PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF

DECCAN AVIATION LIMITED

(**Registered Office:** 35/2, Cunningham Road, Bangalore – 560052)

This Public Announcement (**"PA"**) is being issued by Edelweiss Capital Limited, the Manager to the Offer ("Edelweiss"), on behalf of Kingfisher Radio Limited, a wholly owned subsidiary of United Breweries (Holdings) Limited, along with the Persons Acting in Concert (PAC), namely, United Breweries (Holdings) Limited, its 100% subsidiary, UB Overseas Limited and such other person/ persons whom United Breweries (Holdings) Limited may nominate (hereinafter collectively referred to as (**"Acquirers"**), pursuant to Regulations 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (**"SEBI (SAST) Regulations"**)

I. BACKGROUND TO THE OFFER

a) Kingfisher Radio Limited, (**"KRL"** or **"Acquirer"**) a company incorporated under the Companies Act, 1956 having its registered office at Asian Building, Nicole Road, Ballard Estate, Mumbai 400 038, being the Acquirer within the meaning of Regulation 2(1)(b) of the SEBI (SAST) Regulations, has agreed, vide binding term sheet dated May 31, 2007, to subscribe for the equity shares of Deccan Aviation Limited (**"DAL"** or **"Target Company"**) being the Target Company as defined in Regulation (2)(1) (o) of the SEBI (SAST) Regulations, which has agreed to issue and allot on a Preferential Issue basis an aggregate of 35,222,231 equity shares ("shares") of Rs. 10/- (Rupees Ten only) each for cash at a premium of Rs. 145/- (Rupees One Hundred and Forty Five only) per share (the pricing of which is determined in accordance with the SEBI Disclosure and Investor Protection Guidelines, 2000 and subsequent amendments thereto (**"SEBI DIP guidelines"**) as applicable (the **"Issue"** or **"Preferential Issue"**). The Preferential Issue by DAL is conditional upon the approval of DAL's shareholders. On completion of the Preferential Issue, the post issue voting share capital of DAL will comprise 135,470,118 fully paid up equity shares of Rs. 10 each ("the Post Issue Voting Capital") and the Acquirers will hold 26.0% of the Post Issue Voting Capital. Accordingly, pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations, Acquirers are making an Offer to the public shareholders of DAL to acquire up to 20% (or 27,094,024 equity shares) of the Post Issue Voting Capital.

b) The salient features of the binding term sheet entered into between the United Breweries group of companies (**"UB Group"**) on one hand and Captain G.R. Gopinath, Captain K. J. Samuel, Captain Vishnu Rawal along with their associate companies on the other hand (**"Promoters"**) on May 31, 2007 are as under:

- The Acquirers have agreed to subscribe to 35,222,231 equity shares of the Target Company on a preferential allotment basis at a price of Rs. 155 per share for consideration to be paid in cash.
- A sum of Rs. 1,500,000,000 representing the consideration for 9,677,419 equity shares of the Target Company have been paid by the Acquirers on May 31, 2007 as an advance towards share application money to be allotted in accordance with the SEBI DIP Guidelines and subject to receipt of shareholders approval of the Target Company.
- Subject to receipt of shareholders approval by the Target Company, the Acquirers shall pay by June 29, 2007 an amount of Rs. 3,959,445,860/- towards share application for the balance 25,544,812 equity shares of the Target Company. Prior to the payment of such sum of Rs. 3,959,445,860/-, a shareholders agreement shall be executed between the Target Company and the Acquirers.
- The Target Company shall complete the allotment of the 35,222,231 equity shares subject to shareholder approval and in accordance with the SEBI DIP Guidelines, the Companies Act, 1956 and other applicable laws latest by July 10, 2007.
- In the event that the requisite shareholders approval is not received, the term sheet and the shareholders agreement shall stand terminated and the sum of Rs. 1,500,000,000 being the advance towards share application money shall be refunded to the Acquirers.

