filed by M/s Akash Coke alleging that the liability if any is civil in nature and not of a criminal nature. The Ranchi High Court has stayed the criminal proceedings before the District Court, Dhanbad, Jharkhand till further notice. The matter is currently pending.
- (b) DGMS, Ajmer filed a criminal complaint (No. 264/1997) against Mr. P.C. Shrimali and Mr. A.K. Choubisa on 15/01/1997 before CJM, Bhilwara alleging fatal accident of labour engaged by Modern Agrico Industries, sub-contractor of EPIL. The matter is currently pending and the next date of hearing is December 9, 2009.

Arbitration Proceedings

There are 16 arbitration proceedings filed against HZL relating to transportation of concentrate, supply of metallurgical coke, supply of oxygen, expansion of Lead Zinc beneficiation plant at RAM, contract for construction of Gosunda Dam, raising the height of tailing dam at Zawar Mines, sale of AOS and AFS Coke, appointment of consignment agent, agreement for payment of royalty on Copper Sulphate, transportation contract with Supreme Road Transport (P) Ltd., agreement for supply of Sulphuric Acid (Jay Chemical Inds, Rohan Dyes & Mayur Dyechem), transportation of Zinc and Lead concentrate from ZM to CLZS, disposal of torn HDPE/PP scrap bags, removal of waste of ore from RAM Mines and contract for purchase of C/D grade steam coal and the aggregate value of the claims against HZL in these proceedings is approximately Rs. 386.70 million.

Land litigation

There are 157 proceedings against HZL pending before various courts and authorities in India pertaining to litigation with respect to land. Out of this, there are 151 proceedings against HZL with respect to non-compensation for land acquired by HZL for its business and operations at various locations in India. Additionally there are six cases against HZL pending before various courts and authorities in India challenging our title to land located at various locations in India. Though the claims under such proceedings are not presently quantifiable and may in the event of adverse determination, aggregate to a significant amount. Where such claims have been quantified, the aggregate claim in dispute is currently approximately Rs. 147.51 million.

Tax cases

There are eight cases related to land tax pending before the Single Bench of High Court at Jodhpur aggregating to approximately Rs. 428 million. There are approximately 46 income tax cases aggregating to Rs. 4513.4 million at various levels of adjudication. There are approximately 520 cases including show cause notices relating to excise duty and service tax aggregating to approximately Rs. 2,370 million at various levels of adjudication. There are 74 sales tax cases aggregating to Rs. 160 million in various levels of adjudication.

Litigation pertaining to Royalty Issues

There are six cases related to royalty issues payable by HZL pending before various courts in India. The aggregate claim in dispute in such cases is approximately Rs. 3,938 million.

Cases filed by HZL

Civil cases

HZL has filed a special leave petition (No. 2846 of 2006) on January 27, 2006 before the Supreme Court of India against the State Government of Rajasthan praying for the reversal of the order delivered by the Rajasthan High Court on January 27, 2006 in the matter DBACSA (W) No. 43/2006. The impugned order allows the State Government of Rajasthan to charge royalty on the zinc and iron ore produced in the state. The matter is currently pending.

Land litigation

HZL has filed two cases against various parties before appropriate authorities in India to claim title to certain parcels of land located at various locations. The claims made under such cases are not capable of being quantified.

D. SOVL

SOVL has filed a writ petition before Mumbai High Court challenging the notice dated March 27, 2008 for reopening of assessment by the assessing officer for the assessment year 2003-04. The assessing officer has issued a notice stating that interest expenditure on borrowed funds is not allowable expenditure as funds were borrowed for acquiring controlling interest in HZL. SOVL challenged the notice stating that SOVL's shareholding in HZL was 46% and the matter was duly considered at the time of regular assessment under section 143(3) of the IT Act. SOVL has contended that there is failure on the part of SOVL to disclose any information.

IV. Litigation involving Directors

Mr. Anil Agarwal

Except the cases disclosed under “*-Litigation involving our Promoter*” Mr. Anil Agarwal is not involved in any other litigation.

Mr. Sandeep Junnarkar

Except the cases disclosed under “*-Litigation involving our Promoter*” Mr. Sandeep Junnarkar is not involved in any other litigation.

V. Amount owed to Small Scale Undertakings

There are no amounts owed to small scale industries by our Company.

VI. Material Developments

Except as stated in “*Management's Discussions and Analysis of Financial Condition and Results of Operations*” on page 178, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of its consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from GoI and various governmental agencies required for our present business and except as disclosed in this Draft Red Herring Prospectus no further material approvals are required for carrying on our present business operations.

Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the Government of India, the RBI or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing activities.

A. Approvals in relation to our Company's incorporation, change of name and registered office

- Certificate of incorporation from the Registrar of Companies, Maharashtra dated February 2, 1995 under the Companies Act as 'Manjiri Finvest Private Limited';
- Fresh certificate of incorporation given by Registrar of Companies, Maharashtra, for change of name from 'Manjiri Finvest Private Limited' to 'Sterlite Energy Private Limited' dated May 10, 2004; and
- Fresh certificate of incorporation given by Registrar of Companies, Maharashtra, for change of name from 'Sterlite Energy Private Limited' to 'Sterlite Energy Limited' dated July 21, 2006.
- Certificate of registration given by the RoC for change in registered office from the State of Maharashtra to State of Tamil Nadu dated October 22, 2008.

B. Approvals for the Issue

Corporate Approvals

- Our Board of Directors has, pursuant to resolutions passed at its meeting held on October 5, 2009, authorised the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
- Our shareholders have, pursuant to a resolution dated October 10, 2009 under Section 81(1A) of the Companies Act, authorised the Issue.
- Further, pursuant to the above, our Board of Directors has, pursuant to resolution dated October 29, 2009, authorised our Company to take necessary action for filing the Draft Red Herring Prospectus with SEBI.

In-principle approvals from the BSE and the NSE

- We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

C. Approvals for Projects

1. Jharsuguda Power Project

- Acknowledgement of IEM Application No. 3723/SIA/IMO/2004 dated October 1, 2004 for the manufacture, generation and transmission of electrical energy produced in coal based thermal power plants from the Department of Industrial Policy and Promotion, Secretariat of Industrial Assistance, Ministry of Industry dated July 20, 2006.

- Consent to establish, No. 23227/Ind-II-NOC-3249, under section 25 of the Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981 from the State Pollution Control Board, Orissa, dated September 21, 2006.
- Environmental clearance (No. J-13011/3/2007-IA-II(T)) under the provisions of the EIA Notification, 2006 for 2400 MW coal based power project at Brundamal, Jharsuguda, Orissa from the Ministry of Environment and Forests, Government of India dated December 7, 2007, valid for a period of five years from the date of issue.
- Joint allocation of Rampia and Dip Side of Rampia coal block in the State of Orissa from the Ministry of Coal, Government of India (vide letter no. 380 1 1/1/2007-CA-I) dated January 17, 2008 for captive mining of coal by our Company, GMR Energy Limited, Arcelor Mittal India Limited, Lanco Group Limited, NavBharat Power Private Limited and Reliance Energy Limited.
- In-principle approval (vide letter no. 2007/TT(V)/18/SEL/TPS) from the Ministry of Railways (Railway Board), Government of India dated February 8, 2008 for movement of coal.
- In-principle approval for the construction of proposed siding for IPP from South Eastern Railway dated February 19, 2008 near Jharsuguda in Chakradharpur Division.
- Letter of Assurance (No. MCL/GM/S&M/LOA/Sterlite Energy/F-/2008/1248) from MCL, dated June 25, 2008, for supply of 2.57 mtpa of coal (E/F grade) from about February 2009 valid for a period of 24 months from the date of issue.
- Approval of plan and grant of permission (No. 7657/IVA-JH-14/2008) to construct a building and use it as a factory under Factories Act, 1948 and the Orissa Factories Rules, 1950 from the Directorate of Factories and Boilers, Bhubanseshwar, Orissa dated May 14, 2009.
- No objection letter (No. AAI/20012/584/2007-ARI (NOC)) from the Airports Authority of India dated July 7, 2009 for the construction of Chimney-1 (proposed height 275 meters above mean sea level) and Chimney-2 (proposed height 275 meters above mean sea level) valid for a period of five years.
- In principle approval dated November 10, 2008 from Office of Engineer-in-Chief, Water Resources, Orissa, Bhubaneshwar for the allocation of 40 MGD power facility from the Mahanadi river system.
- Approval dated October 26, 2009 from Department of Water Resources, Government of Orissa, for the allocation of 20 MGD water from the Hirakud reservoir for the first phase of the Jharsuguda Power Project.

2. *Talwandi Power Project*

- Approval for water linkage dated May 9, 2008, issued by the Chief Engineer, Canals, Irrigation Works, Chandigarh, Punjab, State Irrigation Department for 80 cusecs of water for the Talwandi Power Project.
- Environmental clearance (No. F.No. J-13011/24/2008-IA.II(T)) under the provisions of the EIA Notification, 2006 for 2,000 MW coal based power project at Talwandi Sabo, Punjab from the Ministry of Environment and Forests, Government of India dated July 11, 2008, valid for a period of five years from the date of issue.
- Letter of Assurance (No. MCL/GM/S&M/LOA/Talwandi Sabo/F-/2008/2047) from MCL, dated August 14, 2008, for supply of 7.72 mtpa of E/F grade coal from December 2011 onwards, valid for a period of 24 months from the date of issue. TSPL has made an application dated January 12, 2009 to Standard Linkage Committee, MOC for enhancement of allocation of coal linkage to 10 mtpa.
- Conceptual approval (vide letter no. T/377/TGP/TSPL/DLI) from Northern Railway, dated June 20, 2008 for rail siding inside the Talwandi Power Project.

- No objection certificate (No.ZO-II/RTI/2009/NOC/32) from the Punjab Pollution Control Board dated September 8, 2009 for establishment of a thermal power plant of (4X500 MW) for manufacture of 48 million units/day of electrical power in Mansa-Talwandi Sabo Road, Village Banawala, District Mansa, valid for a period of one year or until commissioning of plant, whichever is earlier.
- No objection letter (No. AAI/20012/1463/2007-ARI (NOC)) from the Airports Authority of India dated May 6, 2008 for the construction of a chimney (proposed height 483.5 meters above mean sea level) valid for a period of four years.

D. Approval from RBI

- Approval for External Commercial Borrowing (No. FED/CO/ECBD/3230/03.02.766/2009-10) of US\$ 140 million from India Infrastructure Finance Company (UK) Limited, dated August 3, 2009.

E. Other Approvals for our Business

We require various approvals for us to carry on our business in India. The approvals that we require include the following:

Description	Registration/Reference No.	Date of Issue/Renewal	Expiry date
Permanent Account Number issued by the Income Tax Department	AAICS5816R	February 2, 1995	N.A.
Certificate of Registration under the Export Import Policy and Certificate of Importer-Exporter Code from the Engineering Export Promotion Council	RCMC: B: MFG:9794:2007-08	December 26, 2007	N.A.
Certificates of Importer-Exporter Code received from the Government of India, Ministry of Commerce in respect of various branches of the Company	0306078252	February 7, 2007 and May 25, 2007	N.A.
Central Excise Registration Certificate	AAICS5816RXM001	July 4, 2007	N.A.
Registration under Section 69 of the Finance Act, 1994 in relation to payment of service tax.	AAICS5816RST001	April 26, 2007	N.A.
Allotment of Tax Deduction Account Number under the Income Tax Act, 1961	BBNS02384E	November 16, 2006	N.A.
Registration certificate under the Orissa Value Added Tax Act, 2004	21641707962	March 21, 2007	N.A.
Registration under the Central Sales Tax Act, 1956	21641707962	April 3, 2007	N.A.
Registration under the Contract Labour (Regulation and Abolition) Act, 1970	31/2007	March 21, 2007	For a maximum number of 5,000 contract labourers to be employed on any day until June 13, 2011
Registration under the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979	07 of 2008	April 24, 2008	For a maximum number of 3,150 migrant workmen to be employed on any day

In addition, as our projects are progressively implemented, commissioned and operated, we will require other approvals.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

- Our Board of Directors has, pursuant to resolutions passed at its meeting held on October 5, 2009 authorised the Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
- Our shareholders have, pursuant to a resolution passed at the meeting held on October 10, 2009 authorised the Issue under Section 81(1A) of the Companies Act.
- We have received in-principle approvals from the BSE and the NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. [●] is the Designated Stock Exchange.

Prohibition by the SEBI, the RBI or other governmental authorities

We confirm that neither (i) Our Company, its Subsidiary, the Promoter, persons in control of the Company, the Promoter Group, our Directors and the Group Entities; nor (ii) companies with which any of the Promoter, the Directors, persons in control of the Company or any natural person behind the Promoter are or were associated as a promoter, director or person in control are debarred or have been prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against the Directors or any entity our Directors are involved in as promoters or directors.

Neither our Company, our Promoter, the Group Entities, nor our Directors, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them except as disclosed in the section titled “*Outstanding Litigation and Material Developments*” on page 194.

Eligibility for the Issue

The Company is eligible for the Issue under Regulation 26(2) of the ICDR Regulations, which states as follows:

“An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

- (a) *(i) the issue is made through the book building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers or;*
(ii) at least fifteen per cent. of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than ten per cent shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers;
- (b) *(i) the minimum post-issue face value capital of the issuer is ten crore rupees or;*
(ii) the issuer undertakes to provide market-making for at least two years from the date of listing of the specified securities, subject to the following:
(A) the market makers offer buy and sell quotes for a minimum depth of three hundred specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed ten per cent;
(B) the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least five per cent. of the proposed issue.”

We are an unlisted company not compliant with the conditions specified in Regulation 26(1) of the ICDR Regulations and are therefore required to meet both the conditions detailed in Regulation 26(2)(a) and Regulation 26(2)(b) of the ICDR Regulations.

- We are complying with Regulation 26(2)(a)(i) of the ICDR Regulations and at least 60% of the Issue is proposed to be Allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event we fail to do so, the full subscription monies will be refunded to the Bidders.
- We are complying with the second proviso to Regulation 43(2) of the ICDR Regulations and Non-Institutional Bidders and Retail Individual Bidders will be allocated not less than 10% and 30% of the Issue respectively, subject to valid bids being received.
- We are also complying with Regulation 26(2)(b)(i) of the ICDR Regulations and the post-Issue face value capital of the Company will be more than the minimum requirement of Rs. 10 crore, i.e., Rs. 100 million.

