



POWER AGREEMENT

This Power Agreement is made and entered into on this 2nd day of April 2004.

AMONG

SESA KEMBLA COKE COMPANY LIMITED, a company registered under the Companies Act, 1956, having its registered office at Sesa Ghor, 20, EDC Complex, Patto, Panaji, Goa - 403 001, India (hereinafter referred to as "Sesa Coke", which expression shall, unless repugnant to the context or the meaning thereof, include its successors and assigns) as Party of the First Part;

SESA INDUSTRIES LIMITED, a company registered under the Companies Act, 1956, having its registered office at Sesa Ghor, 20, EDC Complex, Patto, Panaji, Goa - 403 001, India (hereinafter referred to as "SIL", which expression shall, unless repugnant to the context or the meaning thereof, include its successors and assigns) as Party of the Second Part;

GOA ENERGY PRIVATE LIMITED, a company registered under the Companies Act of 1956 and having its registered office at 1601 Maker Chambers V, 16th Floor, Nariman Point, Mumbai - 400021 (Maharashtra), India, (hereinafter referred to as the "Project Company" which expression shall, unless repugnant to the context or the meaning thereof, include its successors and permitted assigns) as Party of the Third Part;

AND

VIDEOCON INTERNATIONAL LIMITED, a company registered under the Companies Act of 1956 and having its ~~registered~~ office at 1601 Maker Chambers V, 16th Floor, Nariman Point, Mumbai - 400021 (Maharashtra), India, (hereinafter referred to as the "Guarantor", which expression shall, unless repugnant to the context or meaning thereof include its successors and permitted assigns) as Party of the Fourth Part;



WHEREAS:-

- A. Sesa Coke is owning and operating the Coke Oven Facility (as hereinafter defined) at Amona Village, Bicholim Taluka, Goa of an installed capacity of 280,000 MT per annum to produce metallurgical coke and SIL is owning and operating the Pig Iron Facility (as hereinafter defined) of an installed capacity of 180,000 MT per annum;
- B. Sesa Coke and SIL (collectively referred to as "Sesa") had approached the Guarantor and entered into a Memorandum of Understanding ("MoU") on February 25th 2003 with the Guarantor for the setting up of a power plant on BOO basis and for the supply of waste gas, namely COFG and BFG (as hereinafter defined) by Sesa and the conversion of the Gases (as hereinafter defined) to useful electrical energy, with part of it being supplied to Sesa Group (as hereinafter defined) and the remaining useful electrical energy could be sold to third party Consumers (as hereinafter defined). Sesa Coke desires to supply COFG from the Coke Oven Facility and SIL desires to supply BFG from the Pig Iron Facility for recovery of energy through the Project (as hereinafter defined);
- C. Accordingly this Agreement is being entered into between Sesa and the Project Company and the Guarantor to provide the COFG and BFG to the Project proposed to be set up by the Project Company on a BOO basis and that the Project Company shall meet the electrical demands of Sesa Group and Sesa would pay conversion charges as are mutually agreed between the Parties for the Guaranteed Sesa Conversion Energy (as hereinafter defined)
- D. Sesa would also supply the Guaranteed Gas Supply to the Project for conversion into electrical energy for sale to third party Consumers. The Project Company would have a right of first refusal over these Gases supplied by Sesa, and the Project Company would pay Sesa, Gas Charges and Right of First Refusal Charges for the Gases supplied by Sesa to the Project Company.
- E. Sesa Coke and SIL have entered/ would enter into an inter-se agreement on the date hereof to allocate inter alia between themselves (a) the supply of COFG by Sesa Coke and BFG by SIL to the Project Company at the Diversion Points and (b) the allocation of the power generated by the Project Company supplied at the Interconnection Point between members of the Sesa Group, (c) payments to be made and received by SIL and Sesa Coke under this Agreement and (d) payment received from other members of the Sesa Group by Sesa Coke and/or SIL. If required by the Project Company an unpriced copy of the inter-se agreement will be provided before the Commercial Operation Date by Sesa.
- F. Pursuant to the MoU, the parties hereto wish to enter into a definitive agreement to define their respective rights and obligations with respect to the Project.