The broad terms of the shareholders agreement are proposed to include, *inter alia*:

- Reconstitution of Board of Directors: One half of the Board of Directors of the Target Company shall comprise independent directors. One fourth of Board of Directors shall be nominated by the Acquirers. One fourth of the Board of Directors shall be nominated by the Promoters and existing shareholders of the Target Company. One nominee director of the Acquirers shall have the right to serve on each committee of the Board of Directors of the Target Company. The quorum at the Board and Committee meetings of the Target Company shall require attendance of at least one nominee director of the Acquirers and one nominee director of the Promoters.
- Management: Capt. G. R. Gopinath shall be the Executive Chairman of the Board of Directors of the Target Company and shall not have a casting vote. Dr. Vijay Mallya shall be appointed as the Vice Chairman of the Board of Directors of the Target Company.
- Negative covenants: *Inter alia*, certain actions shall require approval of the Acquirers, including but not restricted to, approval of the annual operating and capital expenditure budget of the Target Company, changes in Memorandum & Articles of Association, changes in capital structure, material acquisition or disinvestment of business, creation of new debt or additional encumbrances on the Target Company beyond pre agreed parameters pursuit of a new line of business, any interested/ related party transaction, sale of material assets/ investments.
- Tag Along Rights: Subject to applicable law, the Acquirers shall have the right to proportionately tag along at the time of the sale of 5% or more of the fully diluted shareholding in the Target Company in any single transaction by the Promoters. If the Promoters, sell off more than 5% of the Target Company's shares, in one or more transactions, they shall provide the Acquirers the right of first refusal in respect of sale of any further shares of the Target Company.

c) On May 31, 2007 (**"Board Meeting Date"**) the Board of Directors of DAL passed appropriate resolutions for approving, inter alia, the Issue and for convening an Extra Ordinary General Meeting on, June 26, 2007 to obtain approval of shareholders in terms of section 81(1A) of the Companies Act, 1956 and to authorize the Board of Directors to allot equity shares to Acquirers and to approve the change of Promoters as defined in Regulation 2 (1) (h) of SEBI (SAST) Regulations to include Acquirer as a promoter.

d) Acquirers shall enter into a Shareholders Agreement prior to the allotment of securities, the board terms of which are set out above and details of which will be provided to the eligible shareholders through the Letter of Offer. The Acquirers have also agreed to be termed as a co-promoter of DAL.

e) DAL has intimated to Bombay Stock Exchange Limited (**"BSE"**) and the National Stock Exchange of India Limited (**"NSE"**), where its shares are listed vide its letters dated May 31, 2007 that consequent to the preferential allotment, the Acquirers would hold 26.0% of the Post Issue Voting Capital of DAL, the non promoter shareholding of DAL would then be 57.63% of the total paid-up Post Issue Voting Capital and that all the rights and covenants of ICICI Ventures and Capital International in terms of the Securityholders Agreement dated March 16, 2005 (including further modifications thereto vide amendment agreements dated January 13, 2006 and April 24, 2006) will cease to exist upon executing the aforesaid Shareholders Agreement.

II. THE OFFER

a) The Acquirers are making an Offer under Regulations 10 & 12 of the SEBI (SAST) Regulations to the public shareholders of DAL to acquire up to 27,094,024 fully paid equity shares of Rs. 10 each, representing in the aggregate 20% of the Post Issue Voting Capital, at a price of Rs. 155 (Rupees One Hundred and Fifty Five only) per share (**"Offer Price"**), payable in cash and subject to the terms and conditions mentioned hereinafter (the **"Offer"**).

b) As on the date of this PA, the Acquirers do not hold any equity shares of DAL. Mr. T. V. Lakshmikanthan a director on the board of UB Overseas Limited owns 170 equity shares acquired in the Initial Public Offering of DAL.

c) Subject to the receipt of the approval of the shareholders of DAL and other terms and conditions set out in the PA and the Letter of Offer to be sent to shareholders, Acquirers will acquire equity shares up to the extent mentioned in this PA.