Therefore, we are eligible for the Issue under Regulation 26(2) of the ICDR Regulations. Further, in accordance with Regulation 26(4) of the ICDR Regulations, our Company will ensure that the number of prospective Allottees will not be less than 1,000; otherwise the entire application money shall be returned forthwith.

If such money is not repaid within eight days after our Company becomes liable to repay it (i.e., from the date of refusal or within 15 days from the date of Bid Closing Date, whichever is earlier), then our Company shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% *per annum* on application money, as prescribed under Section 73 of the Companies Act.

Further, the Issue is subject to the fulfillment of the following conditions as required by Rule 19(2)(b) of the SCRR:

- A minimum of 2,000,000 Equity Shares (excluding reservations, firm allotments and promoter's contribution) are offered to the public;
- The Issue size, which is the Issue Price multiplied by the number of Equity Shares offered to the public, is a minimum of Rs. 1,000 million; and
- The Issue is made through the Book Building Process with allocation of at least 60% of the Issue size to QIBs as specified by the SEBI.

Compliance with Part A of Schedule VIII of the ICDR Regulations

The Company is in compliance with the provisions specified in Part A of Schedule VIII of the ICDR Regulations. Further, our Company has not been formed by the conversion of a partnership firm into a company.

Disclaimer Clause

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS, BEING KOTAK MAHINDRA CAPITAL COMPANY LIMITED, ENAM SECURITIES PRIVATE LIMITED J.P. MORGAN INDIA PRIVATE LIMITED AND MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED AND THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, SBI CAPITAL MARKETS LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AS IN FORCE FOR THE TIME BEING. AS THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE GLOBAL CO-ORDINATORS BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, ENAM SECURITIES PRIVATE LIMITED J.P. MORGAN INDIA PRIVATE LIMITED AND MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED AND THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, SBI CAPITAL MARKETS LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED OCTOBER 29, 2009 WHICH READS AS FOLLOWS:

- (1) “WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - (a) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.- NOTED FOR COMPLIANCE
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE

DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE.- NOT APPLICABLE**
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION.- NOTED FOR COMPLIANCE**
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE, ALLOTMENT SHALL BE MADE IN DEMAT FORM ONLY, PURSUANT TO SECTION 68B OF THE COMPANIES ACT**
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

 - (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.**
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF**

THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER EXPERIENCE, ETC.

- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS/ DRAFT PROSPECTUS/ DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.”

* PLEASE NOTE, HOWEVER, THAT THE SEBI REGISTRATION OF JM FINANCIAL CONSULTANTS PRIVATE LIMITED, WAS VALID UP TO AUGUST 15, 2009. THE APPLICATION FOR RENEWAL OF THE CERTIFICATE OF REGISTRATION IN THE PRESCRIBED MANNER HAS BEEN MADE BY JM FINANCIAL CONSULTANTS PRIVATE LIMITED ON MAY 11, 2009 TO SEBI, THREE MONTHS BEFORE THE EXPIRY OF THE PERIOD OF CERTIFICATE AS REQUIRED UNDER REGULATION 9(1) OF THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992. THE APPROVAL OF SEBI IN THIS REGARD IS PRESENTLY AWAITED. NO COMMUNICATION HAS BEEN RECEIVED FROM SEBI REJECTING THE SAID APPLICATION.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under section 63 and section 68 of the Companies Act, 1956 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the GCBRLMs and the BRLMs, any irregularities or lapses in the Draft Red Herring Prospectus.

Disclaimer from our Company, the GCBRLMs and the BRLMs

Our Company, our Directors, the GCBRLMs and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company’s instance and anyone placing reliance on any other source of information, including our web site www.sterliteenergy.co.in or the website of our Subsidiary or joint venture or the website of our Promoter, any Group Entity, any member of the Vedanta Group or any other affiliate of our Company, would be doing so at his or her own risk.

Caution

The GCBRLMs and the BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the GCBRLMs, the BRLMs and our Company dated October 29, 2009 and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us, the GCBRLMs and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Our Company, the GCBRLMs, the BRLMs and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The GCBRLMs, the BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Group Entities and our respective affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company and our Group Entities, affiliates or associates for which they have received, and may in future receive, compensation.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our

Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, FVCIs, multilateral and bilateral institutions and Eligible NRIs. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares issued pursuant to this Issue within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with the Company, the GCBRLMs and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Issue in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;

- (3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;
- (4) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States;
- (6) the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
- (7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
- (8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (9) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (10) the purchaser acknowledges that the Company, the GCBRLMs, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares Offered and Sold in this Issue

Each purchaser that is acquiring the Equity Shares issued pursuant to this Issue outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares issued pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with the Company, the GCBRLMs and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Issue in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to restrictions on transfer;
- (3) the purchaser is purchasing the Equity Shares issued pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Issue, was located outside the United States at the time the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
- (5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States;
- (7) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (8) the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (9) the purchaser acknowledges that the Company, the GCBRLMs, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter and the Company that:

1. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
2. in the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriters has been given to the offer or resale; or (ii) where Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Disclaimer clause of the BSE

As required, a copy of this Draft Red Herring Prospectus will be submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing with the RoC.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act and having attached thereto, the material contracts and documents for inspection referred to elsewhere in the Red Herring Prospectus, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC at the Office of the Registrar of Companies, Tamil Nadu, Chennai, at Block No. 6, B Wing, 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai 600 034, Tamil Nadu, India.

Listing

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of our Equity Shares is not granted by either of the Stock Exchanges mentioned above, we will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it, i.e. from the date of refusal or within 15 days from the Bid Closing Date, whichever is earlier, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as

prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalization of the basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Issue and Bankers to the Company; and (b) the GCBRLMs, the BRLMs and Syndicate Members, Escrow Collection Bankers, Registrar to the Issue, the domestic legal advisors to the Company the domestic legal advisors to the GCBRLMs and the BRLMs and the international legal advisors to the GCBRLMs and the BRLMs, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Deloitte Haskins & Sells, Chartered Accountants, the Auditors of our Company, have given their written consent to the inclusion of their report in the form and context in which it appears in “**Financial Statements**” on page F1 and of their report relating to tax benefits accruing to our Company in the form and context in which it appears in “**Statement of Tax Benefits**” on page 42 and such consent and report have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], the agency engaged by us for the purpose of obtaining an IPO grading in respect of this Issue, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and the Designated Stock Exchange.

Expert Opinion

Except the report of [●] in respect of the IPO grading of this Issue which will be annexed with the Red Herring Prospectus and as otherwise stated in this Draft Red Herring Prospectus, we have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] million. The expenses of this Issue include, among others, underwriting and management fees, selling commissions, SCSBs’ commissions/fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. All expenses with respect to the Issue shall be borne by our Company.

The estimated Issue expenses are as under:

S.No.	Activity Expense	Amount (Rs. millions)	Percentage of Total Issue	Percentage of Total
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		Expenses	Issue Size
1.	Lead management fees*		
2.	Underwriting and selling commission*(including commission to SCSBs for ASBA Applications *)	[●]	[●]
3.	Registrar's fees*	[●]	[●]
4.	Advertisement and marketing expenses*	[●]	[●]
5.	Printing and distribution expenses*	[●]	[●]
6.	IPO Grading expenses*	[●]	[●]
7.	Advisors*	[●]	[●]
8.	Bankers to the Issue*	[●]	[●]
9.	Others (SEBI filing fees, bidding software expenses, depository charges, listing fees, etc.) *	[●]	[●]

*Will be incorporated after finalisation of the Issue Price.

Fees payable to the GCBRLMs, the BRLMs and the Syndicate Members

The total fees, brokerage and selling commissions payable to the GCBRLMs, the BRLMs and the Syndicate Members (including underwriting commission and selling commission) will be as per their respective engagement letters issued by our Company, copies of which are available for inspection at our Registered Office.

Fees payable to the Registrar to the Issue

The fees payable by us to the Registrar to the Issue for processing of Bid-cum-Application Forms, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register and other activities will be as per the agreement dated [●] between us and the Registrar to the Issue, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds or send Allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding public or rights issues during the last five years

Our Company has not made any previous rights or public issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Our Company has not made any previous issues of Equity Shares for consideration otherwise than for cash.

Commission or brokerage on previous issues

This being the first public issue of Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares since our Company's incorporation.

Capital issues in the last three years

Our Company, our Subsidiary and joint venture, RCMEPL have not made any public or rights issue during the last three years.

For details of public, rights or other capital issues by our Group Entities, see "*Our Promoter and Group Entities*" on page 110.

Promise versus performance

Our Company and our Subsidiary have not made any previous rights and public issues.

For details of promise v. performance of the last one issue of our Group Entities, see "*Our Promoter and Group Entities*" on page 110.

Outstanding debentures or bond issues or preference shares

Our Company has no outstanding debentures or bonds or preference shares, as of the date of this Draft Red Herring Prospectus.

Stock market data of our equity shares

This being the first public issue of the Equity Shares of our Company, the Equity Shares of our Company are not listed on any stock exchange and hence no stock market data is available.

Mechanism for redressal of investor grievances

The Agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidder.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven Business Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress such complaints as expeditiously as possible.

We have also appointed Mr. Sandeep Agrawal, as the Compliance Officer for this Issue and he or the Registrar to the Issue or any of the GCBRLMs and the BRLMs may be contacted in case of any pre-Issue or post-Issue related problems, at the following address:

Mr. Sandeep Agrawal
Sterlite Energy Limited
232, Solitaire Corporate Park
Chakala, Andheri (East)
Mumbai 400 093
Maharashtra, India
Tel: +(91 22) 4005 8025
Fax: +(91 22) 4005 8011
Email: sandeep@vedanta.co.in

Disposal of investor grievances by listed companies under the same management as our Company

For details of of investor complaints pending with respect to the listed Group Entities see “*Our Promoter and Group Entities*” on page 110.

Change in auditors

There have been no change in auditors of our Company in the last three years.

Capitalization of reserves or profits

We have not capitalized our reserves or profits during the last five years.

Revaluation of assets

There has been no revaluation of assets of our Company in the last five years.

SECTION VII – ISSUE RELATED INFORMATION
ISSUE STRUCTURE

The present Issue of [●] Equity Shares of Rs. 10 each, at a price of Rs. [●] for cash aggregating Rs. 51,000 million is being made through the 100% Book Building Process. The Issue will constitute [●]% of the fully diluted post-Issue Equity Share capital of the Company. If at least 60% of the Issue cannot be allocated to QIBs, the entire application money shall be refunded forthwith.

Our Company is considering a Pre-IPO Placement of up to Rs. 2,000 million with certain investors. If the Pre-IPO Placement is completed the Issue size offered to the public would be reduced by the extent of such Pre-IPO Placement, subject to a minimum Issue size of 10% of the post Issue paid-up equity capital.

	QIBs*	Non-Institutional Bidders	Retail Bidders	Individual
Number of Equity Shares *	At least [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Issue Size less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares available for allocation or Issue Size less allocation to QIB Bidders and Non-Institutional Bidders.	
Percentage of Issue Size available for Allotment/allocation**	At least 60% of the Issue shall be allocated to QIBs. However, not less than 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. The undersubscribed portion will be available to QIBs. Mutual Funds participating in the 5% reservation will also be eligible for allocation in the remaining QIB portion.	Not less than 10% of the Issue available for allocation or the Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 30% of the Issue available for allocation or the Issue less allocation to QIB Bidders and Non-Institutional Bidders.	
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds which are allocated Equity Shares as per (a) above.	Proportionate	Proportionate	
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares.	[●] Equity Shares and in multiples of [●] Equity Shares.	
Maximum Bid	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue Size subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.	
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	
Bid Lot	[●] Equity Shares.	[●] Equity Shares.	[●] Equity Shares.	
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	
Who can Apply ***	Public financial institutions as specified in Section 4A of	Eligible NRIs, FII's sub-accounts who are foreign	Individuals (including HUFs, NRIs) applying	

	QIBs*	Non-Institutional Bidders	Retail Bidders	Individual
	the Companies Act, FIIs and sub-accounts registered with SEBI other than FIIs sub-accounts who are foreign companies or foreign individuals, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million, pension funds with minimum corpus of Rs. 250 million and the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India	companies or foreign individuals, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	for Equity Shares such that the Bid Amount per individual Bidder does not exceed Rs. 100,000 in value.	
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the GCBRLMs and the BRLMs.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members [#]	
Margin Amount	At least 10% of Bid Amount ^{****}	Full Bid Amount on bidding	Full Bid Amount on bidding	

* Our Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price in accordance with the ICDR Regulations. At least one-third of the Anchor Investor Portion shall be available for allocation to Mutual Funds only. Allocation to Anchor Investors shall be on a discretionary basis subject to a minimum number of (i) two Anchor Investors, where the allocation in the Anchor Investor Portion is up to Rs. 2,500 million and (ii) five, where the allocation under the Anchor Investor Portion is more than Rs. 2,500 million. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Further, Anchor Investors shall pay the Anchor Investor Margin Amount at the time of submission of Bid cum Application Form to the GCBRLMs and the BRLMs and the balance within the Pay-in Date which shall be a date no later than two days of the Bid Closing Date.

** In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post-Issue capital of our Company, therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to QIBs on a proportionate basis. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the GCBRLMs and the BRLMs and the Designated Stock Exchange.

*** In case the Bid cum Application Form is submitted in joint names, the Bidders should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

**** After the Bid Closing Date, depending on the level of subscription, additional Margin Amount, if any, may be called for from the QIB Bidders.

In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the ASBA Bid cum Application Form.

Withdrawal of the Issue

Our Company in consultation with the GCBRLMs and the BRLMs, reserves the right not to proceed with the Issue at anytime after the Bid Opening Date, but before the Board meeting for Allotment, without assigning any reason therefor. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company will also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it will file a fresh draft red herring prospectus with the SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for only after Allotment and within seven working days of finalization of Basis of Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the Stock Exchanges.

Letters of Allotment or Refund Orders or instruction to SCSBs in case of ASBA Bidders

Our Company shall facilitate and shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of Allotment of Equity Shares. Our Company shall dispatch refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid-cum-Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBAs within 15 days of the Bid/Issue Closing Date.