Now, therefore, in view of the aforesaid premises and in consideration of the mutual covenants and agreements hereinafter set forth, Sesa Coke, SIL, the Project Company and the Guarantor (each a Party and collectively the "Parties") hereby agree as follows:



"Blast Furnace Gas" or "BFG" means the blast furnace gas supplied by SIL to the Project Company pursuant to this Agreement, having composition, characteristics and in quantity as specified in Appendix C hereto being one of the fuels for operating the Project.

"Business Day" shall mean any day of the year on which banks in Goa are open for normal business transactions.

"Buy-Out" A purchase by Sesa of the Project, Site (including Project Land) pursuant to the issue of a Buy-Out notice.

"Buy-out Price" means the price for the Buy-Out of the Project as determined as per Schedule 3.

"Base Financial Model" means a Financial Model of the Project prepared by the Project Company and appraised and acceptable by the Lenders of the Project Company while sanctioning the long-term debt finance to the Project

"Carbon Credit Facility" means the credit mechanism available to approved projects complying with the emission reduction norms for Greenhouse Gases provided under the Kyoto Protocol or any other applicable national or international law, which may be applicable to the Project

"Change in Law" means the occurrence of any of the following after the date of this Agreement:

- (a) the enactment of any new Law or Directive affecting any of the obligations of the Project Company or Sesa under this Agreement;
- (b) the repeal in whole or in part (unless re-enacted with the same effect and with effect from same date of repeal), or modification of any existing Law or Directive affecting any of the obligations of the Project Company or Sesa under this Agreement;
- (c) the commencement of any Law or Directive, which has not yet entered into effect, but on commencement affects any of the obligations of the Project Company or Sesa under this Agreement;
- (d) a change in application of any Law or Directive affecting any of the obligations of the Project Company or Sesa under this Agreement;
- (e) the imposition of a requirement for Clearance not required as at the date of this Agreement;
- (f) after the grant of any Clearance, a change in the terms and conditions attaching to such Clearance or the attachment of any new terms or conditions;

"Chief Executive" means, with reference to any Party the Chief Executive Officer, Managing Director, or Chairman & Managing Director or its equivalent of such Party as may be designated by such Party for the purpose of this Agreement.



"Kyoto Protocol" means the Protocol to the United Nations Framework Convention on Climate Change ("UNFCCC") adopted at the third session of the parties to the UNFCCC in Kyoto, Japan, on December 11, 1997 and any other amendments or modifications made thereto.

"Land Lease Agreement" means the deed of sub-lease entered into or to be entered into between Sesa Coke/SIL and the Project Company for the sub-lease of the Site to the Project Company in accordance with the terms hereof and thereof, as such agreement may be amended, supplemented or modified from time to time in accordance with the terms thereof.

"Law" means the substantive laws of the centre or any state, local or municipal legislature in India, or of any other Government Agency, including all laws, statutes, rules, regulations, ordinances, orders, decrees, judgements, injunctions, Clearances, agreements, decisions and notifications of any competent authority or other Government Agency or court or tribunal having jurisdiction over the matter in question as such may be in effect on the date hereof, or as amended, modified, enacted or revised from time to time hereafter.

"Lenders" means the lenders that are a party to the Financing Documents and other persons who, from time to time, make other credit facilities (excluding subordinated debt from the Guarantor and/or its Affiliates or from any other shareholder in the Project Company and/or its Affiliates) available to the Project Company (including issuers of and persons indirectly or secondarily liable under letters of credit), together, in each case, with their respective successors and assigns.

"Letter of Credit" or "LC" has the meaning set forth in Section 14.6

"Liquidated Damages Adjustment" means the difference between the liquidated damages paid by Sesa for the shortfall of Gases pursuant to the Agreement from the date of Default Notice to date of the Buy-Out notice and the difference in the DCFV value from the date of Default Notice to the date of Buy-Out notice.

i.e $LDA = L - [DCFV(d) - DCFV(b)]$

where

LDA = the Liquidated Damages Adjustment

L = the Liquidated Damages paid by Sesa for the shortfall of Gases pursuant to the Agreement from the date of Default Notice to date of the Buy-Out notice

DCFV(d) = the DCFV value on the date of the Default Notice

DCFV(b) = the DCFV value on the date of the Buy-Out notice

In the event LDA is a negative number then LDA=0

"MU" means Million kwh.

