LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a shareholder of **Deccan Aviation Limited.** If you require any clarifications about the action to be taken, you should consult your stock-broker or investment consultant or the Manager/ Registrar to the Offer. In case you have sold your shares in Deccan Aviation Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

CASH OFFER
by
The Acquirer:
Kingfisher Radio Limited, ("KRL" or "Acquirer")
Regd. Office: Asian Building, Nicol Road, Ballard Estate, Mumbai 400 038, India
Tel: +91 22 2282 0580 Fax: +91 22 2282 5319
Admin. office: UB Anchorage, 5th floor, 100/1, Richmond Road,
Bangalore - 560 025, India Tel: +91 80 2227 2808, 2227 5809; Fax: +91 80 2227 4890
Along with Persons Acting in Concert:
United Breweries (Holdings) Limited
Regd. Office: UB Anchorage, 5th Floor, No.100/1 Richmond Road, Bangalore 560 025, India
Tel: +91 80 2227 2808; Fax: +91 80 2227 4890
And
UB Overseas Limited
Regd. Office: Geneva Place, 2nd Floor, Road Town Tortola, #333, Waterfront Drive, British Virgin Islands
Tel: +1 284 494 4388; Fax: +1 284 494 3088
TO ACQUIRE 27,126,360 FULLY PAID-UP EQUITY SHARES
representing 20% of Post Acquisition Capital of
Deccan Aviation Limited ("DAL")
Regd. Office: 35/2, Cunningham Road, Bangalore - 560052, India
Tel no: + 91 80 4158 5000; Fax no: + 91 80 4114 8849

AT Rs. 155/- (RUPEES ONE HUNDRED AND FIFTY FIVE ONLY) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF Rs.10 EACH
Pursuant to Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments there upto the date of the Public Announcement

ATTENTION:

1. The Offer is being made pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations, 1997.
2. The Offer is not conditional upon any minimum level of acceptance.
3. The Offer is subject to acquisition of shares by the Acquirer and PACs, which is subject to the approval of the shareholders of DAL, under Section 81 (1A) of the Companies Act, Listing Approval from the Stock Exchanges.
4. The approval under Section 81(1A) mentioned above in paragraph 3(a) has been obtained. All requisite approvals from the stock exchanges in relation to the preferential allotment and the listing of the shares allotted have been obtained. Approval from the Reserve Bank of India will not be required since any Shares tendered under the Offer by Non-Resident Indians will be acquired by KRL, which is an Indian entity. .
5. In case of delay in the receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirer 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 wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
6. If there is an upward revision in the Offer Price or withdrawal of the Offer by the Acquirer prior to or on the last date for revising the Offer Price viz. Thursday, September 20, 2007, you will be informed by way of another public announcement in the newspapers in which the first Public Announcement was published. The Acquirer shall pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.
7. Shareholders who have accepted the Offer by tendering the requisite documents in terms of this Letter of Offer shall have the option to withdraw their acceptance up to Wednesday, September 26, 2007 i.e. 3 (three) working days prior to the date of closure of the Offer viz. Monday, October 1, 2007. Such requests for withdrawal should reach the designated collection centres before 5:00 p.m. on Wednesday September 26,, 2007.
8. If the aggregate of the valid responses to the Offer exceeds the Offer size of 27,126,360fully paid-up equity shares of DAL (representing 20% of the Post Acquisition Capital of DAL), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.
9. There has been no competitive bid to the Offer.
10. The procedure for acceptance is set out in Section 9 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.

    The Public Announcement and this Letter of Offer, Form of Acceptance and Form of Withdrawal are also available on SEBI's Website (www.sebi.gov.in) from the Offer Opening Date viz. September 12, 2007. A copy of the Form of Acceptance may also be obtained from the Registrar to the Offer commencing on the date of the dispatch of the Letter of Offer. All future correspondence, if any should be addressed to the Registrar to the Offer at the address mentioned below:

Edelweiss Ideas create, values protect	**MANAGER TO THE OFFER** **Edelweiss Capital Limited** Express Tower, 14th Floor, Nariman Point, Mumbai - 400 021, Tel : + 91 22 4086 3535; Fax: + 91 22 2288 2119 Email: dal.openoffer@edelcap.com Contact Person : Mr. Shailendra Sabhnani	KARVY	**REGISTRAR TO THE OFFER** **Karvy Computershare Private Limited** "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 Tel: + 91 40 23431553; Fax No. + 91 40 23311968; Email: murali@karvy.com; Contact Person; Mr. Murali Krishna
OFFER OPENS ON: September 12, 2007		**OFFER CLOSES ON: October 1, 2007**	

(For Schedule of Major Activities of the Offer please refer to the next page)

SCHEDULE OF THE MAJOR ACTIVITES OF THE OFFER:

Activity	Original Schedule (Day & Date)	Revised Schedule (Day & Date)
Public Announcement Date	Wednesday, June 06, 2007	Wednesday, June 06, 2007
Specified Date *	Thursday, June 07, 2007	Thursday, June 07, 2007
Last date for a competitive bid	Wednesday, June 27, 2007	Wednesday, June 27, 2007
Date by which Letter of Offer to be dispatched to shareholders	Monday, July 16 2007	Friday , September 7, 2007
Date of Opening of the Offer	Wednesday , July 25, 2007	Wednesday, September 12, 2007
Last date for Revising the Offer price/ number of Shares	Thursday , August 02, 2007	Thursday, September 20, 2007
Last date for Withdrawing of acceptance from the Offer	Wednesday , August 08, 2007	Wednesday, September 26, 2007
Last date for Closing of the Offer	Monday, August 13, 2007	Monday, October 1, 2007
Last date of communicating rejection / acceptance and for dispatch of consideration for acceptance and of Share certificate(s) for the rejected Shares / credit of unaccepted dematerialized Shares.	Tuesday , August 28, 2007	Tuesday, October 16, 2007

** 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. All owners (registered or unregistered) of the shares of DAL (except Acquirer/PACs and Promoters of DAL) are eligible to participate in the Offer anytime before the closure of the Offer.*

RISK FACTORS

Given below are the risks related to the transactions, the Offer and getting associated with the Acquirer.