d) Following consummation of transactions disclosed in Para I (a) above, Acquirers will hold 26.0% of the Post Issue Voting Capital in DAL. In the event such Shareholder approval is refused, or shares, as mentioned in Para I(a) above, have not been allotted by DAL, the Offer will not be consummated, and equity shares which have already been tendered will be released, subject to the provisions of the SEBI (SAST) Regulations.

e) The Offer is not conditional on any minimum level of acceptances. The Offer is subject to receipt of approval, if required, from the Reserve Bank of India (**"RBI"**) under the Foreign Exchange Management Act, 1999 (**"FEMA"**) for the acquisition of equity shares by the Acquirers from non-resident persons under the Offer.

f) Presently, United Breweries (Holdings) Limited and its 100% subsidiary, UB Overseas Limited are PACs in terms of Regulation 2(1) (e) of the SEBI (SAST) Regulations in relation to this Offer.

g) Acquirers have not acquired nor been allotted any equity shares of DAL during the 52-week period prior to the date of this PA. Acquirers or their respective directors have not acquired any equity shares in DAL at a price above the offer price of Rs.155 (Rupees One Hundred and Fifty Five Only) per share, including by way of allotment in public or rights issue or by way of preferential allotment by DAL during the 26-week period prior to the date of this PA save and except the allotment as contemplated and as mentioned in Para I above.

h) The equity Shares of DAL are listed on the BSE and the NSE and are frequently traded. The annualised trading turnover based on the trading volume in the shares of DAL on each of the above mentioned stock exchanges during December 2006 to May 2007 (6 calendar months preceding the month in which the PA is made) is as under:

Name of Stock Exchange(s)	Total no. of shares traded during the 6 calendar months prior to the month in which PA is made	Total No. of listed Shares	Annualized Trading turnover(as a % to total listed shares)
BSE	58,060,780	100,247,887	57.92
NSE	116,968,931	100,247,887	116.68

Source: www.bseindia.com; www.nseindia.com

The Equity shares of DAL are most frequently traded on NSE, within the meaning of explanation (i) to Regulation 20 (4) of the SEBI (SAST) Regulations.

i) The Offer price of Rs. 155 (Rupees One Hundred and Fifty Five Only) per equity share is justified in terms of Regulation 20(4) of SEBI (SAST) Regulations in view of the following:

Particulars	Price
a) Negotiated Price under the Agreement referred to in Sub Regulation (1) of Regulation 14 of the SEBI (SAST) Regulations	Rs 155/-
b) Highest Price paid by the Acquirers for acquisition, if any, including by way of allotment in a public or rights issue or Preferential issue during the 26 weeks prior to the Board Meeting Date	Not Applicable
c) The average of the weekly High and Low of the closing prices of the shares of DAL on stock exchange, where it is most frequently traded, during 26 weeks period preceding the Board Meeting Date	Rs. 124.17 per share
d) The average of the daily High and Low of the prices of the shares of DAL on stock exchange, where it is most frequently traded, during 2 weeks period preceding the Board Meeting Date	Rs 136.43 per share

j) As on the date of this PA, Edelweiss Capital Limited, the Manager to the Offer, does not hold any shares of DAL.

III INFORMATION ON KINGFISHER RADIO LIMITED ("Acquirer") and PERSONS ACTING IN CONCERT (PACs)

a) Kingfisher Radio Limited is a public company under the Companies Act, 1956 having its registered office at Asian Building, Nicole Road, Ballard Estate, Mumbai 400 038.

b) Kingfisher Radio Limited was originally incorporated on August 20, 1999 as Variegate Trading Private Limited which became a deemed public limited company under section 43A of the Companies Act, 1956 on October 4, 1999. The name was subsequently changed on November 9, 2005 to Kingfisher Radio Limited.

c) Kingfisher Radio Limited is a wholly owned subsidiary of United Breweries (Holdings) Limited. The board of directors of the company comprises of Mr. A Harish Bhat, Mr. P. Subramani and Mr. Hemant Menon.

d) The objects of Kingfisher Radio Limited include inter alia the business of promoting and selling media such as satellite, video, television, radio, etc. and deployment of funds by way of investments in assets, properties, securities, etc.