"MW" means Megawatts.

"Month" means a calendar month running from 00:00:00 hours of the first Day to 24:00:00 hours on the last Day of that calendar month.



"Project Benefits", means any carbon emission reductions and credits thereof, licenses, permits, offsets, rights or any other interests as may be decided by the Government Agency or any other authorised agency, on the implementation of the Project.

"Project Company Adjustment Events" has the meaning as set forth in Section 5.9 (a).

"Project Company Event of Default" has the meaning set forth in Section 19.4.

"Project Company Indemnified Parties" has the meaning set forth in Section 25.2

"Project Company Willful Event of Default" means a Project Company Event of Default where the Project Company generates the Electrical Energy and wilfully and deliberately does not supply the Electrical Energy as per Sesa's requirement in accordance with this Agreement during the Term of the Agreement, or where the Project Company wilfully and deliberately does not pay Sesa an amount due in excess of rupees 20 lakhs for period not less than 3 months.

"Project Documents" means collectively, the EPC Contract(s), the O&M Contract, Sesa Documents, the Financing Documents, Clearances in respect of the Project, required for the operation and maintenance of the Project, any land lease agreement and site use agreement, the Project Company's memorandum and articles of association, including all schedules and exhibits to any of the foregoing documents, as any of such documents may be amended, supplemented, restated or modified from time to time in accordance with the terms hereof and thereof, all as related to the Project and entered into by the Project Company.

"Project Land" has the meaning set forth in Section 6.5(d).

"Project Time Schedule" means the time schedule for construction of the Project set forth in Appendix B, as amended from time to time in accordance with the terms hereof.

"Rated Capacity" means the capacity of the Project in MW as determined pursuant to Section 8.3.

"Rebuilding Cost" means the total cost of rebuilding of the Project, as assessed by the Appraiser including all applicable taxes, levies, duties, cess, consultants fees, etc to return the Project to a similar working condition as it was just prior to occurrence of the Event of Force Majeure affecting the Project

"Right of First Refusal Charges" means the right of first refusal charge paid by the Project Company to Sesa for the exclusive supply of COFG and/or BFG by Sesa to the Project Company.

"Rupee" or "Rs" means the lawful currency of India.



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ARTICLE 25B

CARBON CREDIT

25B.1 The Project Company shall transfer all Project Benefits to Sesa earned under the Carbon Credit Facility aimed at achieving emission reductions in respect of Greenhouse Gases provided under the Kyoto Protocol of the United Nations Framework Convention on Climate Change and any other international agreement(s) to which the Government of India is a signatory and that will govern any or all matters connected thereto.

The Project Company shall take all necessary steps and use best efforts for seeking the approvals and certifications as may be required for securing Carbon Credit Facility under the applicable domestic/ international requirements.

Provided that the expenses incurred in connection with the validation of the Project for availing the Carbon Credit Facility, including the seeking and procuring of the necessary approvals, certification and registration, documentation, the cost of transfer of Project Benefits and all other associated costs shall be wholly met by Sesa.

25B.2 The Parties hereby agree that any failure on the part of the Project Company to use best efforts in taking effective steps for the facility provided under the Kyoto Protocol, or any other applicable international legislation as implemented by Law shall be considered as a material breach of obligations by the Project Company under this Agreement.

25B.3 The Parties agree to enter into supplementary agreement(s) (in the form specified by Sesa) for specifically governing their rights and obligations in relation to the Project Benefits, once the regulatory framework for Carbon Credit Facility is implemented. On Sesa's request the Project Company shall furnish an irrevocable power of attorney (in the form specified by Sesa) to Sesa, in connection with the transfer of Project Benefits earned under the Carbon Credit Facility in favour of Sesa.

25B.4 For avoidance of doubt, it is clearly agreed between the Parties that any new requirement or change in respect of Carbon Credit Facility or any matter related thereto, shall not be construed as a Change in Law for the purpose of this Agreement.