1. This Offer is subject to the receipt of approvals mentioned in point 3 above. In the event of such approvals not being received in a timely manner or litigation leading to stay on the Offer, or SEBI instructing that the Offer should not be proceeded with, the Offer process may be delayed beyond the schedule of the Major Activities of the Offer indicated in this Letter of Offer.

2. In case the numbers of valid acceptances are higher than 27,126,360 Shares, then the valid tenders would be accepted on a proportionate basis up to a maximum of 27,126,360 Shares. Hence, there is no certainty that all Shares tendered by the shareholders in the Offer will be accepted, in case there is oversubscription of the Offer.

3. The Acquirer makes no assurance with respect to the market price of the Shares of Deccan Aviation Limited, both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders on whether to participate or not to participate in the Offer.

4. The Acquirer makes no assurance with respect to the financial performance of Deccan Aviation Limited.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of DAL or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of DAL are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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1. DEFINITION

Acquirer/ KRL	Kingfisher Radio Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DAL/Target Company	Deccan Aviation Limited
DGCA	Directorate General of Civil Aviation
DP	Depository Participant
Depositories	Collectively NSDL and CDSL
ESOPs	Employee Stock Option Plans of DAL
FII(s)	Foreign Institutional Investors
Form of Acceptance	Form of Acceptance cum –Acknowledgement
FY	Financial Year
Guidelines	Guidelines for preferential issues contained in Chapter XIII of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto.
Letter of Offer	This Letter of Offer
Manager/ Manager to the Offer/ Edelweiss	Edelweiss Capital Limited
NRI	Non Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer	This open offer for acquisition of 27,126,360 fully paid-up equity shares of face value of Rs.10/- each, representing 20% of Post Acquisition Capital at the Offer Price of Rs 155/- per Share
Offer Closing Date	Monday, October 1, 2007
Offer Opening Date	Wednesday, September 12, 2007
Offer Price	Rs. 155/- (Rupees One Hundred and Fifty Five only) per Share, payable in cash.
PAC	Person Acting in Concert viz. United Breweries (Holdings) Limited and UB Overseas Limited
Persons Eligible to Participate in the Offer	The equity shareholders of the Target Company, except the Acquirer/ PACs and Promoters

Post Acquisition Capital	The expected paid-up equity capital of the Target Company as of 15 days after the closure of the Offer, amounting to 135,631,798 Shares, after the allotment of Shares issued through Preferential Issue and the allotment of shares upon exercise of ESOPs
Post Preferential Issue Capital	The paid-up equity capital of the Target Company, amounting to 135,470,118 Shares, after the allotment of Shares issued through Preferential Issue
Preferential Issue	Issue of 35,222,231 Shares of Rs 10/- each for cash on a preferential basis at a premium of Rs. 145/- per Share to the Acquirer
Promoters	Captain G.R. Gopinath, Captain K. J. Samuel and Vishnu Singh Rawal
Public Announcement/ PA	Announcement of the Offer made by the Acquirer on June 06, 2007
Public Announcements	Public Announcement, along with the Corrigenda to the same, published on June 19, 2007 and July 24, 2007, and any other Corrigenda which may be published
RBI	Reserve Bank of India
Registrar/ Registrar to Offer	Karvy Computershare Private Limited
Rs./INR	Indian National Rupee
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI DIP Guidelines	SEBI Disclosure and Investor Protection Guidelines, 2000 and subsequent amendments thereto
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto upto the date of the Public Announcement
Share(s)	Fully paid-up equity shares of face value of Rs. 10/- each of Deccan Aviation Limited
Specified Date	Thursday, June 07, 2007
Subscription cum Shareholders Agreement	The agreement based on the Term Sheet, executed between KRL, UBHL, DAL and the Promoters providing for the subscription of 35,222,231 equity shares of DAL of Rs. 10 (Rupees Ten only) each at a premium of Rs. 145/- per share, by the Acquirer and the PACs.

Term Sheet	Binding term sheet dated May 31, 2007, signed between the UB Group, DAL and the Promoters, providing for members of the UB Group, which includes the Acquirer and PACs to subscribe for the equity shares of DAL, which has agreed to issue and allot to the Acquirer and PACs, on a Preferential Issue basis an aggregate of 35,222,231 equity shares of Rs. 10 (Rupees Ten only) each at a premium of Rs. 145/- per share.
UB Group	United Breweries group of companies
UBHL	United Breweries (Holdings) Limited

2. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF DECCAN AVIATION LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER AND PACs OR OF THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND PACs ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT THE ACQUIRER AND PACs DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER– EDELWEISS CAPITAL LIMITED HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED JUNE 19, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND PACs FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER".

3 DETAILS OF THE OFFER

3.1 Background of the Offer

a) The Offer is being made by the Acquirer along with the PACs to the Persons Eligible to Participate in the Offer, to acquire from them 27,126,360 fully paid-up equity shares, representing 20% of the Post Acquisition Capital of the Target Company at a price of Rs 155/- (Rupees One Hundred and Fifty Five Only) per Share, in cash subject to the terms and conditions mentioned hereinafter and in the Public Announcements. The Offer is being made pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations, for substantial acquisition of Shares of the Target Company and change in control therein.

b) United Breweries (Holdings) Limited and UB Overseas Limited are PACs with KRL.

c) The Board of Directors of the Target Company at its meeting held on May 31, 2007, passed appropriate resolutions for, *inter alia*: (i) approving, the issue and allotment, subject to the approval of its shareholders, on a preferential basis an aggregate of 35,222,231 equity 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 to the Acquirer and the PACs the pricing of which is determined in accordance with the (SEBI DIP Guidelines) as applicable and (ii) 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.

d) At the Extra Ordinary General Meeting of the Target Company on June 26, 2007, resolutions were passed approving the issuance, offer and allotment by the board of directors of the Target Company, of 35,222,231 equity shares of Rs. 10/- each @ Rs. 155/- per share to United Breweries (Holdings) Ltd and/or their nominees, on preferential basis, along with appropriate resolutions for requisite increase in the authorised share capital of the Target Company and consequential amendment to the capital clause of the Memorandum of Association of the Target Company.

