

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**Letter of Offer**

**From**

**Twin Star Holdings Limited**

**Registered Office:** C/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius pursuant to Clause 8.5 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (the “**Delisting Guidelines**”)

inviting you to tender your fully paid up equity shares of face value Rs. 2/- each to Twin Star Holdings Limited (“**Acquirer**”) at the Exit Price pursuant to public announcement published on June 20, 2009 in Business Standard, Pratahkal and Dinamalar (Salem Edition) in accordance with the Delisting Guidelines.

**This Letter of Offer is being sent to you as a public shareholder of**

**The Madras Aluminium Company Limited**

**Registered Office:** P B No. 4, Mettur Dam Railway Station, Salem District, Salem 636 402, Tamil Nadu, India

<b>EXIT PRICE</b>	<b>Rs. 115/- per fully paid up equity share of Rs. 2/- each</b>
<b>EXIT PERIOD OPENS</b>	<b>June 22, 2009</b>
<b>EXIT PERIOD CLOSES</b>	<b>December 21, 2009</b>

Dear Shareholder,

**This is an invitation to tender your Offer Shares (as defined hereinafter) in The Madras Aluminium Company Limited (“the Company”) to the Acquirer at an Exit Price (as defined hereinafter) of Rs. 115/- per Offer Share subject to the terms and conditions below (“Exit Offer”).**

By public announcement dated February 25, 2009 and bid letter dated March 2, 2009, the Acquirer made an offer (“**Delisting Offer**”) to public shareholders of the Company (“**Shareholders**”) holding fully paid up equity shares of the Company (“**Offer Shares**”) to acquire their Offer Shares and consequent delisting of the Company in accordance with the Delisting Guidelines. By public announcement dated March 23, 2009 the Acquirer accepted the discovered price of Rs. 115/- per Offer Share (“**Exit Price**”) determined under the reverse book-building process as per the Delisting Guidelines. On June 20, 2009 the Acquirer, made a public announcement in all editions of Business Standard, Pratahkal, and Salem edition of Dinamalar informing the Residual Shareholders (hereinafter defined) of the terms and conditions of the Exit Period (hereinafter defined). Pursuant to acquisition of the Offer Shares tendered by the Shareholders in the Delisting Offer, the equity shareholding of the Acquirer in the Company currently stands at 93.55% of the fully paid up equity share capital.

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If you require any clarification in connection with this Letter of Offer, you should consult the Registrar to the Exit Offer at:

**Karvy Computershare Private Limited**

Plot No. 17 to 24, Vittalrao Nagar,  
HITECH City Road, Madhapur, Hyderabad 500 081, India  
Tel. No: +91 40 2342 0815-28, Fax No: +91 40 2343 1551  
Email: murali@karvy.com  
Contact Person: Mr. Muralikrishna

Following the close of the Delisting Offer and in accordance with the Delisting Guidelines, on April 23, 2009 the Company applied for delisting to the Bombay Stock Exchange Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”), being the stock exchanges on which its equity shares were listed. BSE has informed its trading members vide notice no. 20090529-17 dated May 29, 2009 that trading in the equity shares of the Company will be discontinued with effect from June 12, 2009 and the equity shares of the Company will be delisted from BSE with effect from June 19, 2009. Similarly NSE has informed its trading members vide notice no. NSE/LIST/C/0216 dated May 29, 2009 that trading in the equity shares of the Company will be discontinued with effect from June 12, 2009 and the equity shares of the Company will be delisted from NSE with effect from June 19, 2009. Accordingly, trading in the equity shares of the Company have been discontinued with effect from June 12, 2009 and the Company has been delisted with effect from June 19, 2009.

**Delisting of the equity shares from BSE and NSE means that the equity shares cannot be traded on BSE and NSE and a liquid market for trading of the equity shares will no longer be available.**

**We are writing to inform you that, in accordance with Clause 8.5 of the Delisting Guidelines, the Acquirer hereby provides a final exit opportunity to the remaining Shareholders holding Offer Shares in the Company (“Residual Shareholders”), to participate in the acquisition process for a period of six months from the date of delisting of the Company. You will be able to tender your Offer Shares to the Acquirer at the Exit Price at any time from June 22, 2009 till December 21, 2009 (the “Exit Period”), on the terms and subject to the conditions set out in this letter of offer (“Letter of Offer”) and the public announcement of the Acquirer dated June 20, 2009 (“Public Announcement”). This Letter of Offer has been dispatched to all Residual Shareholders of the Company, who were Shareholders of the Company as on June 12, 2009.**

## **1. PROCEDURE FOR TENDERING YOUR OFFER SHARES UNDER THE EXIT OFFER**

Please contact the registrar to the Exit Offer – Karvy Computershare Private Limited (“**Registrar to the Exit Offer**”), if you require any clarification regarding the procedure for tendering your Offer Shares.