e) The equity shares of Kingfisher Radio Limited are not listed on any stock exchange.

f) Based on the audited standalone Annual Accounts:

Amount in Rs. except stated otherwise

	FY06	FY05	FY04
Operating Income	500,000	Nil	Nil
Net Income/(Loss)	9,539	(53,608)	(41,035)
EPS (Basic)	0.19	(1.07)	(0.82)
EPS (Fully Diluted)	0.19	(1.07)	(0.82)
Paid up equity Share Capital	500,000	500,000	500,000
Reserves & Surplus	(135,299)	(144,838)	(91,230)
Book Value per Share	7.29	7.10	8.18
Return on Net Worth (%)	2.62%	(15.09)%	(10.04)%

PERSON ACTING IN CONCERT:

United Breweries (Holdings) Limited ("UBHL")

UBHL was incorporated on March 23, 1915 under Indian Companies Act, 1913 and has its registered office at UB Anchorage, 5th Floor, No.100/1, Richmond Road, Bangalore 560 025, India. UBHL is the Holding Company of the UB Group of Companies. Its main line of activities has been investments in group companies, export trading and real estate development of its lands. The shares of UBHL are listed on the Bangalore Stock Exchange Limited, the BSE and the Calcutta Stock Exchange Association Limited ("CSE"). Further in the year 2003, UBHL had made a delisting application of its shares from the CSE, which is pending.

The board of directors of the company comprises of Dr. Vijay Mallya, Mr. N. Srinivasan, Mr. S. G. Ruperal, Mr. P. A. Murali, Mr. A. Harish Bhat, Mr. Sidhartha V. Mallya, Mr. Piyush G. Mankad, Mr. B. S. Patil and Mr. R. N. Pillai.

Financial details of UBHL

Amount in Rs. million except stated otherwise

	FY06	FY05	FY04
Operating Income	6,822.60	2,310.24	654.16
Net Income/(Loss)	4,203.00	7.19	(305.57)
EPS (Basic) (Rs.)	141.42	0.27	(13.50)
EPS (Fully Diluted) (Rs.)	141.42	0.27	(13.50)
Paid up equity Share Capital	297.21	297.21	226.41
Reserves & Surplus	3,979.14	639.06	768.06
Book Value per Share (Rs.)	143.88	31.50	43.92
Return on New Worth	98.28%	0.77%	(30.73)%

The shareholding of the company is distrubuted as follows: Promoter and Promoter Group: 54.93%; Institutional Shareholding: 29.34% and Non-Institutional Shareholding: 15.73%.

UB Overseas Limited

UB Overseas Ltd was incorporated on 4th April 2007 in British Virgin Islands. It has a paid up equity share capital of US$ 1000, with 1000 shares, each of value $ 1. UBHL and the Acquirer hold of 500 shares each of UB Overseas Limited. The main objects of the company are to carry on any business activity which is legal. Since it is a newly incorporated company, no accounts of the company have been prepared till date. The board of directors of the company comprises of Mr. Aravindakshan Variath and Mr. T. V. Lakshmikanthan.

IV Information about DAL ("Target Company") Deccan Aviation Limited ("DAL")

a) DAL was incorporated on June 15, 1995 as a private limited company and was converted into as a public limited company by a resolution of the members passed at the EGM held on 31st January, 2005 and has its registered office at Deccan Aviation Limited, 35/2, Cunningham Road, Bangalore - 560052.

b) Air Deccan is India's leading low cost airline and has over 332 (as on 31st May, 2007) daily flights connecting 65 destinations, with a total fleet of 41 Airbus 320's and ATR's, connecting remote places, offering lowest airline fares with a vision of enabling every Indian to fly and to provide safe travel with the lowest fares.

c) The total paid-up capital of DAL as on the date of announcement is 100,247,887 equity shares of Rs. 10 each and post preferential allotment of 35,222,231 equity shares to Acquirers, would stand increased to 135,470,118 equity shares of Rs. 10 each. There are no partly paid-up equity shares of DAL.