e) The Acquirer and UBHL entered into the Subscription-cum-Shareholders Agreement with the Target Company and the Promoters, providing for the subscription of the aforementioned shares of the Target Company by the Acquirers and the PACs, on a preferential allotment basis at a price of Rs. 155 per share for consideration to be paid in cash.

f) The broad terms of the Subscription-cum-Shareholders Agreement are , 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 Acquirer and PACs. Initially, such directors shall be Dr. Vijay Mallya, Mr. A K Ravi Nedungadi and Mr. Hitesh Patel, subject to security clearance from the DGCA (Directorate General of Civil Aviation/ Ministry of Civil Aviation). One fourth of the Board of Directors shall be nominated by the Promoters and shareholders of the Target Company. One nominee director of the Acquirer/PACs 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 Acquirer/PACs 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 Acquirer/PACs, including but not restricted to, approval of the annual operating and capital expenditure budget of DAL, changes in Memorandum & Articles of Association of DAL, changes in capital structure, material acquisition or disinvestment of business, creation of new debt or additional encumbrances on DAL beyond pre agreed parameters, pursuit of a new line of business, any interested/related party transactions, sale of material assets/ investments.
- Tag Along Rights: Subject to applicable law, the Acquirer and PACs 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 Acquirer/PACs the right of first refusal in respect of sale of any further shares of the Target Company.

g) A sum of Rs. 1,500,000,000 (Rupees Fifteen Thousand Lacs only) representing the consideration for 9,677,419 equity shares of the Target Company was paid by the Acquirer on May 31, 2007 as an advance consideration for the said shares and the balance payment of Rs. 3,959,445,805/- (Rupees Thirty Nine Thousand Five Hundred and Ninety Four Lacs, Forty Five Thousand, Eight Hundred and Five Only), representing the consideration for the balance 25,544,812 equity shares was paid on June 29, 2007.

h) On the completion of the Preferential Issue, the Post Preferential Issue Capital of the Target Company comprised 135,470,118 fully paid up equity shares of Rs. 10/- each. The Acquirer acquired 26% of the Post Preferential Issue Capital of the Target Company. Accordingly, pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations, the Acquirer and the PACs were required to make a public offer. Further, 161,680 equity shares of the Target Company were issued and allotted pursuant to exercise of outstanding ESOPs on August 20, 2007 and August 27, 2007, increasing the paid up share capital of the Target Company to 135,631,798 shares of Rs. 10/- each and consequently the shareholding of the Acquirer was diluted to approximately 25.97% of the Post Acquisition Capital. No further applications for exercise of outstanding ESOPs has been received by the Target Company and no further increase in the share capital of the Target Company is expected to occur prior to the expiry of 15 days from the closure of the Offer. The Acquirer and the PACs are making an Offer, in accordance with the SEBI (SAST) Regulations, to the Persons Eligible to Participate in the Offer, to acquire up to 20% (or 27,126,360 equity shares) of the Post Acquisition Capital of the Target Company. The Acquirer and PACs undertake to ensure compliance with the SEBI (SAST) Regulations, including Regulation 21(5).

i) The Target Company had intimated to NSE and BSE vide its letters dated May 31, 2007 that consequent to the preferential allotment, the Acquirer and PACs would hold 26.0% of the Post Preferential Issue Capital of the Target Company, the non promoter shareholding of the Target Company would then be 57.63% of the total paid-up Post Preferential Issue Capital and that all the rights and covenants of ICICI Venture Funds Management Company Limited, Subria CIPEF Limited and Subria CGPE Limited 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.

j) Pursuant to the increase in the share capital of the Target Company vide the exercise of certain ESOPs, the Acquirers and PACs hold 25.97% of the Post Acquisition Capital of the Target Company and the non-promoter shareholding in the Target Company is 57.69 %. Further, ICICI Venture Funds Management Company Limited, Subria CIPEF Limited and Subria CGPE Limited have already relinquished all their rights derived from the Securityholders Agreement dated March 16, 2005 (including further modifications thereto vide amendment agreements dated January 13, 2006 and April 24, 2006), by entering into a termination agreement with the Target Company and the Promoters, dated June 29, 2007.

k) Approval is required from the DGCA for the change in the management of the Target Company resulting from the change in equity shareholding of the Target Company, from being a company managed by the Promoters to a company co-managed by the Promoters and the Acquirers and PACs. Such approval has been applied for and the same is pending. No change in management shall take place till such approval is obtained. However, such approval is not a pre-requisite for the mere acquisition of equity shares of the Target Company pursuant to either the Preferential Allotment or this Offer. The appointment of directors on the board of the Target Company is subject to security clearance from the DGCA/ Ministry of Civil Aviation. Security clearance for Dr. Vijay Mallya has already been obtained. However, none of the nominees of the Acquirer and PACs have been appointed on the Board of Directors of the Target Company yet, in compliance with Regulation 22(7) of the SEBI (SAST) Regulations and the Acquirer and the PACs will continue to ensure compliance with Regulation 22(7).

l) The Acquirer and the PACs, and their respective directors have not been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act. Neither DAL nor its directors have been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

m) The Acquirer and the PACs and their respective directors, do not hold any Shares of the Target Company, nor have they acquired any shares of the Target Company since the date of the PA or during the 12 months period prior to the date of the PA. Mr. T. V. Lakshmikanthan, a director on the board of UB Overseas Limited, owns 170 equity shares acquired in the Initial Public Offering of the Target Company.

3.2 DETAILS OF THE OFFER

3.2.1 The Public Announcement was published in the following newspapers on June 06, 2007, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication	Language	Editions
Financial Express	English	All
Jansatta	Hindi	All
Hosadigantha	Kannada	Bangalore

(The Public Announcement is also available at the SEBI website: www.sebi.gov.in)

3.2.2 Subject to the terms and conditions of this Letter of Offer, the Acquirer and the PACs are hereby making an Offer to the equity shareholders of the Target Company to acquire from them 27,126,360 equity shares, representing 20% of the Post Acquisition Capital of the Target Company, at a price of Rs 155/- (Rupees One Hundred and Fifty Five Only) per Share, in cash in accordance with the SEBI (SAST) Regulations.