Interest in case of delay in dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid Closing Date or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions will be given to the clearing system; and
- Our Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes as described in the Red Herring Prospectus and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bidding Programme

BID OPENS ON	[●]*
BID CLOSES ON	[●]

*The Anchor Investor Bidding Date shall be one day prior to the Bid Opening Date

The Company is considering participation by Anchor Investors in terms of the ICDR Regulations. For details see "**Issue Procedure- Bids by Anchor Investor**" on page 243.

Bids and any revision in Bids will be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned in the Bid cum Application Form **except that on the Bid Closing Date, Bids excluding ASBA Bids shall be accepted only between 10 a.m. and 1 p.m.** (Indian Standard Time) and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders; and (ii) until 5.00 p.m. or such time as permitted by the Stock Exchanges in case of Bids by Retail Individual Bidders where the Bid Amount is upto Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation in the Issue. If such Bids are not uploaded, the Company, the GCBRLMs, the BRLMs, and the Syndicate Members shall not be responsible. Bids will be accepted only on Business Days, i.e. Monday to Friday (excluding any public holiday).

On the Bid Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders, after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms as stated herein and reported by the GCBRLMs, the BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company, in consultation with the GCBRLMs and the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two working days prior to the Bid Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period will be extended for three additional Business Days after revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the GCBRLMs, the BRLMs, and at the terminals of the members of the Syndicate.

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum of Association and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN, the listing agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by the SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act and our Memorandum of Association and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see “*Main Provisions of Articles of Association of the Company*” on page 271.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act.

Face Value and Issue Price

The face value of each Equity Share is Rs. 10 and the Issue Price is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per Equity Shares. At any given point of time there shall be only one denomination for the Equity Shares. The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the GCBRLMs, the BRLMs, and advertised in widely circulated national newspapers (one each in English and Hindi) and one Tamil newspaper, at least two working days prior to the Bid Opening Date.

Compliance with the SEBI

Our Company shall comply with applicable disclosure and accounting norms specified by the SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders of our Company shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and any preferential claims being satisfied;
- Subject to applicable law including any RBI rules and regulations, right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Memorandum of Association and Articles of Association.

All our Equity Shareholders have the same voting rights. For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture and lien and/or consolidation/splitting, see “*Main Provisions of Articles of Association of the Company*” on page 271.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per the ICDR Regulations, the trading of our Equity Shares shall only be in dematerialized form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares that are Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective DP of the applicant would prevail. If the investors want to change their nomination, they are requested to inform their respective depository participant.

Application by Eligible NRIs / FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for Eligible NRIs or FIIs registered with SEBI or FVCIs registered with SEBI. Such Eligible NRIs, FIIs registered with SEBI or FVCIs registered with SEBI will be treated on the same basis as other categories for the purpose of allocation.

Bidding Period

Bidders may submit their Bids only in the Bidding Period. The Bid Opening Date is [●] and the Bid Closing Date is [●]. Provided that Anchor Investors may submit their Bid on the Anchor Investor Bidding Date.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including the devolvement of Underwriters, within 60 days from the Bid Closing Date, our Company shall within 70 days of Bid Closing Date refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further in terms of Rule 19(2)(b) of the SCRR, if at least 60% of the Issue cannot be allocated to QIBs, then all the application money shall be refunded forthwith.

Further in terms of Regulation 26(4) of the ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted will not be less than 1,000.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

Except for lock-in of the pre-Issue Equity Shares and Promoter’s minimum contribution in the Issue as detailed in the section “*Capital Structure*” on page 25 and as provided in our Articles as detailed in the section “*Main Provisions of Articles of Association of the Company*” on page 271, there are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting.

Option to receive Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in this Issue in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE PROCEDURE

Book Building Procedure

In terms of Rule 19(2)(b) of the SCRR, this is an Issue for less than 25% of the post-Issue capital, and therefore, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be Allotted to QIBs on a proportionate basis. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% and 30% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the GCBRLMs, the BRLMs and the Designated Stock Exchange.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company in consultation with the GCBRLMs, the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. Provided that, our Company in consultation with the GCBRLMs and the BRLMs, reserves the right to reject any Bid procured from Anchor Investors without assigning any reason thereof. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus. Before being issued to Bidders, the Bid cum Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. The Bid cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidder wishes to Bid. Bidders shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis, excluding Anchor Investors	White
Non-Residents, Eligible NRIs, FVCIs, FIIs on a repatriation basis, excluding Anchor Investors	Blue
Anchor Investors	Yellow
ASBA Bidders bidding in physical form	White

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking funds that are available in the bank account specified in the ASBA Bid cum Application Form used by ASBA Bidders. The ASBA Bidders can only provide one Bid in the ASBA Bid cum Application Form at Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the SCSB, the ASBA Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the

ASBA as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

In respect of QIBs that are Anchor Investors and ASBA Bidders, the issue procedure set out below should be read with, and is qualified by, the relevant portions of this section relating to Anchor Investor Portion and the section “-*Issue procedure for ASBA Bidders*” on page 259.

Who can Bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not permitted to participate in this Issue;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI regulations and other regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.
- Scientific and/or industrial research organisations in India authorised to invest in equity shares;
- Insurance companies registered with Insurance Regulatory and Development Authority, India;
- Provident Funds with a minimum corpus of Rs. 250 million and who are authorized under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- National investment fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- Multilateral and Bilateral Development Financial Institutions; and
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

Note: As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

Participation by associates of the GCBRLMs, the BRLMs and the Syndicate Members

The GCBRLMs, the BRLMs and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the GCBRLMs, the BRLMs and the Syndicate Members are entitled to subscribe for Equity Shares in the Issue, including in the Net QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

The GCBRLMs, the BRLMs, the Syndicate Members, their associates and affiliates shall not be allowed to subscribe to the Anchor Investor Portion in any manner.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Bids by Mutual Funds

Under the ICDR Regulations, at least one-third of the Anchor Investor Portion, i.e. [●] Equity Shares will be available for allocation to Mutual Funds only on a discretionary basis and 5% of the Net QIB Portion, i.e. [●] Equity Shares have been specifically reserved for mutual funds on a proportionate basis. An eligible Bid by a Mutual Fund in the Mutual Fund Portion shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand in the Mutual Fund Portion is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which such Bids are made.

As per the current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made

Bids by Eligible NRIs

Eligible NRIs are required to comply with the following:

1. Bid cum application forms (blue in colour) have been made available for NRIs at our Registered Office, members of the Syndicate and the Registrar to the Issue.
2. Eligible NRI may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the application form meant for Resident Indians (White in colour).
3. In accordance with the ICDR Regulations, NRIs cannot subscribe to this Issue under the ASBA process.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The offer of Equity Shares to a single FII should not exceed 10% of our post-Issue paid-up capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, in accordance with the foreign investment limits applicable to us, the total foreign investment including FII investment cannot exceed 24% of our total issued capital unless approved by the shareholders of the Company. Our shareholders have approved the FII investment limit in our Company to increase up to 49%.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations 1995, as amended, (“**SEBI Regulations**”), an FII, as defined in the SEBI Regulations, or its sub account may issue, deal or hold, off shore derivative instruments (defined under the SEBI Regulations, as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. The FII or sub-account is also required to ensure that no further issue or transfer of any offshore derivative instrument issued by it is made to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI Regulations. Associates and affiliates of the Underwriters, including the GCBRLMs, the BRLMs and the Syndicate Members that are FIIs may issue offshore derivative instruments against Equity Shares Allotted to them in the Issue.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, each as amended, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI, respectively. Accordingly, the holding in any company by any individual venture capital fund registered with SEBI should not exceed 25% of the corpus of the venture capital fund. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers.

Pursuant to the ICDR Regulations, the shareholding of SEBI-registered venture capital funds and foreign venture capital investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft red herring prospectus with SEBI.

The above information is given for the benefit of the Bidders. Our Company, the GCBRLMs and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the

applicable investment limits under laws or regulations or maximum number of Equity Shares that can be held by them under applicable laws. The Company, the GCBRLMs and the BRLMs, do not accept any responsibility for the completeness and accuracy of the information stated hereinabove.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to Bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given to the Retail Individual Bidders indicating their agreement to Bid and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (b) **For Other Bidders (Non-Institutional Bidders and QIBs bidding in the QIB Portion):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB Bidding in the Net QIB Portion cannot withdraw its Bid after the Bid Closing Date and is required to pay the QIB Margin Amount upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Payments made upon any revision of Bids will be adjusted against the payment made at the time of the original Bid or the previously revised Bid, as applicable.

- (c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs. 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders:

- (a) The Red Herring Prospectus will be filed by the Company with the RoC at least three days before the Bid Opening Date.
- (b) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus.
- (c) Our Company, the GCBRLMs and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in widely circulated newspapers (one each in English, Hindi, and Tamil).
- (d) The Members of the Syndicate shall accept Bids from the Bidder during the Bidding Period in accordance with the terms of the Syndicate Agreement. Provided that the GCBRLMs and the BRLMs shall accept the Bids from the Anchor Investors only on the Anchor Investor Bidding Date.
- (e) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from any of the members of the Syndicate.

- (f) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the GCBRLMs, the BRLMs or the Syndicate Members or their authorised agent(s) to register their Bids.
- (g) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and Process of Bidding

- (a) Our Company, the GCBRLMs and the BRLMs shall declare the Bid Opening Date and Bid Closing Date at the time of filing the Red Herring Prospectus with the RoC and also publish the same in widely circulated national newspapers (one each in English and Hindi newspapers) and one Tamil newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XIII of the ICDR Regulations.
- (b) The Price Band and the minimum Bid lot size for the Issue will be decided by our Company, in consultation with the GCBRLMs and the BRLMs, and advertised in two national newspapers (one each in English and Hindi) and one Tamil newspaper, at least two working days prior to the Bid Opening Date. The GCBRLMs, the BRLMs and the Syndicate Members shall accept Bids from Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.
- (c) The GCBRLMs and the BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date, i.e. one day prior to the Bid Opening Date. Investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period. The Members of the Syndicate shall accept Bids from the all the other Bidders and shall have the right to vet the Bids, during the Bidding Period in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.
- (d) The Bidding Period shall be for a minimum of three working days and shall not exceed 10 working days including the days for which the Issue is kept open in case of a revision in the Price Band. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in an English national newspaper, a Hindi national newspaper and a Tamil newspaper with wide circulation together with an indication of such change on the websites of the GCBRLMs, the BRLMs and at the terminal of the Syndicate Members and the Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- (e) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details see "*Bids at Different Price Levels*" below, within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (f) The Bidder cannot Bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "*-Build up of the Book and Revision of Bids*" on page 238. Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.
- (g) Except in relation to the Bids received from the Anchor Investors, the Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("**TRS**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

- (h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “*Terms of Payment and Payment into the Escrow Account(s)*” on page 236.
- (i) The identity of QIB Bidders shall not be made public.

Bids at Different Price Levels

- (a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The Bidders can Bid at any price within the Price Band, in multiples of Re. 1.
- (b) Our Company in consultation with the GCBRLMs and the BRLMs reserves the right to revise the Price Band, during the Bidding Period, in accordance with the ICDR Regulations. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two working days prior to the Bid Opening Date and the Cap Price will be revised accordingly.
- (c) In case of revision in the Price Band, the Bidding Period shall be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice in widely circulated newspapers, one each in English, Hindi and Tamil, and also by indicating the change on the websites of the GCBRLMs, the BRLMs and at the terminals of the Syndicate Members.
- (d) Our Company in consultation with the GCBRLMs and the BRLMs can finalise the Issue Price and Anchor Investor Issue Price within the Price Band, without the prior approval of, or intimation to the Bidders.
- (e) The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIBs or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
- (f) Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account(s). In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders who Bid at Cut-off Price shall receive the refund of the excess amounts from the Escrow Account(s).
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., the original Bid Amount plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account(s).

- (i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
- (j) When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Terms of Payment and Payment into the Escrow Account(s)

Each Bidder, other than Anchor Investors, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the maximum amount of the Bid in favour of the Escrow Account(s) of the Escrow Collection Bank(s) (for details see the "*Issue Procedure-Payment Instructions*" on page 246), and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash/stock invest/money order shall not be accepted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its Margin Amount only to the members of the Syndicate. The Margin Amount based on the Bid Amount has to be paid at the time of the submission of the Bid-cum-Application Form. The Margin Amount shall be entered and printed on the TRS which shall be furnished upon request.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e., Anchor Investors, QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section "*Issue Structure*" on page 222. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date. If the payment is not made favouring the Escrow Account(s) within the time and the manner stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for allocation/ transfer, will be refunded to such Bidder within 15 days from the Bid Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

- (a) The members of the Syndicate will register the Bids received, except Bids received from Anchor Investors, using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity facility in each city, where the Stock Exchanges are located in India and where such Bids are being accepted.
- (b) The Stock Exchanges will offer a screen-based facility for registering such Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that it will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis.
- (c) On the Bid Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the GCBRLMs and the

BRLMs on a regular basis. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of the Bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

- (d) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available at the bidding centers and at the websites of each of the Stock Exchanges during the Bidding Period.
- (e) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
- Name of the investor. Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.
 - Investor Category – Individual, Corporate, Eligible NRI, FII, or Mutual Fund, QIBs, etc.
 - Numbers of Equity Shares Bid for.
 - Bid Amount.
 - Bid cum Application Form number.
 - Whether Margin Amount has been paid upon submission of Bid cum Application Form.
 - Depository Participant identification number and client identification number of the beneficiary account of the Bidder.
- (f) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/ Allotted.
- (g) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (h) In the case of QIB Bidders in the Net QIB Portion, members of the Syndicate also have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the ***"Issue Procedure-Grounds for Technical Rejections"*** on page 250.
- (i) The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the GCBRLMs and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.
- (j) It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

- (k) Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the GCBRLMs and the BRLMs based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

- (a) Bids registered by various Bidders, except Anchor Investors, through the members of the Syndicate shall be electronically transmitted to the Stock Exchanges mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the GCBRLMs and the BRLMs on a regular basis.
- (c) During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.
- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIB Bidders in the Net QIB Portion, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
- (g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
- (h) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the GCBRLMs and the BRLMs based on the physical records of the Bid Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

- (a) After the Bid Closing Date, the GCBRLMs and the BRLMs will analyse the demand generated at various price levels and discuss pricing strategy with the Company.
- (b) Our Company in consultation with the GCBRLMs and the BRLMs, shall finalise the Anchor Investor Issue Price and the Issue Price.
- (c) Allocation to Anchor Investors shall be at the discretion of the Company in consultation with the GCBRLMs and the BRLMs, subject to compliance with the ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion.