d) The equity shares of DAL are listed on the BSE and the NSE. The closing price of DAL equity shares on June 05, 2007 was Rs. 143.05 on NSE with a market capitalization of Rs. 14,340.56 million.

e) Based on the audited standalone Annual Accounts:

Rs. in million except stated otherwise

	Nine months ended 31st March, 2007 (Unaudited)#	FY06 (Fifteen Months ended period ended 30th June 2006)	FY05	FY04
Operating Income	1,2714.10	13,518.00	3,203.00	682.00
Net Income/(Loss)	(2465.00)	(3,405.47)	(195.31)	5.58
EPS (Basic) (Rs.)	(24.93)	(68.24)	(8.38)	4.30
EPS (Fully Diluted) (Rs.)	(21.28)	(68.24)	(8.38)	4.30
Paid up equity Share Capital	1,002.50	981.82	161.99	155.27
Reserves & Surplus	–*	868.79	(313.69)	(37.77)
Book Value per Share (Rs.)	–*	18.85	(9.36)	7.57
Return on Net Worth (%)	–*	NA	NA	NA

#: The financial results depicted herein are subject to a limited review by statutory auditor.

**Not computed since for the nine month period.*

V REASONS FOR THE OFFER AND FUTURE PLANS

a) DAL is currently engaged in the business of aviation. DAL promoted Air Deccan started with a single ATR aircraft in August 2003 and presently has a fleet of over 41 aircraft with over 332 (as on 31st May, 2007) flights per day and has a market share of close to 22% *(Source: DGCA)* The Existing Promoters are presently in control of the operations of the Company.

b) The UB Group with Dr Vijay Mallya as its Chairman is one of India's largest industrial houses with diverse interests in alcoholic beverages, aviation businesses, etc. The market cap of key listed companies is in excess of US$ 5.5 billion. (*Source: www.bseindia.com*). The prominent UB Group companies include United Breweries (Holdings) Limited, United Breweries Ltd. (UBL) and United Spirits Ltd. United Breweries Ltd. the flagship company of the UB Group, is the largest brewing company in India with a national market share of 50 per cent (*Source : Company*) Its flagship brand, Kingfisher, is currently available in over 55 countries (*Source : Company*). United Spirits Ltd which recently acquired the Scottish major Whyte & Mackay has over 145 brands including 15 millionaire brands and is the world's 2nd largest drinks group (*Source : Company*). United Breweries Holdings Ltd., is the investment company of the UB Group and holds investments into the other UB Group companies.

c) Kingfisher Airlines was launched in India in May 2005, and today offers 177 flights daily connecting 29 key business *(Source : Company)* and leisure destinations across the country with approximately 11% market share (source : DGCA). In this short span, Kingfisher Airlines has already received 17 National and International awards *(Source: Company)*. In a survey conducted by IMRB for Times of India, 46% of the participants voted Kingfisher Airlines 'The Best Airline" and "India's Favourite Carrier" *(Source: Centre for Asia Pacific Aviation)*. Kingfisher Airlines also won the "**Brand Leadership Award**" in the service and hospitality segment against several acclaimed hotels, leading banks and other airlines and the much acclaimed **Avaya Award** for excellence in **"Customer Responsiveness"** in January 2007, represented by The Economic Times, India's leading business daily. Kingfisher Airlines offers Full Service and promises an unparalleled experience to the Indian air traveler. With the expected addition of one aircraft every month, the route network will be substantially expanded in the coming months.

d) The Acquirers are making an Offer under Regulations 10 and 12 of the SEBI (SAST) Regulations to the Public Shareholders of DAL to acquire upto 27,094,024 fully paid equity shares of Rs. 10/ each, representing in the aggregate 20% of the Post Issue voting capital at a price of Rs. 155 (Rupees One Hundred and Fifty Five only) per share ("Offer Price"), payable in cash.