3.2.3 There are no partly paid up shares in the Target Company.

3.2.4 The Acquirer and the PACs and their respective directors have not acquired any Shares of the Target Company after the date of the PA.

3.2.5 The Offer is not conditional on any minimum level of acceptance by the share holders of the Target Company.

3.2.6 There have been no competitive bids to the Offer.

3.3 OBJECT OF THE OFFER

3.3.1 The Acquirer and the PACs are making an Offer under Regulations 10 and 12 of the SEBI (SAST) Regulations to the Persons Eligible to Participate in the Offer to acquire upto 27,126,360 fully paid equity shares of Rs. 10/ each, representing in the aggregate 20% of the Post Acquisition Capital of the Target Company, in compliance with Regulation 21(5) of the SEBI (SAST) Regulations, at a price of Rs. 155/- (Rupees One Hundred and Fifty Five only) per Share, payable in cash.

3.3.2 The Acquirer believes 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.

3.3.3 Further, in order to achieve growth through expansion and meet increasing competition, DAL would require adequate funds. For this purpose, DAL has allotted and the Acquirer has subscribed to the equity shares, which now constitute 25.97% of the Post Acquisition Capital of DAL, at price of Rs 155/- per Share, aggregating to Rs. 5,459,445,805/- (Rupees Fifty Four Thousand and Five Hundred and Ninety Four lacs and Forty Five Thousand, Eight Hundred and Five rupees Only) and the Acquirers and PACs are also ready and willing to be termed as co-promoters of DAL. The transaction is for substantial acquisition of shares accompanied with change in control.

4 BACKGROUND OF ACQUIRER AND PACS

4.1 Kingfisher Radio Limited

4.1.1 KRL is an unlisted public company under the Companies Act, 1956 having its registered office at Asian Building, Nicol Road, Ballard Estate, Mumbai 400 038, Tel no. +91 22 2282 0580 Fax no: +91 22 2282 5319 and its Administrative Office is at UB Anchorage, 5th floor, 100/1, Richmond

Road, Bangalore – 560 025, Tel no. + 91 80 2227 2808, 2227 5809, Fax no. +91 80 2227 4890. KRL belongs to the UB Group.

4.1.2 KRL 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.

4.1.3 The paid up capital of KRL is Rs 5.00 lacs and the face value of its shares is Rs 10/- (Rupees Ten) each.

4.1.4 KRL is a wholly owned subsidiary of UBHL, which is a PAC. The other PAC viz UB Overseas Limited is also a subsidiary of UBHL, which holds all the equity shares of UB Overseas Limited, along with its subsidiaries.

4.1.5 The objects of KRL 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.

4.1.6 The composition of Board of Directors of KRL, as on date of the Public Announcement was as under :

Name	Appointment Date	Experience	Qualification	Residential Address
Mr. A Harish Bhat	29.05.2007	Has held various important positions in Listed Companies, MNC and in the UB Group and presently Executive Vice President-Finance, UB Group. He has been in service for around 30 years.	B.Com, A.C A	28, 4th Main, Shankarnagar, Mahalakshmi Layout, Bangalore 560 096.
Mr. P. Subramani	31.01.2006	He was working as a Senior Executive in the Amalgamation Group before joining the UB Group. He rose to the position of Senior Vice President- Legal and Company Secretary of UBHL within a short span of time and oversees the Legal and Statutory matters of the UB Group. He has been in service for around 40 years.	B.Com, F C S	259, Sai Enclave, PB No. 7643, Bannerghatta Road, Bangalore 560 076.
Mr. Hemanth Menon	16.03.2007	He has a total experience of 8 years with UB Group in various positions and has considerable experience in the field of Corporate Finance and M & A and at present he is holding the position of General Manager – Corporate Finance, UB Group. He has been in service for around 10 years.	B.Com, A C A	No.6, Rohini Clusters 3rd Main, AECS Layout, Ashwathnagar, Sanjaynagar, Bangalore 560 094.

4.1.7 None of the directors of KRL have acquired any share in DAL during the preceding 12 months.

4.1.8 None of the above directors of KRL are on the Board of Directors of DAL.

4.1.9 Key audited financial financials of KRL for a period of three years are as follows. The results as on March 31, 2007 have been certified by the statutory auditors of KRL, M/s. S. N. Balasubramanya are as follows:

Rs. In lacs

Profit & Loss Statement	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Income from operations♈	**0**	**0**	**0**	**0**
Other Income	1561.41#	5.00@	0	0
Total Income	**1561.41**	**5.00**	**0**	**0**
Total Expenditure.	81.89	4.89	0.54	0.41
Profit Before Depreciation Interest and Tax	1479.52	0.11	(0.54)	(0.41)
Depreciation	0	0	0	0
Interest	24.59	0	0	0
Profit Before Tax	1454.93	0.11	(0.54)	(0.41)
Provision for Tax	9.58	0.02	0	0
Profit After Tax	1445.34	0.095	(0.54)	(0.41)

Balance Sheet Statement	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Sources of funds				
Paid up share capital	5.00	5.00	5.00	5.00
Reserves and Surplus (excluding revaluation reserves)*	1443.99	(1.35)	(1.45)	(0.91)
Networth*	**1448.99**	**3.65**	**3.55**	**4.09**
Secured loans	0	0	0	0
Unsecured loans✞	51890.02	4072.23	0	0
Total	**53339.01**	**4075.88**	**3.55**	**4.09**
Uses of funds				
Net fixed assets	0	0	0	0
Investments	46961.86	46776.65	0	0
Net current assets	6377.15	(42700.78)	3.55	4.09
Total Miscellaneous Expenditure Not Written Off	0	0	0	0
Total	**53339.01**	**4075.88**	**3.55**	**4.09**

Other Financial Data	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Dividend (%)	0	0	0	0
Earning Per Share	2890.70	0.19	(1.07)	(0.82)
Return on Networth(%)	99.75	2.62	NA%	NA%
Book Value Per Share	2897.98	7.29	7.10	8.18

Note

(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding at year-end/ Par value per equity share
(2) Earnings per share = Profit after tax (prior to any adjustments) / Weighted Average No. of equity shares outstanding at the end of the year
(3) Return on Net worth (%) = Profit after tax (prior to any adjustments) / Net worth at year-end
(4) Book Value per equity share = Net worth / No. of equity shares outstanding at year end
* Net Worth and Reserves & Surplus calculated after adjusting the Debit balance in Profit & Loss Account
♈ KRL does not have any operations, hence its income from operations is nil.
The break up of the other income is as follows: (1) Income from dividend: Rs. 1485.65 lacs (2) Guarantee commission: Rs. 25.19 lacs (3) Interest income: Rs. 18.40 lacs and (4) Profit on sale of investments: Rs. 32.17 lacs.
@ The other income comprises Rs. 5 lacs as security commission.
% not applicable since the Networth is negative
✞ The unsecured loans relate to amounts due to KRL's holding company, UBHL.