- (d) Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be met with spill over from any other category at the sole discretion of our Company and in consultation with the GCBRLMs and the BRLMs. However, if the aggregate demand by Mutual Funds in the Mutual Fund Portion is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the Net QIB Portion and be Allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the GCBRLMs, the BRLMs and the Designated Stock Exchange. If at least 60% of the Issue is not Alloted to QIBs, the entire subscription monies shall be refunded.
- (e) Allocation to Eligible NRIs, FIIs and foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable laws, rules regulations, guidelines and approvals and the terms and conditions stipulated by the FIPB and RBI.
- (f) The GCBRLMs and the BRLMs, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and Anchor Investor Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) If the Issue Price is higher than the Anchor Investor Issue Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Issue Price, the difference shall not be payable to the Anchor Investors.
- (h) Our Company reserves the right to cancel the Issue at any time after the Bid Opening Date, but before the Board meeting for Allotment, without assigning any reasons therefor whatsoever. QIBs bidding in the Net QIB Portion cannot withdraw their Bid after the Bid Closing Date. If our Company withdraws from the Issue, it shall issue a public notice that shall include reasons for such withdrawal within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI. Further Anchor Investors cannot withdraw their Bid after the Anchor Investor Bidding Date.
- (i) Our Company in consultation with the GCBRLMs and the BRLMs, reserves the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids by QIBs bidding in the Net QIB Portion, if any will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. Provided that, our Company, in consultation with the GCBRLMs and the BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reason therefor.
- (j) The Allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the GCBRLMs, the BRLMs and the Syndicate Members intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by the Company with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.
- (c) We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the ICDR Regulations in widely circulated newspapers (in English, Hindi and Tamil).

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement in a widely circulated English national newspaper, Hindi national newspaper and a Tamil newspaper after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the GCBRLMs, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/ Allotted Equity Shares in the Issue. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders in the Net QIB Portion may be done simultaneously with or prior to the approval of the basis of Allotment for the Retail and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the instructions by the Company for demat credit of the Equity Shares to all investors in this Issue shall be given on the date of Allotment. For Anchor Investors, see “*Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs*”
- (b) The GCBRLMs, the BRLMs or the Syndicate Members would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price or Anchor Investor Issue Price, as may be applicable, for all the Equity Shares allocated to such Bidder. QIB Bidders (including Anchor Investors) who have not paid the entire Bid Amount into the Escrow Account(s) at the time of bidding shall pay in full the amount payable into the Escrow Account(s) by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
- (d) The Issuance of CAN is subject to “*Notice to Anchor Investors: Allotment Reconciliation and Revised CANs*” and “*Notice to QIBs bidding in the Net QIB Portion: Allotment/Transfer Reconciliation and Revised CAN*” as set forth below

Notice to Anchor Investors: Allotment Reconciliation and revised CANs

After the Anchor Investor Bidding Date, a physical book will be prepared by the Registrar on the basis of Bid cum Application Forms received in the Anchor Investor Portion. Based on the physical book and at the discretion of the Company, the GCBRLMs and the BRLMs, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bidding Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Issue Price for all the Equity Shares allocated to such Anchor Investor. This provisional CAN and the final allocation is subject to (a) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, (b) the Issue Price being finalized at a price not higher than the higher than the Anchor Investor Issue Price, and (c) allotment by the Board of Directors. Subject to the ICDR Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, among other things, and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. In such instances or in the event the Issue Price is fixed higher than the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors, price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified

in the revised CAN, for any increased allocation or price of Equity Shares, which shall in no event be later than two days after the Bid Closing Date. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Notice to QIBs bidding in the Net QIB Portion: Allotment/Transfer Reconciliation and Revised CAN

After the Bid Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE systems. This shall be followed by a physical book prepared by the Registrar on the basis of the Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs bidding in the Net QIB Portion may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to (a) the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar, (b) physical application being valid in all respects along with stipulated documents being received by the Registrar to the Issue, and (c) allotment by the Board of Directors. Subject to the ICDR Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs bidding in the Net QIB Portion, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs bidding in the Net QIB Portion should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date. After the funds are transferred from the Escrow Account(s) to the Public Issue Account on the Designated Date, our Company will ensure the credit to the successful Bidders depository account within two working days of the date of Allotment.
- (b) In accordance with the ICDR Regulations, Equity Shares will be issued, transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Issue.

General Instructions

Dos:

- (a) Check if you are eligible to apply;
- (b) Ensure that you have Bid within the Price Band;
- (c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), or the Anchor Investor Bid cum Application Form (Yellow in colour) as the case may be;
- (d) Ensure that the details about Depository Participant and Beneficiary Account are correct and that the Beneficiary Account is activated as Allotment of Equity Shares will be in the dematerialized form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that you have been given a TRS for all your Bid options;
- (g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

- (h) Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act. Applications in which the PAN is not mentioned will be rejected;
- (i) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;
- (j) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at the Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceed the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;
- (h) Do not submit Bids without applicable Margin Amounts;
- (i) In case of Retail Bidders, do not submit a Bid with a Bid Amount exceeding Rs. 100,000.
- (j) **Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate or the Registered Office of the Company or the Registrar to the Issue.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white for Resident Indians and Eligible NRIs applying on a non-repatriation basis, blue colour for NRIs, FVCIs and FIIs applying on a repatriation basis, white for ASBS Bidders and Yellow for Anchor Investors).
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- (c) For Retail Individual Bidders (including Eligible NRIs) the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise

of the Cut-off Price option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

- (d) For Non-Institutional Bidders and QIB Bidders bidding in the Net QIB Portion (including Eligible NRIs), Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Anchor Investors must ensure that Bids must make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 1,000 million. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date and QIBs bidding in the Net QIB Portion cannot withdraw their Bid after the Bid Closing Date.
- (e) Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- (f) In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.
- (g) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (h) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Anchor Investors

The Company may consider participation by Anchor Investors in the QIB Portion for up to [●] Equity Shares in accordance with the applicable ICDR Regulations. Only QIBs as defined in Regulation 2(1) (zd) of the ICDR Regulations and not otherwise excluded pursuant to Schedule XI(10)(k) to the ICDR Regulations are eligible to invest. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

- (a) Anchor Investors Bid cum Application Form have been made available for Anchor Investor Portion at our Registered Office, members of the Syndicate and the Registrar to the Issue.
- (b) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds Rs. 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion.
- (c) One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.
- (d) The Bidding for Anchor Investors shall open one day before the Bid Opening Date and shall be completed on the same day.
- (e) The Company, in consultation with the GCBRLMs and the BRLMs, shall finalise Allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of Allottees.

- (f) The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the GCBRLMs and the BRLMs before the Bid Opening Date.
- (g) Anchor Investors shall pay Anchor Investor Margin Amount representing 25% on the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid Closing Date.
- (h) In case the Issue Price is greater than the Anchor Investor Issue Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price shall be paid by the Anchor Investors by the Pay-in-Date. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Allotment to Anchor Investors shall be at the higher price i.e. the Anchor Investor Issue Price.
- (i) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.
- (j) None of the GCBRLMs, the BRLMs, the Promoter and Promoter Group or any person related to them shall participate in the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- (l) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “Escrow Account – SEL Public Issue -Anchor Investor”
 - In case of Non-Resident Anchor Investors: “SEL – Escrow Account – SEL Public Issue Anchor Investor - NR”

The minimum number of Allotees in the Anchor Investor Portion shall not be less than:

- (a) two, where the allocation under Anchor Investor Portion is up to Rs. 2,500 million; and
- (b) five, where the allocation under Anchor Investor Portion is more than Rs. 2,500 million.

Additional details, if any, regarding participation in the Issue under the Anchor Investor Portion shall be disclosed in the advertisement for the Price Band which shall be taken out by the Company in a national English, Hindi and Tamil newspaper at least two working days prior to the Bid Opening Date.

The Red Herring Prospectus, in so far as it relates to terms of the Issue should be read in conjunction with the aforesaid paragraphs, to the extent applicable.

Bidder’s Bank Details

Bidders should note that on the basis of the name of the Bidders, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository their demographic details, including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as ‘Demographic Details’). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders and it is mandatory to provide the Bank Account details in the space provided in the Bid-cum-Application Form. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and none of the GCBRLMs, the BRLMs, the Registrar to the Issue, the Escrow Collection Banks or our Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/CANs/Allocation Advice and printing of Bank particulars on the refund order or making refunds electronically and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. Hence the Bidders are advised to update their Demographic Details as provided to the Depository Participant and ensure they are true and correct.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders (where refunds are not being made electronically)/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and none of our Company, Escrow Collection Bank(s), the GCBRLMs or the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Our Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three).
3. Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible Non Resident Bidders for a minimum of such number of Equity Shares and in multiples of [•] thereafter that the Bid Amount exceeds Rs. 100,000.

For further details, please refer to the "*Issue Procedure - Maximum and Minimum Bid Size*" on page 233.

In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Our Company has received all relevant approvals for the Issue of Equity Shares to Eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and other Eligible NRIs. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by FIIs or FVCIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with a minimum corpus of Rs. 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the GCBRLMs and the BRLMs, may deem fit.

Payment Instructions

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/Allotment in the Issue.

The Escrow Collection Banks will act in terms of the Draft Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s), for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Account(s)

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account(s) and submit the same to the members of the Syndicate.
2. In case of QIBs (including Anchor Investors) bidding in the QIB Portion, where the margin is less than 100% of the Bid Amount, the balance amount shall be paid by the Bidders into the Escrow Account(s) within the period specified in the CAN. If the payment is not made in favour of the Escrow Account within the stipulated time, the Bid is liable to be rejected. For Anchor Investors, see also "**Payment Instructions for Anchor Investors**" below.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of QIB Bidders: "Escrow Account–SEL Public Issue – QIB – R"
 - In case of non-resident QIB Bidders: "Escrow Account– SEL Public Issue – QIB– NR"
 - In case of Resident Bidders: "Escrow Account– SEL Public Issue"
 - In case of Non Resident Bidders: "Escrow Account – SEL Public Issue – NR"
 - In case of Resident Anchor Investors: "Escrow Account – SEL Public Issue -Anchor Investor"
 - In case of Non-Resident Anchor Investors: "SEL – Escrow Account – SEL Public Issue Anchor Investor - NR"
4. In case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account maintained with banks authorised to deal in foreign exchange in India.
5. In case of Bids by FIIs, or FVCIs the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

6. Where a Bidder has been allocated/ Allotted a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated will be refunded to the Bidder from the Refund Account.
7. The monies deposited in the Escrow Account(s) will be held for the benefit of the Bidders till the Designated Date.
8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account(s) as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
9. On the Designated Date and no later than 15 days from the Bid Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.
10. Payments should be made by cheque, or demand draft drawn on any bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ stockinvest/money orders/postal orders will not be accepted.
11. **Bidders are advised to mention the number of application form on the reverse of the cheque / demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.**
12. **In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.**

Payment Instructions for Anchor Investors

1. Anchor Investors shall provide the Anchor Investor Margin Amount, i.e. at least 25% of the Bid Amount along with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the Bid Amount in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid cum Application Form is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted.
2. Company in consultation with the GCBRLMs and the BRLMs in their absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable for allotment of such Equity Shares in their respective names shall be notified to such QIBs.
3. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated/ Allotted and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Bidder within two days of the Bid Closing Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Anchor Investor is liable to be cancelled.
4. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: "Escrow Account – SEL Public Issue- Anchor Investor"
 - In case of Non-Resident Anchor Investor: "Escrow Account – SEL Public Issue- Anchor Investor – NR"

Payment by Stockinvest

In terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Anchor Investors can Bid under the Anchor Investor Portion and also in the QIB Portion and such Bids shall not be treated as multiple Bids.

Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file, which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

Our Company, in consultation with the GCBRLMs and the BRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Except for Bids on behalf of the Central or State Government and the officials appointed by the courts, each of the Bidders should mention his/her PAN allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.

Unique Identification Number (“UIN”)

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2005 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Right to Reject Bids

In case of QIB Bidders bidding in the Net QIB Portion, our Company in consultation with the GCBRLMs and the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. Provided further that, our Company, in consultation with the GCBRLMs and the BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons therefor. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds only. Consequent refunds shall be made through any of the modes described in the Red Herring Prospectus and will be sent to the Bidder’s address at the Bidder’s risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Age of First Bidder is not given;
3. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
4. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
5. PAN not stated or GIR number stated instead (except for Bids on behalf of the Central or State Government and the officials appointed by the courts);
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids are submitted at a price less than the Floor Price;
8. Bids are submitted at a price more than the Cap Price;
9. Bids are submitted at Cut off Price by Non-Institutional Bidders and QIB Bidders;
10. Bids are submitted for number of Equity Shares which are not in multiples of [●];
11. Category not ticked;
12. Multiple Bids as described in this Draft Red Herring Prospectus;
13. In case of a Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stockinvest/money order/postal order/cash;

15. Signature of sole and/or joint Bidders missing;
16. Bid cum Application Forms does not have the stamp of the GCBRLMs, the BRLMs or the Syndicate Members;
17. Bid cum Application Forms does not have Bidder's depository account details or the details given are incomplete;
18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;
19. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
20. Bids are submitted for amounts greater than the maximum permissible amounts prescribed by the regulations;
21. Bids by QIBs not submitted through the Syndicate;
22. Bids by OCBs;
23. Bids by persons in the United States other than "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
24. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;
25. Bids not uploaded in the book would be rejected;
26. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 uploaded after 5.00 P.M. on the Bid Closing Date;
27. Bank account details for the refund not given;
28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines and approvals;
30. Bids that do not comply with the securities laws of their respective jurisdictions; and
31. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Issue shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements will be entered into among our Company, the respective Depositories and the Registrar to the Issue:

- a) Agreement dated [●] with NSDL, our Company and the Registrar to the Issue;
- b) Agreement dated [●] with CDSL, our Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form *vis-à-vis* those recorded with his or her Depository Participant.
- g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- h) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
- i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of Allotted shares in the respective beneficiary accounts, refunds, etc.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

shall be punishable with imprisonment for a term which may extend to five years.”