### **1.1 Procedure for Residual Shareholders holding Offer Shares in demat form**

1.1.1 The Residual Shareholders holding Offer Shares in dematerialized form, who are desirous of tendering their Offer Shares in the Exit Offer must submit (a) the enclosed application form (“**Application Form**”) duly filled and signed, and (b) a counterfoil / photocopy of their depository participant instruction evidencing transfer of dematerialized Offer Shares as detailed in paragraph 1.1.2 below, by hand delivery or by registered post or courier (at their own risk and cost) with the envelope marked “**MALCO DELISTING – EXIT OFFER**” so as to reach the Registrar to the Exit Offer at the following address: **Karvy Computershare Private Limited**, Plot No. 17 to 24, Vittalrao Nagar, Hitech City Road, Madhapur, Hyderabad 500 081, India Tel. No: +91 40 2342 0815-28, Fax No: +91 40 2343 1551.

- 1.1.2 The Residual Shareholders must transfer their dematerialised Offer Shares from their respective depository account, in **off-market mode**, to the special depository account opened by the Registrar to the Exit Offer with Karvy Stock Broking Limited (“**Demat Escrow Account**”), the details of which are as follows:

Depository	National Securities Depository Limited (NSDL)
Account Name	KSBL - MALCO - Delisting Offer - Demat Escrow Account
Name of the Depository Participant	Karvy Stock Broking Limited
Depository Identification Number	IN 302 470
Client Identification Number	4023 5352
ISIN Number of the Scrip	INE223B01026

*Please note that all such transfers should be in off-market mode. Failure to credit your dematerialised Offer Shares into the Depository Escrow Account may result in your tender being invalid.*

- 1.1.3 Residual Shareholders who hold their Offer Shares in dematerialized form through Central Depository Services (India) Limited (“**CDSL**”) will have to execute an inter depository delivery instruction for the purpose of crediting their Offer Shares in favour of the Demat Escrow Account of the Registrar to the Exit Offer. All transfers should be in **off-market mode**. It is the responsibility of the Residual Shareholders to ensure that their Offer Shares are credited in favour of the Demat Escrow Account and their Application Forms reach the Registrar to the Exit Offer on or before the expiry of the Exit Period.
- 1.1.4 The Offer Shares will be held in the Demat Escrow Account until the consideration payable has been dispatched to the eligible Residual Shareholders or the unaccepted Offer Shares are credited back to the Residual Shareholders’ depository account.
- 1.1.5 If you are not resident in India, please also submit along with your Application Form all the documents set out in paragraph 2 and 6 below.

## **1.2 Procedure for Residual Shareholders holding Offer Shares in physical form**

- 1.2.1 All Residual Shareholders holding Offer Shares in the form of physical share certificates (“**Physical Shares**”), who wish to tender their Physical Shares, should complete the Application Form in accordance with the instructions given below (as applicable) and submit the same along with the following documents by hand delivery or by registered post / courier (at their own cost and risk) with the envelope marked “**MALCO DELISTING - EXIT OFFER**” so as to reach the Registrar to the Exit Offer at the following address: **Karvy Computershare Private Limited**, Plot No. 17 to 24, Vittalrao Nagar, Hitech City Road, Madhapur, Hyderabad 500 081, India Tel. No: +91 40 2342 0815-28, Fax No: +91 40 2343 1551:
- (a) the enclosed Application Form, duly completed and signed by the Residual Shareholder or all Residual Shareholders (in the case of joint holdings) whose name(s) appear on the share certificate(s), in the order in which such names appear on the share certificate(s);
  - (b) a valid share transfer deed enclosed with this Letter of Offer, duly signed by the registered Residual Shareholder or all registered Residual Shareholders (in the case of joint holdings) as transferor(s), in accordance with the specimen signatures registered with the Company and duly witnessed;

- (c) the original share certificate(s); and
- (d) if the Residual Shareholder(s) are not resident in India, the relevant documents set out in paragraph 2 and 6 below.