Source: Annual Reports of KRL for (i) the FY ended March 31, 2006, (ii) the FY ended March 31, 2005 and (iii) the FY ended March 31, 2004; Note: Unaudited results have been certified by the management of KRL and limited reviews for FY 07,has been done by the statutory auditor of KRL.

4.1.10 The significant accounting policies of KRL, as per the audited financial statements for the year ended March 31, 2006 are as follows:

a) The financial statement have been prepared in compliance with applicable accounting principles, relevant provisions of the Companies Act, 1956 and the accounting standards issued by the Institute of Chartered Accountants of India.
b) All income and expenses are accounted on accrual bases.
c) Investments are all long term and is stated at cost. Any diminution in value of investment which is permanent in nature will be considered. All expenses related to acquisition of shares are capitalized.
d) There is no change in the accounting policies in the past three years.

4.1.11 As certified by the statutory auditor of KRL, M/s. S. N. Balasubramanya, KRL has no contingent liabilities as on March 31, 2007.

4.1.12 Reasons for the fall/ rise in total income and Profit After Tax in the past 3 years:

2006-07 vis-à-vis 2005-06

The financial performance of KRL has improved in the FY 2006-07 on account of increase in dividend income. For FY 2006-07, the income stream included dividends earned from investments. The investment profile of KRL enhanced significantly, which contributed to the increase in dividend income for FY 2006-07 and hence there was an increase in the reserves and surplus in FY 2006-07, compared to FY 2005-06.

4.1.13 There has not been any merger/ demerger or spin off involving KRL, during the last 3 years.

4.1.14 There is no pending litigation against KRL.

4.1.15 There is no requirement for a compliance Officer, since KRL is an unlisted company.

4.1.16 The equity shares of KRL are not listed on any stock exchange. Thus Clause 49 of the Listing Agreement is not applicable.

4.1.17 No previous acquisitions have been made by KRL in the Target Company. In respect of the Preferential Allotment, the Acquirer has complied with the provisions of chapter II of the SEBI (SAST) Regulations.

4.1.18 The details of the financials of the companies for the three years ended 31st March 2006, which are promoted by KRL

Existing Indian company promoted by Kingfisher Radio Limited *(All financial figures in lacs unless separately mentioned)*

1. Kingfisher Aviation Training Limited
[Wholly owned subsidiary]

Since the company is newly incorporated, no accounts of the company have been prepared till date.

1.	Name of Company	Kingfisher Aviation Training Limited
2.	Date of Incorporation	May 21, 2007
3.	Date of Commencement of Business	May 24, 2007
4.	Nature of Business	To carry on the business of providing Technical Training to Pilots, Crew Members and other related persons.

Financials

Authorised Capital: Rs. 2,500,000 divided into 250,000 equity shares of Rs. 10 each

The company is not a sick company.

Existing Indian associate company of Kingfisher Radio Limited

1. H Parsons Private Limited

1	Name of Company	H Parson Private Limited
1.	Date of Incorporation	January 4, 1932
2.	Nature of Business	To carry on the business in any part of India or elsewhere of import and export of vegetable products, artificial silk, electric lamps, cheese, salad oil, ham, conserves, fruits and any other kind of merchandise.

Financials

	2005-06	2004-05	2003-04
Paid up capital	16.57	16.57	16.57
Reserves	606.47	646.83	(55.47)
Total income	3,040.85	3,223.93	1,944.17
PAT / (Loss)	(40.43)	702.27	2.89
EPS(RS.)	(243.94)	4236.95	17.44
NAV / share	3758.98	4002.29	-ve

Authorised Capital: Rs. 2,700,000 divided into 27,000 equity shares of Rs. 100 each.

The company is not a sick company.

PERSONS ACTING IN CONCERT:

4.2 United Breweries (Holdings) Limited ("UBHL")

4.2.1 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, Phone: +91 80 2227 2808. UBHL is the holding company of the UB Group of companies and belongs to the UB Group. Its main line of activities is investments in group companies, export trading and real estate development of its land. The shares of UBHL are listed on the Bangalore Stock Exchange Limited, the Bombay Stock Exchange Limited (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.

4.2.2 The Certificate of Incorporation was issued by the Assistant Registrar of Joint Stock Companies, Madras, dated September 27, 1938. On January 9, 1989, the name was changed to UB Limited (Source: Fresh Certificate of Incorporation consequent on change of name). Thereafter the name was again changed to Kingfisher Properties & Holdings Limited on August 7, 2002 and further changed to United Breweries (Holdings) Limited on October 11, 2002 (Source: Certificate of Incorporation consequent to change of name).