Basis of Allotment

A. *For Retail Individual Bidders*

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. *For Non-Institutional Bidders*

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate basis of Allotment refer below.

C. *For QIBs in the Net QIB Portion*

- Bids received from the QIB Bidders bidding in the Net QIB Portion, at or above the Issue Price, shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Net QIB Portion shall be available for Allotment to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) In the first instance allocation to Mutual Funds for 5% of the Net QIB Portion shall be determined as follows:
 - (i) In the event that Mutual Fund Bids exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the Net QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
 - (b) In the second instance Allotment to all QIBs shall be determined as follows:

- (i) In the event of oversubscription in the Net QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion.
- (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
- (iii) Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- **The aggregate allocation to QIB Bidders shall be at least [●] Equity Shares The method of proportionate basis of allotment is stated below.**

D. For Anchor Investors

Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company, in consultation with the GCBRLMs and the BRLMs, subject to compliance with the following requirements:

- (i) not more than 30% of the QIB Portion will be allocated to Anchor Investors.
- (ii) at least one-third of the Anchor Investor Portion shall be available for allocation to Mutual Funds only.
- (iii) Allocation to a minimum number of two Anchor Investors.

The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the GCBRLMs and the BRLMs before the Bid Opening Date.

Illustration of Allotment to QIBs and Mutual Funds (“MF”) in the Net QIB Portion

Issue Details

Sr. No.	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (60%)	120 million Equity Shares
	Of which:	
	a. Reservation to MF (5%)	6 million Equity Shares
	b. Balance for all QIBs including MFs	114 million Equity Shares
3	No. of QIB applicants	10
4	No. of shares applied for	500 million Equity Shares

B. Details of QIB Bids

S. No	Type of QIB bidders#	No. of Equity Shares bid for (in millions)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	Total	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of Equity Shares in million)

Type of QIB bidders	Shares bid for	Allocation of 6 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	11.40	0
A2	20	0	4.5	0
A3	130	0	29.6	0
A4	50	0	11.4	0
A5	50	0	11.4	0
MF1	40	1.2	9.1	10.3
MF2	40	1.2	9.1	10.3
MF3	80	2.4	18.2	20.6
MF4	20	0.6	4.5	5.2
MF5	20	0.6	4.5	5.2
	500	6	114	51.6

Please note:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in “*Issue Structure*” on page 222.
2. Out of 114 million equity shares allocated to QIBs, 6 million (i.e. 5%) will be allocated on proportionate basis among 5 mutual fund applicants who applied for 200 shares in QIB category.
3. The balance 95 million equity shares (i.e. 100 - 5 (available for mutual funds)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 equity shares (including 5 mutual fund applicants who applied for 200 equity shares).
4. The figures in the fourth column titled “Allocation of balance 114 million equity shares to QIBs proportionately” in the above illustration are arrived as under:
 - For QIBs other than mutual funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 114 / 494
 - For mutual funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less equity shares allotted (i.e., column III of the table above)] X 114/494
 - The numerator and denominator for arriving at allocation of 114 million shares to the 10 QIBs are reduced by 6 million shares, which have already been allotted to mutual funds in the manner specified in column III of the table above.

Basis of Allotment

Except in relation to Anchor Investors, in the event of the Issue being over-subscribed, our Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the GCBRLMs, the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

Except in relation to Anchor Investors, the Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the allotment shall be made as follows:
 - (a) Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and
 - (b) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be Allotted Equity Shares arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
- g) Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of the Company, in consultation with the GCBRLMs and the BRLMs.

Payment of Refund

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' address, bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and none of our Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue, the GCBRLMs or the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the 68 centers notified by the SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned 68 centers, except where the applicant, being eligible, opts to receive refund through Direct Credit, NEFT or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, [●] shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank branch is NEFT enabled and has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR) code of that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment of refund, duly mapped with MICR code. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in this section.
4. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Bidder.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Disposal of applications and application moneys and interest in case of delay

Our Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Basis of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of the Basis of Allotment of Equity Shares.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, Our Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid Closing Date;
- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid Closing Date would be ensured; and

Our Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the ICDR Regulations.

Letters of Allotment or Refund Orders

Our Company shall give credit to the beneficiary account with depository participants within two working days of finalization of the basis of Allotment of Equity Shares, and shall dispatch refund orders, if any, of value up to Rs. 1,500, under certificate of posting, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid Closing Date. Applicants residing at the 68 centers where clearing houses are managed by the RBI, will get refunds through ECS subject to adequate details being available in the demographic details received from the depositories, except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid Closing Date;
- Dispatch of refunds will be done within 15 days from the Bid Closing Date; and
- They will pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund instruction are not given and/or demat credits are not made to investors within the 15 day time prescribed above.

Our Company will provide adequate funds required for dispatch of refunds orders or Allotment advice to the Registrar to the Issue.

Refunds will be made through any of the modes described above and bank charges, if any, for encashing cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Interest in case of delay in dispatch of Allotment letters/refund orders

We agree that Allotment of securities offered to the public shall be made not later than 15 days from the Bid Closing Date. We further agree that we shall pay interest at 15% per annum if the Allotment letters/refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid Closing Date.

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web sites of the GCBRLMs, the BRLMs and at the terminals of the Syndicate.

Utilization of Issue proceeds

The Board of Directors declares that:

- All monies received out of this Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilized out of the Issue shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

- Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

- that no further issue of Equity Shares shall be made until the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;
- that the complaints received in respect of this Issue shall be attended to expeditiously. Our Company has authorised our Company Secretary as the Compliance Officer to redress all complaints, if any, of the investors participating in this Issue;
- that the funds required for making refunds or dispatch of Allotment advice by registered post or speed post shall be made available to the Registrar to the Issue;
- that the certificates of the securities/ refund orders to the eligible non-resident Indians or FIIs shall be dispatched within specified time;
- that the refund instruction shall be given or Allotment advice to the successful Bidders shall be dispatched within specified time;
- that where the refunds are effected through the electronic transfer of funds, suitable communication shall be sent to the applicants within 15 days of closure of the Issue giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of the refund;
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the Basis of Allotment; and
- That we shall pay interest of 15% per annum (for any delay beyond 15 days) if allotment has not been made and refund orders have not been dispatched within aforesaid dates.

Issue procedure for ASBA Bidders

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. Our Company, the GCBRLMs the BRLMs are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process is available at <http://www.sebi.gov.in/pmd/scsb.pdf>. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please see the above mentioned SEBI link.

ASBA Process

A Resident Retail Individual Investor shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder (“**ASBA Account**”) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the

Issue and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic Bidding system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the requisite amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the GCBRLMs and the BRLMs.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the stamp of the Syndicate Members and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA Bid cum Application Form which shall be at Cut-off Price.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

Who can Bid?

In accordance with the ICDR Regulations, only Resident Retail Individual Investor can submit their application through ASBA process to Bid for the Equity Shares of our Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum ASBA Bid cannot exceed [●] Equity Shares in order to ensure that the total Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs. 1,00,000. The ASBA Bidders shall Bid only at the Cut-off Price indicating their agreement to Bid and purchase Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

Information for the ASBA Bidders:

- a. The GCBRLMs and the BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the the GCBRLMs and the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form and that the same are made available on the websites of the SCSBs.
- b. ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs, the GCBRLMs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs.
- c. The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled

bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

- d. ASBA Bid cum Application Forms should bear the stamp of the Syndicate Members and/or Designated Branch of the SCSB. ASBA Bid cum Application Forms which do not bear the stamp will be rejected.
- e. ASBA Bidders shall Bid for Equity Shares only at the Cut-off Price, with a single Bid option as to the number of Equity Shares.
- f. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch.
- g. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form.
- h. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.
- i. ASBA Bidders shall not be allowed to revise their Bid and shall not Bid under any reserved category.

Method and Process of Bidding

- a. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the ICDR Regulations and Red Herring Prospectus.
- b. The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be Allocated to the ASBA Bidders.
- c. Each ASBA Bid cum Application Form will give the ASBA Bidder only one option to Bid for the Equity Shares at the Cut-off Price i.e. at the Cap Price of the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in such option. After determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Bidders who have Bid for Equity Shares at or above the Issue Price or at Cut-off Price.
- d. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- e. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- f. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the

SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip (“TRS”). The TRS shall be furnished to the ASBA Bidder on request.

- g. An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after Bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allocation or Allotment of Equity Shares in this Issue. **ASBA Bidders are cautioned that Bids for Equity Shares made in the Issue through the ASBA Bid cum Application Form cannot be revised.**

Bidding

- a. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share of Rs. 10 each, Rs. [●] being the Floor Price and Rs. [●] being the Cap Price. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form, that is, at Cut-off Price with single option as to the number of Equity Shares.
- b. In accordance with the ICDR Regulations, our Company in consultation with the GCBRLMs and the BRLMs, reserves the right to revise the Price Band during the Bidding Period. The Cap Price shall be less than or equal to 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price as disclosed at least two working days prior to the Bid Opening Date and the Cap Price will be revised accordingly.
- c. In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a Tamil newspaper and also by indicating the change on the websites of the GCBRLMs, the BRLMs, SCSBs and at the terminals of the members of the Syndicate.
- d. Our Company in consultation with the GCBRLMs and the BRLMs can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.
- e. ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the ASBA Account shall be unblocked to the extent of such excess of Bid Amount over the subscription amount payable.
- f. In case of an upward revision in the Price Band, announced as above, the number of Equity Shares bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the bank account of the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid at Cut-off Price.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amounts paid in cash, by money order or by postal order or by stockinvest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On

the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the ICDR Regulations, into the Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

- a. In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Bid-cum-Application Form in the electronic bidding system of the Stock Exchange(s) unless
 - (i) it has received the ASBA in a physical or electronic form; and
 - (ii) it has blocked the application money in the bank account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
- b. The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bidding Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that are not uploaded may not be considered for allocation.
- c. Pursuant to Item 12(g) of Part A of Schedule XI to the ICDR Regulations, the bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes. The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be uploaded at periodic intervals, not exceeding 30 minutes, consolidated and displayed on-line at all bidding centers as well as on the BSE's website at www.bseindia.com and the NSE's website at www.nse-india.com. A graphical representation of consolidated demand and price would be made available at all the Designated Branches of the SCSBs during the Bidding Period.
- d. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for;
 - Depository Participant identification no.; and
 - Client identification No. of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

- e. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be Allocated to the ASBA Bidders.

- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the GCBRLMs or the BRLMs or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of our Company, our management or any scheme or project of our Company.
- h. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- i. The SCSB may reject the ASBA Bid upon receipt of ASBA Bid cum Application Form, if the bank account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, our Company would have a right to reject the Bids only on technical grounds.
- j. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the GCBRLMs and the BRLMs, our Company and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

- a. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
- b. The book gets built up at various price levels. This information will be available with the GCBRLMs, the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.
- c. ASBA Bidders shall not revise their Bids.
- d. The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue. Further the decision of the Registrar to the Issue in consultation with the GCBRLMs, the BRLMs, our Company and the Designated Stock Exchange, in this regard shall be final and binding.
- e. Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/ Allotment.

Price Discovery and Allocation

After the Bid losing Date, the GCBRLMs and the BRLMs shall aggregate the demand generated under the ASBA process and which details are provided to them by the Registrar to the Issue with the Retail Individual Investor applied under the non ASBA process to determine the demand generated at different price levels. For further details, refer to “*Issue Procedure -Price Discovery and Allocation*” on page 238.

Signing of Underwriting Agreement and RoC Filing

- (a) Our Company, the GCBRLMs, the BRLMs and the Syndicate Members intend to enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, the updated Red Herring Prospectus will be filed by the Company with the RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.
- (c) We will file a copy of the Red Herring Prospectus and the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act

Advertisement regarding Issue Price and Prospectus

After filing of the Prospectus with the RoC, a statutory advertisement will be issued by our Company in a widely circulated English national newspaper, a Hindi national newspaper and a Tamil newspaper. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price and Anchor Investor Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

- (a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that our Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and shall unblock excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the Public Issue Account on the Designated Date, to the extent applicable, our Company would ensure the credit of the Allotted Equity Shares to the depository accounts of all successful ASBA Bidders' within two working days from the date of Allotment.
- (b) As per the ICDR Regulations, **Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees.** Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

Do's:

- a. Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process.
- b. Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.

- c. Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).
- d. Ensure that your Bid is at the Cut-off Price.
- e. Ensure that you have mentioned only one Bid option with respect to the number of equity shares in the ASBA Bid cum Application Form.
- f. Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.
- g. Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to our Company or Registrar or Lead Manager to the Issue.
- h. Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
- i. Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
- j. Ensure that you have funds equal to the number of Equity Shares Bid for at Cut-off Price available in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.
- k. Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
- l. Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
- m. Ensure that you have mentioned your Permanent Account Number (“PAN”) allotted under the I.T. Act.
- n. Ensure that the name(s) and PAN(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.
- o. Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

- a. Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor.
- b. Do not submit an ASBA Bid if you are applying under any reserved category.
- c. Do not revise your Bid.
- d. Do not Bid for lower than the minimum Bid size.
- e. Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
- f. Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.

- g. Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
- h. Do not fill up the ASBA Bid cum Application Form such that the bid amount against the number of Equity Shares Bid for exceeds Rs. 1,00,000.
- i. Do not submit the GIR number instead of the PAN.
- j. Do not instruct your respective banksto release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- a. Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.
- b. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- c. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.
- d. The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed Rs. 1,00,000.
- e. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PERMANENT ACCOUNT NUMBER IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories.

ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the members of the Syndicate, or our Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, our Company, in consultation with the GCBRLMs and the BRLMs, reserves the right to reject such ASBA Bids.

Our Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that we, in consultation with the GCBRLMs and the BRLMs may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall do the necessary, including deletion of details of the withdrawn ASBA from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in “*Issue Procedure- Multiple Bids*” on page 249.

Permanent Account Number

For details, see “*Permanent Account Number or PAN*” on page 250.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder’s bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository’s database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUNDINGS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under “*Grounds for Technical Rejection*” on page 250, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application on plain paper or on split form;
2. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
3. Bids at a price other than at the Cut-off Price;
4. Age of first Bidder not given;
5. Bid made by categories of investors other than Resident Retail Individual Investors;
6. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;
7. PAN not stated, or GIR number furnished instead of PAN. See “*Issue Procedure - Permanent Account Number or PAN*” on page 250;
8. Bids for number of Equity Shares, which are not in multiples of [●];
9. Authorisation for blocking funds in the ASBA Bidder’s bank account not ticked or provided;
10. Multiple Bids as defined in this Draft Red Herring Prospectus;
11. In case of Bid under power of attorney, relevant documents are not submitted;
12. ASBA Bids accompanied by stockinvest/money order/postal order/cash;
13. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
14. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
15. ASBA Bid cum Application Form does not have the Bidder’s depository account details;
16. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
17. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account;
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number; and
19. If the ASBA Bid in the Issue is revised.