e) The Acquirers believe that UB Group promoted Kingfisher Airlines and DAL promoted Air Deccan, have significant synergies that exist in the areas of operations and maintenance, ground handling, vastly increased connectivity, feeder services, distribution penetration, etc.

f) However, in order to achieve growth through expansion and meet increasing competition, DAL would require adequate funds. For this purpose, DAL has proposed to allot, subject to shareholder approval, and Acquirers have agreed to subscribe to the equity shares constituting 26.0% of the total post issue paid up voting capital of DAL at price of Rs 155/- per share an aggregating Rs. 5,459,445,805/- (Rupees Five Billion Four Fifty Nine Million Four Forty Five Thousand Eight Hundred and Five Only) and also is ready and willing to be termed as co-promoters of DAL post allotment of such equity shares. The proposed transaction is for substantial acquisition of shares accompanied with change in control.

g) The Acquirers do not have any plans to dispose off or otherwise encumber any assets of DAL in the next two years except in the ordinary course of business of DAL and except to the extent required for the purpose of restructuring and / or rationalization of operations, assets, investments, liabilities or otherwise of DAL. Notwithstanding the above, it will be the responsibility of the board of directors of the Target Company to make appropriate decisions in these matters, in accordance with the requirements of the business of the Target Company.

h) The Acquirers undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of DAL except with the prior approval of shareholders of DAL.

VI STATUTORY APPROVALS REQUIRED FOR THE OFFER

a) The offer is subject to

(i) acquisition of shares by Acquirers which is subject to the approval of the shareholders of DAL, under Section 81 (1A) of the Companies Act, Listing Approval from the Stock Exchange.

(ii) The permission from the Directorate General of Civil Aviation and/or the Ministry of Civil Aviation for change in the mangement of the Target Company, arising from change in equity shareholding.

(iii) Approvals from the Reserve Bank of India, if required, shall be procured as and when required.

(iv) Besides this, to the best knowledge and belief of the Acquirers, as on the date of this Public Announcement, no other statutory approval is required to acquire the equity shares tendered pursuant to this offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals Acquirers will not proceed with the offer in the event any statutory approval indicated herein is not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations.

b) The applications for obtaining the approvals, as mentioned above, shall be filed in due course.

c) In case of delay in receipt of any statutory approvals, SEBI has power to grant extension of time to Acquirers for payment of consideration to the shareholders subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also be applicable.

d) Any consents required from Banks and financial Institutions, pursuant to any outstanding loan agreements shall be obtained before the Offer Opening Date.

VII DISCLOSURE UNDER REGULATION 21

The total shareholding of the Acquirers upon subscription to preferential allotment and acquisition pursuant to this Offer, assuming full acceptance, will not result in the public shareholding falling below the limit specified in the Listing Agreement for the purpose of listing on continuous basis.

VIII FINANCIAL ARRANGEMENTS

a) The total fund requirement for the acquisition of up to 27,094,024 fully paid equity shares (**"Share(s)"**) of Rs. 10/- each at Rs. 155/- (Rupees One Hundred and Fifty Five only) per share is Rs. 4,199,573,720/- (Rupees Four Billion, One Hundred and Ninety Nine Million, Five Hundred and Seventy Three Thousand Seven Hundred and Twenty Only). Acquirers have vide their letter dated June 04, 2007 confirmed adequate financial resources will be made available to fulfill the financial obligations arising out of the Offer. Acquirers have agreed to make available the requisite funds to meet obligations under Regulation 29 of the SEBI (SAST) Regulations.

M/s. S. N. Balasubramanya, Chartered Accountants (Membership no. 26110) have certified the networth based on the unaudited financial statements of Kingfisher Radio Limited as on March 31, 2007 as Rs. 144.90 million. Further, M/s. Vishnu Ram & Co., Chartered Accountants (Membership no. 22715) have certified the networth based on the unaudited financial statements of United Breweries (Holdings) Limited as on March 5, 2007 as Rs. 4,541.15 million.