4.2.3 Shareholding pattern – as on June 6, 2007

SR.No.	**Name of the Shareholder**	**No. of Shares held**	**% to the Total Subscribed**

			Capital
A	**PROMOTERS [A]**	**18,493.766**	**31.1122**
B	**PERSONS ACTING IN CONCERT**		
1	Watson Limited	14,159,986	23.8216
	TOTAL [B]	**14,159,986**	**23.8216**
	Total Shareholding of Promoter and Promoter Group	**32,653,752**	**54.9338**
C	**Foreign** **Individuals –NRI**	**265,865**	**0.4473**
D	**Public Shareholding**		
	Institutions		
	Financial Institutions / Mutual Funds	1,478,213	2.4868
	Banks	15,578	0.0262
	Central / State Governments	198	0.0003
	Venture Capital Funds	-	-
	Insurance Companies	1,363,946	2.2946
	Foreign Institutional Investors	14,849,345	24.9813
	Non- Institutions		
	Bodies Corporate	1,754,117	2.9510
	Individuals	7,003,165	11.7216
	Trust	19,484	0.0328
	Clearing Member [NSDL/CDSL]	38,235	0.0643
	TOTAL : [D]	**26,522,281**	**44.6189**
	Grand Total [A+B+C+D]	**59,441,898**	**100.00**

4.2.4 UBHL's portfolio of investment comprises diverse interests in alcoholic beverages, aviation businesses, fertilizers and Engineering. The market cap of key listed companies in the portfolio viz., United Breweries Limited and United Spirits Limited, is US$ 4.9 billion on August 31, 2007. (Source: Capitaline NEO)

4.2.5 The beer division of UBHL was hived off into a separate company viz. UB Beer Limited [now known as United Breweries Limited]. (Source: Order of the Hon'ble High Court of Karnataka together with the Scheme of Arrangement).UBHL which was then known as United Breweries Limited changed its name to Kingfisher Properties & Holdings Limited on August 7, 2002 (Source: Certificate of Incorporation consequent to change of name) . Subsequently, the name of the company was changed to United Breweries (Holdings) Limited on October 11, 2002. (Source: Certificate of Incorporation consequent to change of name).

4.2.6 In April 2005, through a Scheme of Amalgamation approved by the Hon'ble High Court of Karnataka on August 8, 2005, ten Indian companies viz. UB General Investments Limited, UB Global Corporation Limited, UB Publications Limited, Asian Age (South) Limited, Asian Age (West) Limited, UB Pharmaceuticals Limited, M W P Limited, UB Networks (Bangalore) Private Limited, UB Transit Systems Limited, UB Information and Consultancy Services Limited along with a foreign company viz. United Breweries of America Inc, a BVI Company, were merged with the Company.(Source: Order of Hon'ble High Court along with Scheme of Amalgamation). There has been no other merger/demerger or spin off involving UBHL during the last three years except as stated herein.

4.2.7 The composition of Board of Directors of UBHL, as on date of this Letter of Offer is as under :

Name	Appointment Date	Experience	Qualification	Residential Address
Dr Vijay Mallya	17.10.1983	Dr Mallya is a well known industrialist and	PhD in Business	6, Bulkley

		an Honourable Member of Parliament (Council of States). He took over the reins of UB Group at the young age of 28 and has been instrumental in growing it into a multinational business conglomerate. Dr. Mallya is the Chairman of the UB Group and several other public companies in India and abroad. Dr. Mallya has won wide recognition from distinguished institutions. He has around 35 years experience in business.	Administration	Avenue, Sausalito California 94965, U. S. A.
Mr N. Srinivasan (Independent Director)	25-08-1997	Mr Srinivasan has over forty years of professional experience in the field of Finance, Accounts and Audit. Served as Senior Partner of Fraser & Ross, Deloitte Haskins & Sells. Apart from being in the chartered accountancy profession for almost 50 years, Mr. Srinivasan has also been on the boards of various companies in the last two decades.	B.Com, F. C.A.	T 18/1, 6th Avenue , Besant Nagar Chennai 600 090
Mr S G Ruparel (Independent Director)	21.12.1991	Mr S G Ruparel joined Kolhapur Sugar Mills in 1968 and held the position of Managing Director during 1971 and 1991. He was also in the Board of State Bank of India for 18 years. Held Chairmanship of various Companies and Councils including Indo US Joint Business Council, Indo France Joint Business Council and Indo Swedish Joint Business School. Mr Ruparel is also in the Advisory Board of Standford Research Institute and held important positions in various other Educational Centers. He has around 40 years experience in business.	M.A [Oxon] and M.Sc [London]	Ruparel House, 38, Ridge Road MUMBAI 400 006
Mr P A Murali	30.09.2002	Mr Murali has held various important positions in the UB Group and is presently Executive Vice President – Finance of United Spirits Limited. He has been in service for around 25 years.	B.Com, A.C.A	Flat No.310, Block B-3 Sobha Opal, 39th Cross, 4th “T” Block Jayanagar BANGALORE 560 041
Mr A Harish Bhat	30.09.2002	Mr Harish Bhat has held various important positions in Listed Companies, MNC and in the Group and presently Executive Vice President – Finance, UB Group. He has been in service for around 30 years.	B.Com. A.C.A	No.28, 4th Main, Shankarnagar Mahalakshmi Layout BANGALORE 560 096
Mr Sidhartha V Mallya	07.05. 2005	Marketing and Brand Development. He has around 2 years experience in business.	Had Primary education at Papplewick School at Ascot, England and Secondary education at Wellington College, Crowthorne, Berkshire, England	6, Bulkley Avenue, Sausalito California 94965, U S A

Mr Piyush G Mankad (Independent Director)	30.12.2005	He was formerly the Finance Secretary to the Government of India and his last posting was Executive Director for India and four other countries on the Board of Asian Development Bank, Manila. He served in the Indian Administrative Service for around 40 years and is on the board of various companies.	I A S (Retd.)	C-II/95, Moti Bagh, NEW DELHI 110 021
Mr B S Patil (Independent Director)	22.03.2006	Held high position in the State of Karnataka as Chief Secretary and belonged to the 1966 batch of the Indian Adminstrative Service. He served in the Indian Administrative Service for 34 years and is on the board of various companies.	I A S (Retd.)	149, X Main, 5th Cross, Rajmahal Vilas Extension, Sadashivnagar Bangalore 560 080
Mr R N Pillai Managing Director	18.03.2004	Has held various important positions in the UB Group for over 20 years and is presently Vice President – Corporate Finance of United Spirits Limited. He has been in service for around 20 years.	B.Sc (Hons.), A.C.A.	No.17, I Main, I Block Koramangala BANGALORE 560 034

4.2.8 None of the above directors of UBHL are on the Board of Directors of DAL.

4.2.9 No previous acquisitions have been made by UBHL in the Target Company. In respect of the Preferential Allotment, the shares under the Preferential Allotment were issued to the Acquirer, which has complied with the provisions of chapter II of the SEBI (SAST) Regulations.