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the GCBRLMs, the BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commissions or any acts of SCSB's including any defaults in complying with its obligations under applicable ICDR Regulations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see "*Issue Procedure- Impersonation*" on page 252.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, we undertake that:

- Allotment and transfer shall be made only in dematerialised form within 15 days from the Bid Closing Date;
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 15 days from the Bid Closing Date; and
- We shall pay interest at 15% per annum for any delay beyond the 15 day period mentioned above, if Allotment is not made, instructions for unblocking of ASBA Bidder's Bank Account are not dispatched and/or demat credits are not made to investors within the 15 day period prescribed above.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see "*Issue Procedure- Basis of Allotment*" on page 252.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by our Company

In addition to our undertakings described under "*Issue Procedure- Undertaking by our Company*", with respect to the ASBA Bidders, we undertake that adequate arrangement shall be made to collect all ASBA Bid cum Application Forms and to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

SECTION VIII - MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

SHARE CAPITAL

4. Subject to the provisions of these Articles and Section 80 of the Act, the Company shall have power to issue Preference Shares, which are, at the option of the Company liable to be redeemed on such terms and in such manner as the Company may determine.
- 4A. Subject to the provisions of the Act, the company is authorised to buy-back its own shares and other specified securities as may be notified by Central Govt from time to time,
5. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.
6. Subject to the provisions of the Act it shall be lawful for the Company to issue at a discount, shares of a class already issued.
7. The Company may, subject to the compliance with the provisions of Section 76 of the Act, exercise the powers of paying commission on the issue of shares and debentures. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company.
8. The Company may pay a reasonable sum for brokerage in addition to the commission referred in clause 7 above.
9. Save as herein otherwise provided the Company shall be entitled to treat the registered holder of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest in such share on the part of any other person or any interest in any fractional part of a share whether or not shall have express or other notice thereof.

9A Further Issue of Shares

1. Where at any time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares then:
 - (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date ;
 - (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;
 - (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

- 2 Notwithstanding anything contained in subclause (1) the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.
- (e) If a special resolution to that effect is passed by the company in general meeting, or
(f) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.
2. Nothing in sub-clause (c) of (1) hereof shall be deemed :
- (a) To extend the time within which the offer should be accepted; or
(b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
3. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:
- (a) To convert such debentures or loans into shares in the company or:
(b) To subscribe for shares in the company

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

CERTIFICATE

10. Subject to the provisions contained in the Companies (issue of share Certificates) Rules 190, the certificates of title to shares shall be issued under the Seal of the Company and shall be signed by such persons as shall be from time to time decided by the Board.
11. Every member shall be entitled without payment to one or more certificates for all the shares of each class registered in his name in marketable lots, or if the Board so approves upon paying such fees as the Directors so determine, to several certificates each for one or more of such shares. and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificates of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

Issue of new certificate in place of one defaced, lost or destroyed

12. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act,1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the company.

JOINT-HOLDERS OF SHARE

13. Where two or more persons are registered as the holders of any share .they shall be deemed to hold the same as joint tenant with benefit of survivorship subject to the provisions following and to the other provisions of these Articles relating to joint holders."
- a) The Company shall not be bound to register more than Three persons as the joint-holders of share.
- b) The joint-holders of share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such share.
- c) On the death of any one of such joint-holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to or interest in such share but the Board may require such evidence of death as it may deem fit.
- d) Only the person whose name stands first in the Register at one of the joint holders of any share shall be entitled to delivery of the Certificate relating to such share and to the payment of dividend in respect thereof.

CALLS

14. Subject to the provisions of the Act, the Directors may, from time to time subject to the terms on which any shares may have been issued, make such call as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively; and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him or the persons and at the time and places appointed by the Directors, A call may be made payable by installments and shall be deemed to have been made when the resolution of the Directors authorising such call was passed.
15. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
16. 1) Not less than 14 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
2) A call may be revoked or postponed at the discretion of the Board.
17. If by the terms of issue of any share or otherwise the whole or part of the amount or issue price thereof is made payable at any fixed time or by installments at fixed times, every such amount or issue price or installment shall be payable as if it were call duly made by the Directors and of which due notice had been given and all the provisions, herein contained" in respect of calls shall apply to such amounts, or issue price or installment accordingly.
18. If the sum payable in respect of any call or installment is not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at such rate as may be decided

by the Board of Directors of the Company from the day appointed for payment thereof to the time of the actual payment or at such other rate as the Directors may determine but they shall have power to waive the payment thereof wholly or in part.

19. On the trial or hearing of any action or suits brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was when the claim arose, on the Register of the Company as a holder or one of the holders of the number of shares in respect of which such claim if made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call, not the quorum of Directors was present at the meeting at which any call was made or that such meeting was duly convened or constituted, nor any other matter whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.
20. The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any other member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sums actually called or , and upon the amount so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

FORFEITURE AND LIEN

21. If any member fails to pay any call or installments on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or installment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.
22. The notice shall fix a day (not being less than 14 days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment on or before the time, and at the place or places appointed, the share in respect of which such call was made or installment is payable shall be liable to be forfeited.
23. If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such .money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.
24. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the reason thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.
25. Any share so forfeited shall be deemed to be the property of the Company and the Directors may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

26. The directors may at any time before any shares forfeited shall have been sold, re-allotted or otherwise disposed off and the forfeiture thereof upon such conditions as they think fit.
27. Any member whose shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with, interest thereupon from the time of the forfeiture until payment at per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance or the value of the shares at the time of forfeiture but shall not be under any obligation to do so.
28. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demand against the Company in respect of the share, and all other rights incidental to the share except only such of those right as by these Articles are expressly saved.
29. A duly verified declaration in writing that the declarant is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall, be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the. shares and such declaration and the receipt of the Company for the consideration if any given for the shares on the sale or disposition thereof shall constitute a good. title to such shares;
30. The Company shall have a first and paramount lien upon all the shares/debentures other than fully paid up shares and debentures registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called payable at a fixed time in respect of such shares and debentures and no equitable interests in any shares shall be created except upon the footing and conciliation that this Article will have effect and that said lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
31. For the purpose of enforcing such lien, the Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such period as aforesaid shall have elapsed and until notice in writing of the intention to sell have been served on such member, his executors or administrators, or his committee, curator bonis or other person recognised by the Company as entitled to represent such member and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after such notice. The net proceeds of any such sale shall be applied in or toward satisfaction of such part of the amount in respect of which the lien exists as is presently payable by such members and the residue (if any) paid to such members, his executors, administrators, or other representatives or persons so recognised of aforesaid.
32. Upon any sale after forfeiture or for enforcing alien in purported exercise of the powers by these presents given, the Directors may appoint some person to execute an instrument or transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see the regularity of the proceedings, not the application of the purchase money and after his name has been entered in the Register in respect of such shares his title to such shares not be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition, not impeached by any person and the remedy of and person aggrieved by the sale shall be in damage only and against the Company exclusively.
33. Where any share under the powers in that behalf herein contained are sold by the Directors and the Certificate thereof has not been delivered to the Company by the former holder of the. said shares the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION OF SHARES

34. Subject to the provisions of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the Certificate or Certificates of the shares, or if no such certificate is in existence along with the letter of allotment of shares. The instrument of transfer of shares shall be

signed both by the transferor and the transferee and shall contain the name, and other particulars both of the transferor and the Transferee, and transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof.

INSTRUMENT OF TRANSFER

- 34A. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

NO FEE ON TRANSFER OR TRANSMISSION

- 34B. No fee shall be charged for registration of transfer, transmission, probable succession certificates and letters of administration, certificate of death & marriage, power of attorney or similar document.
35. Application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that, where such application is made by the transferor, on registration shall in case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and subject to provisions of Articles 9 and 39 hereto of the Company may, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same condition as if the application for registration was made by the transferee.
36. Before registering any transfer tendered for registration the Company may, if it so thinks fit, give notice by letter posted in the ordinary course to the Registered holder that such transfer deed has been lodged and that unless objection is taken the transfer will be registered, if such registered holder fails to lodge an objection in writing at the office of the Company within two weeks from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder the Company shall be deemed to have decided not to give notice and in any event the non-receipt by the registered holder of any notice shall not entitle him to make any claim of or any kind against the Company in respect of such non-receipt
37. Neither the Company nor its Director shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors be legally in operative or in sufficient to pass the property in the shares proposed or to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that the Company may have noticed such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such share and the previous holder shall so far as the Company is concerned be deemed to have transferred his whole title thereto.

Directors may refuse to register transfer

38. Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.
39. No transfer shall be made to a minor or person of unsound mind or firm without the consent of the Board.
40. All instruments of transfer which shall be registered, shall be retained by the Company.

41. On giving seven day's notice by advertisement in a newspaper circulating in the district in which the office of the Company is situated the Register of Members may be closed during such time as the Director think fit not exceeding in the whole forty five days in each year but not exceeding thirty days at a time.
42. The executors or administrator or the holder of a succession certificate in respect of shares of a deceased member (Not being one of several joint-holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and, in case of death of any one or more of the joint- holders of any registered shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly in any other person. Before recognising any legal representative or heir or a person otherwise claiming title to the shares the Company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation, as the case may be from a competent Court; Provided nevertheless therein any case where the Board. in its absolute discretion thinks fit, it shall be lawful for the Board of the dispense with the production of probate or letter of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Board may consider desirable. Provided also that if the member was member of a joint family the Board on being satisfied to the effect and on being satisfied that the shares standing in his name in fact belonged to the joint family may recognise such person or persons as the Board may decide representing the survivors thereof as having title to the shares registered in the name of such member but this provision shall in no way be deemed to modify or nullify the provision contained in Article 9 thereof.
43. Any person becoming to or to transfer share in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he purposes to act under this Article, or of title as the Directors think sufficient, may with the consent of the Directors (which they shall not be under any obligation to give), be registered as a member of such shares or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as 'The Transmission Article' Subject to any other provision of these Articles, if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the shares to some other person he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to transfer of shares. All the limitations, restrictions and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid. . -
44. Subject to any other provisions of these Articles and if the Directors in their sole discretion are satisfied in regard thereto, a person becoming entitled to a share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other money payable in respect of the share.

ALTERATION OF CAPITAL

47. The Company may by Ordinary Resolution from time to time alter the conditions of the Capital Clause of Memorandum of Association as follows.
 - a) Increase the Share Capital by such amount to be divided into shares of such amount as may be specified *in* the resolution;
 - b) Consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
 - c) Subdivide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the subdivision the proportion between the amount paid arid the amount, if any unpaid on each reduced share shall be same as it was in the case of the share from which the reduced share is derived; and
 - d) Cancel any shares which, at the date of passing of the resolution have not been taken or agreed to be taken by any person and diminish its share Capital by the amount of the shares so cancelled
48. The resolution whereby any shares are sub-divided or consolidated may determine that, as between the members registered in respect of the shares resulting from such sub division or. consolidation, one or

more of such shares shall have some preference or special advantage as regards dividends, capital, voting or otherwise over or as compared with the other or others subject nevertheless to the provisions of Section 85,87,93,99 and 106 of the Act

49. Subject to the provisions of Section 100 to 104 of the Companies Act, 1956, the Board may accept from any member the surrender of all or any of his shares on such terms and conditions as shall be agreed.
50. Except so far as otherwise provided by the condition of issue, or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital, and shall be subject to the provisions herein contained with reference to the payment of calls and instruments, transfer and the transmission forfeiture, lien, surrender, and otherwise.

MODIFICATION OF RIGHTS

51. Whenever the Capital (by reason of the issue of preference shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by Agreement between the Company and any persons purporting to contract on behalf of that class provided such Agreement, is (A) consented to in writing by the holders of at least three-fourths of the issued shares of that class or (B) sanctioned by a resolution passed at a separate General Meeting of the members registered in respect of shares of that class in accordance with Section 106(i)(b) of the Act and all the provisions hereinafter contained as to General Meeting shall, *mutatis mutandis* apply to every such meeting except that the quorum thereof shall be at least two members registered in respect of or representing by proxy one-fifth of the nominal amount of the issued shares of that class. This Article is not by implication to curtail the power of modification which the Company would have if this Article was omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar.

BORROWING POWERS

52. Notwithstanding anything contained in these Articles, but subject to provisions of Sections 77A and 77B of the Act, the Company may purchase its own shares or other specific securities (herein after referred to "buy - back" out of -
- a) its free reserves; or
 - b) the securities premium account; or
 - c) the proceeds of any shares or other specified securities.

In accordance with the provisions of Sections 77A and 77B and Rules prescribed by the Central Government and/or by Securities Exchange Board of India in this behalf.

53. 1) The Board may from time to time at its discretion, subject to the provisions of Section 292 and 293 of the Act, raise or borrow from the Directors or from elsewhere and secure payment of any sum or sums of money for the purposes of the Company.
- 2) The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of bonds, notes, convertible redeemable or otherwise, perpetual or redeemable debentures or debenture stock or any mortgage or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.
54. Any debenture, debenture-stock, bonds and other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, or conversion, appointment, of Directors and otherwise, Debentures, debenture-stock, bonds and other securities may be assignable free from any equity between the Company and person to whom the same may be issued.

GENERAL MEETING CONVENING OF MEETING

56. In addition to any other meetings, (which may be known as Extra- Ordinary general meeting) general meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the

Act subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called an “annual general meeting” and shall be specified as such in the notice convening the meeting.