1.2.2 The Registrar to the Exit Offer will hold in trust the share certificate(s) and the share transfer deed until the delivery of the consideration payable or the unaccepted share certificates has/have been dispatched to the Residual Shareholder concerned.

1.3 The Offer Shares to be acquired under this Exit Offer are to be acquired free from all liens, charges and encumbrances and together with all rights attached thereto.

## **2. NON RESIDENT SHAREHOLDERS**

2.1 Residual Shareholders who are non-resident Indians, persons resident outside India, overseas corporate bodies, FIIs etc. ("**Non-Resident Residual Shareholders**") will also need to enclose a copy of the original permission received by them from the Reserve Bank of India ("**RBI**") in relation to the acquisition of the Offer Shares and:

- (a) If the Non-Resident Residual Shareholder's Offer Shares in the Company are held on a repatriation basis, the Non-Resident Residual Shareholder must obtain and enclose with the Application Form, a letter from his/her/their authorized dealer/bank confirming that at the time of the acquisition of such Offer Shares, payment for the same was made by the Non-Resident Residual Shareholder from the appropriate account (e.g. NRE a/c) as specified by RBI in its approval.
- (b) If the Non-Resident Residual Shareholder is not in a position to produce the letter referred to in paragraph 2.1(a) above, his/her/its Offer Shares will be deemed to have been acquired on a non-repatriation basis and in such a case, the Non-Resident Residual Shareholder must submit a consent letter addressed to the Acquirer, allowing the Acquirer to make the payment on a non-repatriation basis in respect of such Offer Shares tendered in the Exit Offer.
- (c) Non-Resident Residual Shareholders should also enclose copies of any other statutory/ legal/ corporate approvals as may be applicable.

2.2 If any of the documents referred to in paragraph 2.1 above are not enclosed along with the Non- Resident Residual Shareholder's Application Form, such Non-Resident Residual Shareholder's tender of Offer Shares under the Exit Offer may be treated as invalid.

## **3. SETTLEMENT**

3.1 Following fulfillment of the conditions mentioned herein and in the Public Announcement and receipt of the requisite regulatory approvals (if any), the applicable consideration will be paid by the Acquirer by way of cheque or demand draft or by means of electronic funds transfer, wherever possible, and cheques or demand drafts will be dispatched to the relevant Residual Shareholders, at their own risk, by way of speed post/registered post/under certificate of posting. Upon receipt of duly filled valid Application Forms (together with necessary enclosures, if any) and receipt of the Offer Shares in the Demat Escrow Account mentioned hereinabove/receipt of physical share certificates (along with duly filled in transfer deeds, as applicable) by the Registrar to the Exit Offer, the Registrar to the Exit Offer shall

dispatch the payment to Residual Shareholders and the Manager of the Exit Offer shall instruct the bank to make electronic funds transfer to the Residual Shareholders (as the case may be), who have validly tendered their Offer Shares in this Exit Offer, in the immediately subsequent calendar month from (1) the date of receipt by the Registrar to the Exit Offer, of the necessary documentation for tendering the Offer Shares and the receipt of Offer Shares in the Demat Escrow Account; or (2) the date when the relevant regulatory approvals, if any, are obtained, to the relevant Residual Shareholders, at their own risk, by way of speed post / registered post / under certificate of posting at the address set out in Box 1 of the enclosed Application Form, or by means of electronic funds transfer, as the case may be. Residual Shareholders to whom funds have been transferred electronically shall be duly intimated by way of a letter by the Registrar to the Exit Offer.

- 3.2 The cheque/demand draft/electronic payment will be drawn in the name of the sole or first named Residual Shareholder (in case of joint holdings) described in Box 1 of the Application Form along with the bank account number as provided in Box 5 of Application Form. In case bank account details are not provided, then the consideration will be paid to the sole/first named holder (at your own risk) without any such details. Residual Shareholders who wish to receive their payment by means of electronic funds transfer should provide the IFSC code along with their bank account details. Please note that in such case payment would be transferred electronically at your risk based on the account details provided by you.