Based on the above confirmation from the Acquirers and the certificates from the Accountants, the Manager to the Offer has satisfied itself about the Acquirers ability to implement the Offer in accordance with the SEBI (SAST) Regulations.

b) Acquirers propose to utilize a combination of internal accruals and borrowed funds to fund the acquisition.

Further, under Regulation 28(2) (a) of the SEBI (SAST) Regulations, Acquirers have :

a) Placed a Cash Deposit of Rs. 42,500,000/- (Forty Two Million Five Hundred Thousand Only) with Standard Chartered Bank, 90 MG Road, Mumbai, empowering Edelweiss, the Manager to the Offer to instruct the bank to issue a bankers cheque or a demand draft for the amount lying in the escrow account.

b) Bank Guarantee by Standard Chartered Bank, 90 MG Road, Mumbai , of Rs 569,957,372/- (Rupees Five Hundred Sixty Nine Million Nine Hundred Fifty Seven Thousand Three Hundred Seventy Two Only) in favour of Edelweiss, the Manager to the Offer and is valid for a period commencing from the date of this PA until at least twenty days of the closure of the Offer.

IX OTHER TERMS OF THE OFFER

a) The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of DAL (except Acquirers and Promoters) whose names appear on the Register of members of DAL and to the beneficial owners of the equity shares of DAL, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on June 07, 2007 ("Specified Date").

b) Shareholders who wish to tender their equity shares will be required to send the Form of Acceptance cum Acknowledgement, original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – Karvy Computershare Pvt Ltd., T K N Complex No.51/2, Vanivilas Road, Opp. National College, Basavanagudi, Bangalore 560 004, either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e. not later than 1700 hours on August 13, 2007 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement.

c) The Registrar to the Offer – Karvy Computershare Pvt Ltd., has opened a special depository account with CDSL called, "KCPL Escrow Account – Deccan Aviation Open Offer". The DP name is CIL Securities Limited, and the Account No. is 1201350000052688. Shareholders having their beneficiary account in NSDL have to use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with CDSL.

d) Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares will be required to send their Form of Acceptance Cum Acknowledgement along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the special depository account to the Registrar to the Offer – Karvy Computershare Pvt Ltd., either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e. not later than August 13, 2007 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement. The credit for the delivered shares should be received in the special depository account on or before close of Offer, i.e. not later than August 13, 2007.

e) The equity shareholders of DAL, who wish to avail of and accept the offer, can deliver the Acceptance Form along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All the centres mentioned herein below would be open as follows:

(Monday to Saturday: 10.00 a.m. to 5.00 p.m.)

City	Address	Contact Person	Tel. No/ Fax No.	Email
Bangalore	Karvy Computershare Pvt Ltd. T K N Complex No.51/2, Vanivilas Road, Opp. National College, Basavanagudi, Bangalore 560 004	Mr. Kishore	Tel: 080 2662 1184 Fax: 080 2662 1169	ircbangalore@karvy.com
Mumbai	Karvy Computershare Pvt Ltd. 16-22, Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Kalaghoda, Fort, Mumbai 400023	Ms. Nutan Shirke	Tel: 022 5638 2666 Fax: 022 5633 1135	ircfort@karvy.com

f) All owners (registered or unregistered) of shares of DAL (except Acquirers and Promoters) are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, number of shares held, number of shares offered, Distinctive numbers, Folio number, together with the original Share Certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

g) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the Name, Address, number of shares held, Distinctive numbers, Folio number, number of shares offered along with the documents as mentioned above so as to reach the Registrar to the Offer on or before the Close of the Offer, i.e., no later than August 13, 2007 or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating Name, Address, the number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., no later than August 13, 2007 .

h) In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so up to 3 (three) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before August 8, 2007.

(i) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.