57. The Directors, may, whenever they think fit convene an Extra-ordinary General Meeting and they shall on the requisition of members of the Company representing not less than one-tenth of such paid-up capital of the Company as at the date of the requisition carries the rights of voting in that matter forthwith proceed duly to call an Extra-ordinary General Meeting and in the case of such requisition the following provisions shall have effect:
- 1) The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionist and shall be deposited at the registered office. The requisition may consist of several documents in like form each signed by one or more requisitionists.
 - 2) Where two or more distinct matters are specified in the requisition, the requisition, shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members hereinbefore specified.
 - 3) If the Board does not, within twenty one days from the date of deposit of a valid requisition in regard to any matters proceed duly to call a meeting for the consideration of these matters on a day not after than forty five days from the date of deposit, the requisitionists or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting by any meeting so called shall not be commenced after three months from the date of deposit
 - 4) Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall not be held at the office.
 - 5) When two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or some one of them shall for the purpose of this Article have the same force and effect as if it had been signed by all of them.
 - 6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly call a meeting shall be repaid to the requisitionists by the Company;

PROCEEDINGS AT GENERAL MEETING

58. The quorum for a General Meeting shall be five members present in person.
59. At every General Meeting the Chair shall be taken by the Chairman of the Board of Directors, if at any meeting the Chairman of the Board of Directors be not present within fifteen minutes after the time appointed for holding the meeting or, though present, be unwilling to act as Chairman, the members presents shall choose one of the Directors present to be Chairman, on if no Director shall be present and willing to take the Chair, then the members present shall choose one of their members, being a member entitled to vote to be Chairman.
60. Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting, shall be sufficiently so done or passed if effected by an ordinary resolution unless either the Act, or the Articles specifically required such act to be done or resolution passed by a special resolution.
61. If within half an hour from the time appointed for the meeting a quorum be not present, the meeting if convened upon a requisition of shareholders shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place, unless the same shall be public holiday when the meeting shall stand adjourned to the next day not being a public holiday at the same time and place and if at such adjourned meeting the quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be quorum and may transact the business for which the meeting was called.
62. In the case of an equality of votes the Chairman shall, both on a show of hands at a pool, have a casting vote in addition to the vote or votes to which he may be entitled as a member.
63. The Chairman of a General Meeting may adjourn the meeting from time to. and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at

the meeting from which the adjournment took place. It shall not be necessary to give notice to the members of such adjournment or of the time, date and place appointed or the holding of the adjourned meeting. .

64. If a poll be demanded the demand of a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which a poll has been demanded.

VOTES OF MEMBERS

65. Subject to any rights or restrictions for the time being attached to any class or classes of shares.
- (a) On a show of hands, every members holding Equity Shares present in person shall have one vote; and
- (b) On a poll, the voting rights of members shall be as laid down in Section 87 of the Companies Act,
66. Subject to the provisions of the Articles, any person entitled under the; Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such Shares, provided that seventy-two hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his rights to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non-composentise he may vote whether on a show of hands or at a poll by his committee, curator bonis or other person recognised by the Company as entitled to represent such .member and such last mentioned persons may give their votes by proxy.
67. Where there are joint-holders of shares any one of such persons may vote subject to provisions of Articles 65 at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be; present at any meeting either personally or by proxy then that one of the said persons so present whose name stand prior in order on the Register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stand shall for the purpose of the Article be deemed joint holders thereof.
68. (1) The instrument appointing a proxy shall be in writing under the hand of the appoint or his Attorney duly authorised in writing or if such appointor is a corporation under its common seal or the hand of its Attorney.
- (2). The instrument appointing a proxy and the power of Attorney or other authority (if any) under which it is signed or a notorally certified copy of that power or authority shaft be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid
69. A vote given in accordance with the terms of an instrument appointing a proxy be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of transfer of the share in respect of which the vote is given, provided intimation in writing of tile death, insanity, revocation or transfer of the share shall have been received at the office or by the Chairman of the Meeting before the vote is given. Provided nevertheless, that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think of the due execution of an instrument of proxy and that the same has not been revoked.
70. Every instrument appointing a proxy shall, as nearly as circumstances will admit, be in the form set out in Schedule JX to the Act.
71. No member shall be entitled to vote on any question either personally or by proxy or as proxy for another member at any General Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable presently to the Company in respect of any of the shares of such member.
72. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy, or otherwise shall be deemed valid for all purposes.

DIRECTORS GENERAL PROVISIONS

73. Until otherwise determined by the Company in General Meeting the number of Directors shall not be less than three nor more than twelve.
75. The Directors of the Company are not required to hold any shares in the Company as qualification shares.
76. i) Every Director shall be paid out of the funds of the Company by way of remuneration for his services (a specified monetary sum as per Section 310 of the act, or any amendments thereof) as the board may determine for each meeting of tile board or committee thereof attended by him. He shall be further reimbursed all expenses incurred by him for attending such meeting.
- ii) The Directors may allow and pay to any Directors who for the time being is resident out of the place at which any Meeting of the Directors may be held and who shall come to that place for the purpose of attending such meeting such sum as the Directors may consider fair and reasonable for his expenses and loss of time in connection with his attending at the meeting in addition to his remuneration as above specified if any Director being wiling shall be called upon to perform extra services or to make any special exertion for any of the purposes of the Company, the Directors shall be entitled to remunerate such Director either by a fixed sum by the Directors in addition to the remuneration above provided.
77. The continuing Directors may act notwithstanding any vacancy their body but so that if the number falls below the minimum above fixed the Directors shall not except for the purposes of filling vacancies of or summoning a General Meeting act so long as the number is. below the minimum. .
78. Subject to the provisions of the Act, the Directors (including Managing Director) shall not be disqualified by reason of his .or their office as such from holding office under the Company or from contracting with the Company either as Vendor, purchaser, lender, agents, broker, lesser or, lessee or otherwise, nor shall any such contract or any contract or arrangement entered into by. or on behalf of the Company with any Director or with any Company or partnership, be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by such contract or arrangement by reason only of such Director holding that office of the fiduciary relation thereby established.
- 78A.
- (a) Notwithstanding anything to the contrary contained in these Articles, the Lenders shall be entitled to appoint Nominee Director(s) on the Board of the Company in accordance with the Financing Documents and to remove from such office any person or persons, so appointed, and to appoint any person or persons in his or their place(s).
- (b) The Nominee Director(s) shall:
- (i) not be required to hold qualification shares nor be liable to retire by rotation.
- (ii) any expenditure incurred by the Lenders and/ or the Nominee Director(s) in connection with their appointment of directorship shall be borne and payable by the Company.
- (c) The Nominee Director(s) shall be entitled to receive all notices, agenda, etc. and to attend all General Meetings and Board Meetings and Meetings of any committees of the Board of which they are members.
- (d) The Nominee Director(s) shall furnish to the Lenders reports of the proceedings of all such meetings and the Company shall not have any objection to the same.
- (e) The appointment/removal of the Nominee Director(s) shall be by notice in writing by the Lenders addressed to the Company and shall (unless otherwise indicated by the Lenders) take effect forthwith upon such a notice being delivered to the Company.
- (f) The Nominee Director(s) shall be entitled to all the rights, privileges and indemnities of other Directors including the sitting fees and expenses as are payable by the Company to the other Directors, but if any other fees, commission, moneys or remuneration in any form are payable by the Company to the

Directors in their capacity as Directors, the fees, commission, moneys and remuneration in relation to such Nominee Director(s) shall accrue to the Lenders in proportion to their respective Facility then outstanding and the same shall accordingly be paid by the Company directly for the respective accounts of the Lenders; provided, that if such Nominee Director(s) is an officer of any of the Lenders the sitting fees in relation to such Nominee Director(s) shall accrue to the relevant Lender and the same shall accordingly be paid by the Company directly to such Lender for its account. Any expenditure incurred by a Nominee Director(s) or any Lender in connection with such appointment or directorship shall be borne by the Company.

APPOINTMENT AND REMOVAL OF DIRECTORS

79. The Company in General Meeting, may, subject to the provisions of these Articles and the Act, at any time elect any person to be a Director and may from time to time increase or reduce the number of Directors and may also determine in what rotation such increase or reduced number is to go out of office.
80. a) The Directors shall have power at any time and from time to time, to appoint any person other than a person who has been removed from the office of the Director of the Company to be an additional Director provided the total number of Directors shall not at anytime exceed the maximum number fixed. any Director so appointed shall hold office until the conclusion of the next Annual General Meeting of the Company when he shall be eligible for re-appointment.
- b) The Director shall have power to fill a vacancy in the Board, Any Director so appointed shall hold office only so long as the vacating Director would have the same if no vacancy had occurred.
81. Subject to the approval of the Central Government under the provisions of Section 268 of the Act and other relevant provisions therefore if any money remains due by the Company under or by virtue of any Agreement or Deed executed by the Company in favour of any Government, Central or state or credit institutions and if so agreed between them and the Company, such Government Central or State or credit institutions as the case may be shall be entitled to appoint from time to time any person or persons to be their nominees as Directors of the Company but the persons so appointed shall at no .time be more than one third of the total Directors, The Directors so appointed shall have the same power and privileges as the directors of the Company and such Directors appointed or nominated shall not be required to hold any qualification shares and the provisions of the Articles of Association as to retirement of such Directors shall not apply. The said Directors shall hold office at the pleasure of the said Government, Central or State or credit institution appointing and or nominating them under this Article and the said Government, central or State or the credit institutions shall have the full power to remove any such Director appointed and to appoint any other or others in his or their place as and when they deem it necessary. Such appointment or removal shall be by notice in writing to the Company.
82. Subject to the provisions of Section 313 of the Act the Board may appoint any person to act as an alternate Director for a Director during the later's absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, which he holds office as an alternate Director, shall be entitled to notice of meeting of the Board and to attend and vote there at accordingly; but he shall ipso facto vacate office if and when the absent Director returns to the state in which meetings of the Board are ordinarily held or the absent Director vacates office as a director.
83. 1. The office of a Director shall be vacated if:
- a) he is found to be of unsound mind by a Court of competent jurisdiction;
 - b) he applies to be adjudicated an insolvent;
 - c) he is adjudged an insolvent;
 - d) he is convicted by a court in India of any offence and is sentenced in respect thereof to imprisonment for not lees than six months;
 - e) he fails to pay any call in respect of .shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call;
 - f) he absents himself from three consecutive meetings of the board of Directors, or from all meetings of the Board for a continuous period of three months, which is longer, without obtaining leave of absence from the Board;

- g) he or any firm hi which he is a partner; or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Companies Act, 1956;
 - h) he acts in contravention of Section 299 of 1he Companies Act, 1956;
 - i) he becomes disqualified by an order of court under section 203 of the Companies Act, 1956; or
 - j) he is removed in pursuance of Section 284 of the Companies Act, 1956;
 - k) by notice in writing to the Company he resigns his office; or
 - l) any office or place of profit under the Company or under-any subsidiary of the Company is held in contravention of Section 314 of the Act and by operation of that Section he Is deemed to have vacated the office
 - 2) Notwithstanding' and matter or tiling in sub-clauses (c), (d) and (i) of clause (1) the disqualification referred to. in those shall not take effect;
 - a) For thirty days from the date of adjudication, sentence or order, or
 - b) where an appeal or petition is preferred within thirty days aforesaid against the adjudication sentence or conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed; or
 - c) Where within the seven days aforesaid, any further appeal of petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed would result in the removal of the disqualification, until such further appeal or petition is disposed of.
84. No Director, or partner or relative of a Director, on firm in which a Director, or his relative is a partner, member and or Director, Managing Director, Secretaries and Treasurers or Manager, of such a private company shall without the previous consent of the Company accorded by special resolution hold any office or place of profit under the Company or under any subsidiary of the Company unless the remuneration received from such subsidiary in respect of such office or place is paid -over to the Company or its holding company In so far as such remuneration is over and above the remuneration to which he is entitled as a Director of such subsidiary except that of a Managing Director. Secretaries and Treasurers, Manager legal or technical adviser, Banker, or trustee for the holders of debentures of the Company.
85. Subject to the provisions of Section 297 of the Act a Director shall neither be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, of a firm in which such Directory relative is a partner or with any other partner in such firm or with a private Company of which such Director is a member or Director nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.
86. Every Director who is in any way, whether directly or indirectly concerned or interested in a contractor arrangement, entered in to or to be entered into, by or on behalf of the Company shall disclose the, nature of the concern or interest at a meeting of the Board as required by Section 299 of die Act A general notice, renewable in the last month of each financial year of the Company, that a Director is a Director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body; corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made, and after such general notice, it shall not be 'necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm provided such general notice Is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
87. No Director shall as a Director, take any part in the discussion of, or vote or any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested; nor shall

his presence count for the purposes of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or (b) any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private Company which is a subsidiary of a public Company, in which the interest of the Director consists solely in his being a Director of such Company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such Director by the Company.

88. Except as provided in Section 295 of the Companies Act, 1956, the Company shall not make any loan or give any guarantee or provide any security in connection with a loan made by any other person to or to any other person:
- a) any Director of the Company or of a Company which is its holding company or any partner or relative of any such director;
 - b) any firm in which any such Director or relative is a partner;
 - c) any private Company of which any Directors is a Director or member;
 - d) any body corporate at a General Meeting of which not less than twenty five percent of the total voting power may be exercised on, or controlled by any such Director, or by two or more such Directors together; or
 - (e) any body corporate, the Board of Directors, Managing Director, Secretaries and Treasurers or Manager whereof is accustomed to act in accordance with the directions or instruction of the Board, or of any Director or Directors of the Company. , . :

ROTATION OF DIRECTORS

89. At the Annual General Meeting of the Company in every year, one third of the Directors for the time being liable to retire by rotation and if their number is not three or a multiple of three then the number nearest thereto shall retire from office. The Directors to retire at such Annual General Meeting shall be the Directors (other than ex-officio Director or Directors who by virtue of the provisions of any agreement with any Government, Central or State or credit institution are to be liable to retire) who shall have been longest in office since their last election. As between Directors who become Directors on the same day those to retire shall (in default of agreement between them) be determined by lot. For the purpose of this Article a Director appointed to fill a vacancy under the provisions of Article 80 (b), shall be deemed to have been in office since the date on which the Director, in whose place he was last appointed as a Director.
90. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.
91. Subject to any resolution for reducing the number of Directors, if at any meeting at which an election of Directors ought to take place the places of the retiring Directors are not filled up, the meeting shall stand adjourned till the same day in the next week or if the day is a public holiday till the next succeeding day which is not a public holiday at the same time and place and if at the adjourned meeting the places of the retiring Directors are not filled up the retiring Directors or such of them as have not had their places filled up shall (if willing to continue in office) be deemed to have been re-elected at the adjourned meeting.