4.2.10 Key audited financial financials of UBHL for a period of three years are as follows. The results as on March 31, 2007 have been certified by the statutory auditors of UBHL, M/s. Vishnu Ram & Co.

(Rs in lacs)

Profit & Loss Statement	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Income from operations	**16730.96**	**18095.33**	**13681.04**	**585**
Other Income	11860	50130.7	9421.37	5956.59
Total Income	**28590.96**	**68226.0 3**	**23102.4 1**	**6541.59**
Total Expenditure.	18021	20752.36	18224.59	4811.7
Profit Before Depreciation Interest and Tax	10569.96	47473.67	4877.82	1729.89
Depreciation	260	245.61	290.07	140.01
Interest	7392	4733.05	4404.43	4645.62
Profit Before Tax	2917.96	42495.01	183.32	(3055.74)
Provision for Tax	270	464.94	111.46	0
Profit After Tax	2647.96	42030.07	71.86	(3055.74)

Balance Sheet Statement	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Sources of funds				
Paid up share capital	5944.2	2972.09	2972.09	2264.1
Reserves and Surplus (excluding revaluation reserves)	39467.26	39791.31	6930.51	7680.51
Net worth	45411.46	42763.4	9902.6	9944.61

Secured loans	88391.58	60458.19	51896.48	31829.94
Unsecured loans	10773.64	10560.28	1501.34	2101.52
Total	**144576.68**	**113781.87**	**63,300.42**	**43,876.06**
Uses of funds				
Net fixed assets	2657.59	2711.83	2792.77	2,743.98
Investments	58100.05	60139.63	35324.62	26,320.94
Net current assets	83819.04	50930.41	16183.2	2,300.25
Debit balance of Profit & Loss Account	0	0	8,999.83	12,510.89
Total Miscellaneous Expenditure Not Written Off	0	0	0	0
Total	**144576.68**	**113781.87**	**63,300.42**	**43,876.06**

Other Financial Data	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Dividend (%)	0	5	0	0
Earning Per Share	4.45	141.42	0.27	(13.5)
Net Worth*	45411.46	42763.4	902.77	(2566.28)
Return on Networth %	5.83	98.29	7.96	NA%
Book Value Per Share(Rs)	76.40	143.88	3.04	(11.33)

Note

(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding at year-end/ Par value per equity share
(2) Earnings per share = Profit after tax (prior to any adjustments) / Weighted Average No. of equity shares outstanding at the end of the year
(3) Return on Net worth (%) = Profit after tax (prior to any adjustments) / Net worth at year-end
(4) Book Value per equity share = Net worth / No. of equity shares outstanding at year end
% not applicable since the Networth is negative
* After Adjusting the Debit balance in Profit & Loss Account

Source: Annual Reports of UBHL for (i) the FY ended March 31, 2006, (ii) the FY ended March 31, 2005 and (iii) the FY ended March 31, 2004 and data provided byUBHL..
Unaudited results have been certified by the management and quarterly limited reviews have been reviewed/ certified by the statutory auditor of UBHL.

4.2.11 The significant accounting policies of UBHL as per the audited financial statements for the year ended March 31, 2006 are as follows:

1) Basis of Preparation :
The financial statement of the company have been prepared under historical cost convention unless otherwise stated on the accrual basis of accounting in conformity with accounting principles generally accepted in India and in accordance with the Accounting Standards refers to in Section 211 (3C) of the Companies Act, 1956. The accounting policies applied by the Company are consistent with those used in the previous year.

2) Valuation of Inventories :
Inventories are valued at lower of weighted cost and net releasable value. Cost of inventories comprise all cost of purchase, cost of conversion and others costs incurred in bringing the inventories to their present location and condition.

3) Revenue recognition :
   i. Sales are recognized when the property in goods is transferred for a price and it is reasonable to expect the ultimate collection.
   ii. Interest is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
   iii. Dividends are accounted for, when the right to receive the payment is established.

4) Fixed Assets :

i. are stated at cost unless otherwise stated as adjusted by the revaluation of land in Bangalore in August 2001 at the market value by approved valuers less depreciation, wherever applicable. All costs relating to the acquisition and installation of fixed assets are capitalised and include borrowing cost relating to borrowed funds attributable to the acquisition of qualifying assets for the period upto the date of acquisition.
ii. Fixed assets acquired under hire purchase/ installment credit schemes are capitalised at cost while the annual finance charges are recognised in the Profit & Loss Account.

5) Borrowing Cost :
Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

6) Depreciation :
Depreciation has been provided at the rates prescribed under Schedule XIV of the Companies Act 1956, under written down value method.

7) Effect of Changes in foreign exchanges rates :
i. Foreign currency transactions during the year are recorded at the average exchange rate prevailing during the month proceeding the month in which the transaction took place or the exchange rate prevalent on the date of the transaction.
ii. Monetary assets and liabilities denominated in foreign currency are translated at the rates of exchange at the Balance Sheet date and the resultant gain or loss is recognized in the Profit & Loss Account.
iii. Non monetary items are carried at historical cost denominated in foreign currency and these are translated using the exchange rate prevailing on the date of transaction.

8) Investments :
i. Trade investments refer to the investments made with the aim of enhancing the Group's business interest.
ii. Long term investment are stated at cost. All expenses relating to acquisition of shares are capitalized. Diminution in the value of investment, if considered permanent, is provided for.
iii. Current investments are stated at the lower of cost and fair value.

9) Retirement Benefits :
Retirement benefits to employees comprise of gratuity, superannuation, provident funds and leave encashment benefits, as per the approved schemes of the UB Group.
i. Contributions to Provident and Superannuation Funds are made to a separate Trust funds / Regional Provident Fund Commissioner.
ii. Liability towards gratuity payable in future to employees is ascertained on actuarial basis as at the year-end and is provided for. .
iii. Leave encashment benefit to employees is determined on actuarial basis as at the end of the year and provided for.

10) Segmental reporting :

The operations of the Company are divided into trading, investment and other activities. Accordingly, the primary segment reporting comprises the performance under these segments and the secondary segment reporting is based on geographical locations of customers.