(ii) In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

- In case of physical shares: Name, Address, Distinctive numbers, Folio number, number of shares tendered; and
- In case of dematerialized shares: Name, Address, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account.

i) The Registrar to the Offer will hold in trust the shares/ Share Certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of DAL who have accepted the Offer, till the cheques/ drafts for the consideration and/or the unaccepted shares/ Share Certificates are dispatched/ returned.

j) If the aggregate of the valid responses to the Offer exceeds the Offer size of 27,094,024 fully paid-up equity shares of DAL (representing 20% of the post issue voting capital of DAL), then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. As the shares of DAL are compulsorily traded in dematerialized form, therefore minimum acceptance / marketable lot will be one share.

k) Unaccepted Share Certificates, Transfer Deeds and other documents, if any, will be returned by Registered Post at the shareholders/ unregistered owners sole risk to the sole/ first shareholder. Unaccepted shares held in demat form will be credited back to the beneficial owners depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

l) Shareholders, who have sent their shares for dematerialization, need to ensure that the process of getting their shares dematerialized is completed well in time so that the credit in the special depository account is received on or before the date of Closure of the Offer, i.e., no later than August 13, 2007, else their application would be rejected.

m) While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of DAL. In case the previous RBI approvals are not submitted, the Acquirers reserve the right to reject such shares tendered. While tendering shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

n) A schedule of the activities pertaining to the Offer is given below:

Activity	Day & Date
Specified Date (1)	Thursday, June 07, 2007
Last date for a competitive bid	Wednesday, June 27, 2007
Date by which Letter of Offer to be dispatched to shareholders	Monday, July 16 2007
Date of opening of the Offer	Wednesday, July 25, 2007
Last date for revising the offer price	Thursday, August 02, 2007
Last date for withdrawing acceptance from the offer	Wednesday, August 08, 2007
Last date for closing of the offer	Monday, August 13, 2007
Last date of communicating rejection / acceptance and payment of consideration for acceptance	Tuesday, August 28, 2007

(1) Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of offer would be sent and all owners (registered or unregistered) of the shares of DAL (except Acquirers and Promoters) are eligible to participate in the Offer anytime before the closure of the Offer.

X GENERAL

a) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the PA/ letter of offer shall have the option to withdraw acceptance tendered by them up-to 3 (three) working days prior to the date of closure of the offer, in terms of Regulation 22 (5A) of the SEBI (SAST) Regulations

b) As specified in the table, the Acquirers reserve the right to revise the Offer Price up to 7 working days prior to the closure of the offer and if there is any upward revision in the Offer Price by Acquirers till the last date of revision viz. August 02, 2007 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original PA had appeared. Acquirers would pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.

c) If there is a competitive bid:

- **The public offers under all the subsisting bids shall close on the same date.**
- **As the offer Price can not be revised during 7 (seven) working days prior to the Closing date of the Offers/ bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

d) Acquirers have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.

e) Pursuant to Regulation 13 of the SEBI (SAST) Regulations, the Acquirer has appointed Edelweiss Capital Limited as Manager to the Offer. As on the date of this announcement, the Manager to the Offer does not hold any shares in the DAL. The Acquirers have appointed **Karvy Computershare Private Limited as the Registrar to the Offer** (Address: "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad – 500 034; Ph. No. 040-23312454/23320751/2/3; Fax No. 040-23311968; email: murali@karvy.com; Contact Person; Mr. Murali Krishna; Contact Number: 040-23431553).

f) For further details, please refer to the Letter of Offer and the Form of Acceptance cum Acknowledgement.

g) The Board of Directors of the Acquirers accepts responsibility for the information contained in this PA. (except that which pertains to the Target Company and which has been compiled from publicly available sources). Acquirers are responsible for the fulfillment of its obligations under the SEBI (SAST) Regulations.

This PA and the subsequent Letter of Offer would also be available on the SEBI's website (*www.sebi.gov.in*). Eligible persons to the Offer may also download a copy of the Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at *(www.sebi.gov.in)* from the Offer Opening Date, i.e. July 25, 2007

Issued by:
Manager to the Offer
for and on behalf of the Acquirer and PACs

Edelweiss
Ideas create, values protect

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Tel No: +91 22 4086 3535; Fax No: +91 22 2288 2119
Contact Person: Mr. Shailendra Sabhnani

Date: June 05 , 2007

CONCEPT

Size: 50x33 sq. cm