PROCEEDINGS OF BOARD

92. Subject to Section 285 of the Act, Directors shall meet together at least once in every three calendar months for despatch of business, adjourn and otherwise regulate their meetings and proceedings as they may think fit. Save as otherwise provided in the Act, questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes the Chairman shall have a second or casting vote. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from India.
93. A Director may at any time or the Managing Director, shall convene a meeting of the Board.
94. Subject to Section 287 of the Act, a quorum for the meeting of the Board of Directors shall be one-third of its total strength (any fraction in that one-third being rounded off as one) or two Directors whichever

is higher. Provided that where at any time the number of interested Directors exceeds or is equal to two-third of the total strength the number 'of the remaining Directors, that is to say the number of the Directors who are not interested, present at the meeting being not less than three shall be the quorum during such time.

95. The Directors may elect a Chairman of their meeting and determine the period for which he is to hold such office. If the Chairman elected is not present will m v five minutes after the time appointed for holding the meeting the Directors present may Choose one of their member to be the Chairman of the meeting.
96. A meeting of Directors in which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles vested in or exercisable by the Directors.
97. The Directors may from time to time delegate any of their powers to Committees consisting of such member or members of their body as they think fit and may from time to time revoke delegation. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time* be imposed on it by the Directors. The meeting and the proceedings of any such Directors.

POWERS OF DIRECTORS

101. Subject to the provisions of the Act, control of the Company shall be vested in the Board who shall be entitled to exercise all such powers; and to do all such Acts and things as the Company is authorised to exercise and do provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such Act or thing, the Board shall be subject to provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles or in any regulations not inconsistent therewith and duly made there under, including regulations made by the Company in General Meeting; but no regulation made by the Company in General meeting shall invalidate any prior act to the Board which would have been valid if that regulation had not been made.

LOCAL MANAGEMENT

103. The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality whether at home or abroad in such manner as they think fit, and the provisions contained in the four next following articles shall be without prejudice to the general powers conferred by this Article but subject of the provision of Section 292 of the Companies Act, 1956.
104. The Directors-from time to time and at any time may establish any local boards or agencies for managing any of the affairs of the Company in any such specified locality, and may appoint any persons to be members of such local Board, or any Managers or Agents and may fix their remuneration. And the Directors from time to time and at any time may, subject to the provisions of section 292 to 297 of the Companies Act, 1956, delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Directors, and may authorise the members for the time being of any such Local Boards or any of them to fill up any vacancies therein and to Act notwithstanding vacancies; and any such appointment or delegation may be made on such terms and subject to such condition as the Directors may think fit, and the Directors may at any time remove person so appointed, and may annual or vary any such delegation.
105. The Directors may at any time and from time to time by power of attorney under the Company's seat, appoint any person or persons to be the attorney or attorneys of the Company for such purposes arid subject to the provisions of Section 292 to 297 of the Companies Act, 1956, with such powers, authorities and discretions not exceeding those vested in or exercisable by the Directors under these presents and for such period and subject of such conditions as the Directors may from time to time think fit, and any such appointment may, if the Directors think fit, be made in favour of the members or any of the members of any Local Board established as aforesaid, or in favour of any company, or of the members, Directors, Nominees or Managers of any Company of firm or in favour of any fluctuating body or present, whether nominated directly or indirectly by the Directors; and any such power of attorney may contain such provisions- for the protection or convenience of persons dealing being such

of the powers exercisable under these presents by with such attorney or attorneys as the Directors may think fit.

106. Subject the provisions of the Act the Company shall; if so desired, appoint Secretaries and they shall exercise the powers as such Secretaries subject to the control and direction of the Board of Directors of the Company."
107. The Company may appoint any Director or other persons referred to in Section 314 of the Companies Act, 1956, holding any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.

MANAGING DIRECTOR

108. The Director may subject to the provisions of Section 316 and 317 of the Companies Act, 1956, from time to time appoint one or more of the Directors to be the Managing Director or Managing Directors or other whole time Directors of the Company for a term not exceeding five years at a time and from time to time, subject to the provisions of any contract between him and them and the Company remove or dismiss him or them from office and appoint another or other in his or their place or places.
109. A. Managing Director shall not, while he continues to hold that office be subject to retirement by rotation, and he shall not be reckoned as Director for the purpose of determining the rotation of retirement of Directors or in fixing the number of Directors to retire, but subject to the provisions of any contract between him and the Company he shall be subject to the same provisions and as to resignation and removal as the other Directors of the Company, and he shall, ipso facto and immediately cease to be a Managing Director if he ceases to hold the office of Director from any cause.
110. In addition to the usual remuneration as of an ordinary Director, the remuneration of the Managing Director shall be fixed by the Company in General Meeting and may be by way of fixed salary or as a specified percentage of the net profits of the Company or both provided that such percentage shall not exceed five percent for any one such Managing Director, or ten for all of them together with the approval of the Central Government as provided by the Act.
111. The Directors may, subject to the provisions of Section 291 to 297 of the Companies Act, from time to time entrust to and confer upon a Managing Director or, a Directors as they may think fit, any may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions, and with such restriction as they think expedient; and that may confer such powers either collaterally with; or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers.

ANNUAL RETURNS

114. The Company shall comply with the provisions of Sections 159 and Annual Returns 161 of the Act as to the making of Annual Returns.
115. The Board may, from time to time, before recommending any dividend set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidation or any debentures, debts or other liabilities of the Company, for equalization of dividends for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interests of the Company; and may, subject to the provision of Section 372 of the Act invest the shares sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the company and may divide the Reserves into such special funds as it thinks thereof in the business of the Company and that without being bound to keep the same separate from other assets.
116. All moneys carried to the Reserve shall nevertheless remain and be profits of the (Company applicable, subject to due provisions being made for actual loss or depreciation for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the provisions of Sections by the Board in or upon such investments or securities as it may be left or may

be kept at any Bank on deposit or otherwise as the Board may from time to time think proper.

117. Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year of a dividend on the Ordinary Shares of the Company but so that partly paid-up share shall only entitle the member in respect thereof to such a proportion of the distribution upon a fully paid-up share as the amount paid thereon bears to the nominal amount of such share and so that where Capital is paid-up on advance of calls upon the footing that the same shall carry interest; such Capital shall not, whilst carrying interest, confer a right to participate in profits.
118. The Company in general meeting may declare a dividend to be paid to the members according to their rights and interests in the profits and may, subject to the provisions of Section 207 of the Act, for the time for payment.
119. No large dividend shall be declared than is recommended by the Board, Company in General Meeting may declare smaller dividend.
120. No dividend shall be payable except out of the profits of the Company carry interest moneys provided by the Central or State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
121. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.
122. The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
123. The Board may deduct from any dividend payable to any member all sums of money if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
124. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but if the call on each members shall not exceed the dividend payable to him, and if the call be made payable at the same time as the dividend may, if so arranged between the Company and the member, be set off against the call.
125. Any General Meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, and in particular of paid-up shares debentures or debenture stock of the Company or paid-up shares, debentures or debenture stock of any other Company, or in any one or more of such ways.
126. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.
127. No dividend shall be paid in respect of any share except to the member registered in respect of such share or to his order or to his Bankers but nothing contained in this Article shall be deemed to require the Bankers of a member or to make a separate application to the Company for the payment of dividend.
128. Any one of several persons who are members registered jointly in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
129. Notice of Dividends, whether interim or otherwise shall be given to the persons entitled to share therein in the manner hereinafter provided.
130. Unless otherwise directed in accordance with Section 260 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the first named in the Register or to such person and such address as the member or members, as the case may be, may direct and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent

Unpaid or Unclaimed Dividend

131. Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the company in that behalf in any scheduled bank, to be called “ _____ Unpaid Dividend Account”

Any money transferred to the unpaid dividend account of a company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the company to the Fund known as Investor Education and Protection Fund established under section 205C of the Act.

No unclaimed or unpaid dividend shall be forfeited by the Board.

CAPITALISATION OF PROFITS

- 132.1) The Company in general meeting may, upon recommendation of the Board, resolve :
- a) that is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve account or to the credit of the profit and loss account, or otherwise available for distribution; and
 - b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- 2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3), either in or towards :
- a) paying up any amounts for the time being unpaid on any share held by such members respectively.
 - b) paying a full, un-issued shares or debentures of the Company to be allotted and distribution credited as fully paid-up to and amongst such members in the proportion aforesaid; or
 - c) Partly in the way, specified in sub-clause (i) and partly in that specified in sub-clause (ii).
3. A share premium account and a capital redemption reserve fund may for the purpose of this regulation, only be applied in the paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares.
- 4) That Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

- 133.1) Whenever such a resolution as aforesaid shall have been passed the Board shall:
- a) make the appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments* and issues of fully paid shares or debentures, of any, and
 - 2) The Board shall have full power :
 - a) to make such provision by the issue of fractional certificates or by payment in cash, or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction and also
 - b) to authorise any person to enter on behalf of all the members entitled thereto, into an agreement, with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.
 - 3) Any agreement made under such authority shall be effective and binding on all such members.

WINDING UP

- 156.1) If the Company shall be wound up, the Liquidator may, with the sanction of a special resolution by the Company and any other sanction required by the Companies Act, divide amongst the members, in

specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not

- 2) For the purpose aforesaid, the Liquidator may set such value as he deemed fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. '
- 3) The Liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

160. Every Director, Secretaries and Treasures, Manager or Officer of the Company or any other person (whether an officer of the Company or not) employed by the Company shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Secretaries and Treasures or officer in defending any proceedings whether Civil or Criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the Court.

SECTION IX: OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered into or will be entered into by the Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company from 10.00 am to 4.00 pm on working days from the Bid Opening Date until the Bid Closing Date.

Material Contracts to the Issue

1. Issue Agreement dated October 29, 2009 among the Company the GCBRLMs and the BRLMs.
2. Agreement dated [●] between the Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] among the Company, the GCBRLMs, the BRLMs, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [●] among the Company, the GCBRLMs, the BRLMs and the Syndicate Members.
5. Underwriting Agreement dated [●] among the Company, the GCBRLMs, the BRLMs and the Syndicate Members.
6. Letter dated [●] appointing the Monitoring Agency.

Material Documents

1. Memorandum and Articles of Association of the Company, as amended.
2. Certificate of incorporation dated February 2, 1995 for incorporation as “Manjiri Finvest Private Limited” and certificates of incorporation for the subsequent name changes up to the latest certificate of incorporation consequent to change of name to “Sterlite Energy Limited” dated July 21, 2006.
3. Shareholders’ resolutions dated October 10, 2009 in relation to the Issue and other related matters.
4. Resolution of the Board of Directors dated October 5, 2009 authorising the Issue.
5. Report of the Auditor, Deloitte Haskins & Sells, Chartered Accountants, dated October 29, 2009 prepared in accordance with Indian GAAP as required by Part II of Schedule II to the Companies Act and mentioned in this Draft Red Herring Prospectus.
6. Copies of annual reports of the Company for the fiscal years ended March 31, 2009, 2008, 2007, 2006 and 2005.
7. Consent of the Auditor, Deloitte Haskins & Sells, Chartered Accountants, for inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus.
8. General Powers of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Draft Red Herring Prospectus and other related documents.
9. Consents of the Bankers to the Company, the GCBRLMs, the BRLMs, the Syndicate Members, the Registrar to the Issue, the Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
10. Listing agreements of the Company with the BSE and the NSE, each dated [●].

11. Applications dated [●] and [●] for in-principle listing approval to the BSE and NSE, respectively.
12. In-principle listing approvals dated [●] and [●] from the BSE and the NSE respectively.
13. Agreement among NSDL, the Company and the Registrar to the Issue dated [●].
14. Agreement among CDSL, the Company and the Registrar to the Issue dated [●].
15. Due diligence certificate dated October 29, 2009 to the SEBI from the GCBRLMs and the BRLMs.
16. SEBI observation letter [●] dated [●] and the Company's *in seriatim* reply to the SEBI observation letter dated [●].
17. IPO grading report dated [●] by [●].
18. Information memorandum for the Jharsuguda Power Project dated June 2008 prepared by SBI Capital Markets Limited, IDBI Bank Limited and Deutsche Bank AG Global Markets.
19. Power purchase agreement between the Company and GRIDCO dated September 28, 2006 as amended on August 20, 2009.
20. Offshore supply contract between the Company and SEPCO III dated May 10, 2006 for the Jharsuguda Power Project.
21. Contract for offshore engineering and technical services between the Company and SEPCO III dated May 10, 2006 for the Jharsuguda Power Project.
22. Onshore supply contract between the Company and SEPCO III dated May 10, 2006 for the Jharsuguda Power Project.
23. Onshore services and construction contract between the Company and SEPCO III dated May 10, 2006 for the Jharsuguda Power Project.
24. Letter of assurance from MCL to Company dated June 25, 2008 in connection with supply of coal.
25. Information memorandum for the Talwandi Power Project dated October 2009 prepared by SBI Capital Markets Limited.
26. Power purchase agreement between Punjab State Electricity Board and Talwandi Sabo Private Limited dated September 1, 2008.
27. Letter of assurance from MCL to Talwandi Sabo Private Limited dated August 14, 2008.
28. Offshore supply contract between the Company and SEPCO dated May 31, 2008 for the Talwandi Power Project, as amended.
29. Contract for offshore engineering and technical services between the Company and SEPCO dated May 31, 2008 for the Talwandi Power Project, as amended.
30. Onshore supply contract between the Company and SEPCO dated May 31, 2008 for the Talwandi Power Project, as amended.
31. Onshore services and construction contract between the Company and SEPCO dated May 31, 2008 for the Talwandi Power Project, as amended.
32. Guarantee dated October 19, 2009 by Sterlite Industries in favour of the Company and TSPL for an amount up to Rs. 18,000 million.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to

the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify that all relevant provisions of the Companies Act, and the guidelines issued by the Government of India and the regulations and guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as amended, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules or regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors of the Company

Mr. Anil Agarwal, *Chairman*

Mr. Agnivesh Agarwal, *Non-Executive Director*

Mr. Pramod Suri, *Whole-time Director*

Mr. R. Kannan, *Independent Director*

Mr. Sandeep H. Junnarkar, *Independent Director*

Mr. G.S. Kang, *Independent Director*

Signed by the Chief Financial Officer, Company Secretary and Compliance Officer

Mr. Sandeep Agarwal

Date: October 29, 2009

Place: Mumbai