#### **4. PERIOD**

The Residual Shareholders may tender their application to the Registrar to the Exit Offer at the Exit Price at any time during the Exit Period. The Residual Shareholders are required to ensure that their Application Form, together with the necessary enclosures, is received by the Registrar to the Exit Offer on or before December 21, 2009.

#### **5. STATUTORY AND OTHER APPROVALS**

- 5.1 The RBI vide letter no. FE.CO.FID/24666/10.21.047(59)/2008-09 dated March 13, 2009 has granted approval to the Acquirer to acquire upto fully paid up equity shares of the Company from overseas corporate bodies under the Delisting Offer in accordance with the Delisting Guidelines. To the best of the Acquirer's knowledge, as on date, there are no other statutory or regulatory approvals required to acquire the Offer Shares. If any other statutory or regulatory approvals need to be obtained, the acquisition of Offer Shares by the Acquirer will be subject to such statutory or regulatory approvals.
- 5.2 The Acquirer reserves the right not to proceed with the acquisition of the Offer Shares in the event the approval(s), if any, is/are not obtained, or conditions which the Acquirer considers in its sole discretion to be onerous are imposed in respect of such approval(s).
- 5.3 It shall be the responsibility of the Residual Shareholders tendering in the Exit Offer to obtain all requisite approvals (including corporate, statutory or regulatory approvals), if any, prior to tendering in the Exit Offer, and the Acquirer shall take no responsibility for the same. The Residual Shareholders should attach a copy of any such approval to the Application Form, wherever applicable.

## **6. TAX TO BE DEDUCTED AT SOURCE**

### **6.1 Tax to be deducted in case of non resident shareholders**

- 6.1.1 As per the provisions of section 195(1) of the IT Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at the prescribed rate (including applicable surcharge and education cess).
- 6.1.2 The consideration payable under the Offer would be chargeable to tax as capital gains or business profits, as the case may be. Accordingly, Acquirer shall deduct tax at the prescribed rate (including applicable surcharge and education cess) on the gross consideration payable to the non resident shareholders based on the information requested and submitted along with the Application Form.
- 6.1.3 In case of any ambiguity, incomplete or conflicting information or information not being provided to the Acquirer by the non resident shareholders, the tax shall be deducted at the maximum rate prescribed for such non resident shareholder.
- 6.1.4 If the non resident shareholders require the Acquirer not to deduct tax or to deduct tax at a lower rate or on a lower amount for any reason, they would need to obtain a certificate from the Income Tax authorities either under section 195(3) or under section 197 of the IT Act, and submit the same to Acquirer while submitting the Application Form. In absence of such certificate from the Income Tax authorities, the Acquirer shall deduct tax on gross consideration at the prescribed rate of tax.
- 6.1.5 In case where non resident shareholder is the tax resident of a country which has entered into a Tax Treaty with India, it may be possible for the non resident shareholder to avail the beneficial provisions, if any, under the Tax Treaty. If the non resident shareholder opts to avail the beneficial provisions as per Tax Treaty, a certificate from the tax authorities, of the country of which such person is the tax resident, certifying the tax residence of such person needs to be provided to the Acquirer along with the Application. In absence of such certificate, the Acquirer shall deduct the tax as per clauses 6.1.1 to 6.1.4 above.

### **6.2 Withholding tax implication for Foreign Institutional Investor ('FII')**

- 6.2.1 As per the provisions of Section 196D(2) of the IT Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a FII as defined in section 115AD of the IT Act.
- 6.2.2 Foreign Institutional Investor should certify the nature of its income arising from the sale of shares (whether capital gains or business profits). In absence of certification to the effect that the income from sale of shares is in the nature of capital gains, the Acquirer shall deduct tax at the prescribed rate under the IT Act, on the gross consideration payable. Should FII submit a Certificate from the Income Tax authorities along with the Application Form indicating the amount or rate of tax to be deducted, the Acquirer shall deduct tax in accordance with the same.
- 6.2.3 For interest payments, if any, FII shall have to provide a No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities indicating the amount of tax to be deducted. In absence of such certificate, Acquirer shall deduct the tax on the interest payable to FII, at the prescribed rate for the category to which such FII belongs.

### **6.3 Tax to be deducted in case of Resident shareholders**

- 6.3.1 In absence of any specific provision under the IT Act, Acquirer shall not deduct tax on the consideration payable to resident shareholders for acquisition of shares.
- 6.3.2 Acquirer shall deduct the tax at the prescribed rates (including applicable surcharge and education cess) on the interest, if any, payable to resident shareholder, if amount of interest payable is in excess of Rs. 5,000 (Rupees Five Thousand).

- 6.3.3 The resident shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, he should submit along with the Application Form documentary evidence to support exemption from tax deduction or a No Objection Certificate from the Income Tax authorities indicating the rate at which tax is to be deducted by the Acquirer or a self declaration in Form 15G or Form 15H as may be applicable.
- 6.3.4 In case of any ambiguity, incomplete or conflicting information or information not being provided to the Acquirer by the above shareholders, the tax shall be deducted at the prescribed rates.
- 6.4 The Acquirer shall issue a certificate in the prescribed form to the shareholders (resident and non resident) who have been paid the consideration or interest after deducting of tax on the same certifying the amount of tax deducted and other prescribed particulars.
- 6.5 For the purpose of computing the tax deduction at source, shareholders who wish to tender their shares must submit the following information along with the Application Form:
- A. **Information requirement from a Nonresident shareholder**
- i. Self attested copy of PAN card
  - ii. Nil / Lower withholding tax certificate from the Indian Income Tax authorities u/s 195(3) or u/s 197 under the IT Act
  - iii. Self attested declaration in respect of residential status, status of shareholders (e.g. Individual, Firm, Company, Trust, or any other - please specify) and period of holding of shares (i.e. whether shares tendered are a long term capital assets or short term capital assets as defined under Indian Income Tax Act, 1961)
  - iv. In case shares tendered comprise both long term capital assets and short term capital asset then break up of the same
  - v. Tax residency certificate, where the shareholder intends to avail the beneficial provisions under a Tax Treaty
  - vi. Banker certificate certifying inward remittance
  - vii. Self attested declaration to the effect that the shares are held on capital / investment account or Trade account
  - viii. SEBI Registration Certificate for FIIs
- B. **Information requirement in case of Resident shareholder (applicable only for the interest payment, if any)**
- i. Self attested copy of PAN card
  - ii. Self attested declaration in respect of residential status, status of shareholders (e.g. Individual, Firm, Company, Trust, or any other - please specify)
  - iii. If applicable, self declaration form in Form 15G or Form 15H, as the case may be
  - iv. Nil / lower withholding tax certificate from the Indian Income Tax authorities
  - v. For Mutual fund/Banks/Notified Institution under Section 194A(3)(iii)(f) of the Income Tax Act – Copy of relevant Registration or notification
- 6.6 Shareholders are advised to provide the above information in order to enable the Acquirer to appropriately deduct tax at source.
- 6.7 The tax deducted under this Offer is not the final liability of the shareholders or in no way discharge the obligation of shareholders to disclose the amount received in pursuant to this Offer.
- 6.8 **SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE ASSESSING OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRER AND THE MANAGER TO THE OFFER DO NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE.**
- 6.9 THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.

**7. COMPLIANCE OFFICER**

**Ms. N. Rajeswari**

Deputy Company Secretary

The Madras Aluminium Company Limited,

P B No.4, Mettur Dam Railway Station, Salem District 636 402, India

Tel: + 91 4298 304 350 / 309, Fax: + 91 4298 222 215

E-mail: n.rajeswari@vedanta.co.in

masec@vedanta.co.in

**8. GENERAL**

Every Residual Shareholder who desires to avail of the Exit Offer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Acquirer, the Registrar to the Exit Offer or the Manager to the Exit Offer or the Company whatsoever by reason of any loss which may be suffered by such Residual Shareholder consequent to or in connection with this Letter of Offer or the Exit Offer.

Yours faithfully,

Signed on behalf of the Acquirers

**Twin Star Holdings Limited**

Sd/-

**Authorized Signatory**

Date: June 22, 2009

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If you require any clarification in connection with this Letter of Offer, you should consult the Registrar to the Exit Offer at:

**Karvy Computershare Private Limited**

Plot No. 17 to 24, Vittalrao Nagar,

Hitech City Road, Madhapur, Hyderabad 500 081, India

Tel. No: +91 40 2342 0815-28, Fax No: +91 40 2343 1551

Email: murali@karvy.com

Contact Person: Mr. Muralikrishna