11) Related Part disclosure :

Transactions between related parties are disclosed as per Accounting Standard 18, Related Party Disclosure issued by the Institute of Chartered Accounts of India. Accordingly, disclosures regarding the name of the transacting related party, description of the relationship between the parties, nature of transactions and the amount outstanding as at the end of the accounting year, are made.

12) Taxes on Income :
    i. Tax expenses comprise current, deferred and fringe benefit tax.
    ii. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961
    iii. Deferred tax is recognized, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not determined on unabsorbed depreciation and carry forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

13) Impairment of assets :

The Company evaluates all the assets for assessing any impairment and accordingly recognizes the impairment wherever applicable as provided in Accounting Standards 28 issued by the Institute of Chartered Accountants of India.

14) Provision and contingencies :

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an out flow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on Management estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current Management estimate.

15) Earnings per shares :

Earnings per equity share (basic / diluted) is arrived at by dividing the net profit or loss for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

16) There is no change in the accounting policies in the past three years.

4.2.12 As certified by the management, following are the contingent liabilities as on March 31, 2007

- Income tax demand (including interest and penalties) under appeal (from transferor companies included) = Rs. 1,293.15 lacs
- Guarantee furnished on behalf of Associate Companies = Rs. 9111.20 lacs
- Guarantees furnished by companies' bankers on request to Subsidiaries / Associate Companies = Rs 300465.00 lacs

4.2.13 Reasons for the fall/ rise in total income and Profit After Tax in the past 3 years:

2006-07 vis-à-vis 2005-06

FY 2006-07 includes 1900 lacs from the royalty from trademark assigned to group companies, a guarantee commission charged for the guarantees issued to aircraft leasing companies on behalf of Kingfisher Airlines Limited and rentals from properties owned by the group. The difference in revenues / profit between FY 2005-06 and 2006-07 was mainly on account of the gain from sale of shares of Aventis Pharma Limited in FY 2005-06.

2005-06 vis-à-vis 2004-05

The financial Performance of UBHL has improved in the FY 2005-06 primarily on account of gain from sale of shares of Aventis Pharma Limited. The increase in Other Income for the FY 2005-06 is attributable largely to the gain from sale of shares of Aventis Pharma Limited in FY 2005-06.

2004-05 vis-à-vis 2003-04

During 2004-05, pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court of Karnataka, 10 Indian subsidiaries and one foreign company were merged and the figures for FY 2005 therefore are not comparable with the figures for FY 2003-04.

4.2.14 Following are the material legal cases involving UBHL, to the best knowledge of UBHL.

Against UBHL (and/or entities merged into it)

Criminal Matters	
1.	A criminal appeal has been filed before High Court of Karnataka challenging the acquittal order passed by the Magistrate under Section 205 of the Companies Act, 1956, in relation to alleged failure to deposit the dividend within specified time.
Civil Matters	
2.	A special leave petition has been filed by Mysore Sales International Limited before the Supreme Court, against the order of the High Court of Karnataka, whereby a company petition filed for the winding up of UBHL was dismissed. The petition is still at the admission stage.
3.	Around six civil suits have been filed at different fora, for declaration of title to shares of UBHL (aggregate 2000 shares), and for recovery of money (approximately Rs. 25 lacs, aggregate) and title to certain lands in Tamil Nadu.
Income Tax Matters	
4.	There are around seventeen income tax appeals pending before the High Court of Karnataka, from the decisions of the Income Tax Appellate Tribunal (ITAT), with respect to diverse issues such as guarantee commission, sales promotion expenditure, taxability of bottle deposit, depreciation for bottles and aircraft, aircraft maintenance expenditure, interest on loans, corporate management expenditure, taxability of non-competition fee, etc. The cases involve an aggregate potential tax liability of approximately Rs1960.69 lacs).
5.	There are around eighteen appeals pending before the ITAT, which deal with issues relating to reimbursement of certain charges, depreciation on aircraft and other assets, allowance for upfront facility fees, etc. The matters involve an aggregate potential liability of Rs. 339.06 lacs.

By UBHL (and/or entities merged into it)

Criminal Matters	
1.	Around seven prosecutions under Section 138 of the Negotiable Instruments Act, 1881, have been initiated, where the aggregate amount involved would amount to less than Rs. 77 lacs.
Civil Matters	
2.	Around eleven civil suits have been filed at different fora for the recovery of approximately Rs. 317 lacs, in aggregate.
3.	A company petition has been filed before High Court of Kolkatta for winding up of Commodities Exchange Corporation Ltd., on the ground of inability to pay debts on account of failure to repay an ICD of Rs 1.25 crores with interest. An order for winding up Commodities Exchange Corporation Ltd. has been passed by the said High Court.
4.	A civil suit has been filed for declaration that the agreement for acquisition of WIE Engineering Limited was vitiated by misrepresentation and consequential injunction restraining the substitution of personal guarantees to banks pursuant to the agreement. Evidence for both sides has been adduced in this case and the same is pending for arguments.

Income Tax Matters	
5.	One appeal has been filed before the ITAT on allowance of establishment expenditure. The matters involve a sum of approximately Rs. Nil.
6.	Around five appeals have been filed before the CIT (Appeals) in relation to cost of bonus shares, allowance of interest on money borrowed, penalties under Section 271(1) (c) of the Income Tax Act. The matters involve a sum of approximately Rs. 2,075.77 lacs.
7.	Two special leave petitions have been admitted by the Supreme Court which deal with issues relating to allowances of certain expenditures, charges etc. The matters involve an aggregate potential liability of Rs. 47 lacs.

4.2.15 UBHL is in full compliance with clause 49 of the Listing Agreement on Corporate Governance. The details of the various committees constituted in furtherance of compliance with Clause 49 are:

- Audit Committee: It comprises Mr N. Srinivasan, Mr Shrikant G. Ruparel, Mr A. Harish Bhat and Mr B S Patil.
- Remuneration/Compensation committee: It comprises Mr Shrikant G. Ruparel and Mr N Srinivasan.
- Shareholders'/Investor Grievance Committee: It comprises Mr S G Ruparel, Mr N Srinivasan and Mr R N Pillai.

4.2.16 UBHL has complied with the provisions of the listing agreements of the stock exchanges and has not been penalized by any of the stock exchanges.

4.2.17 The face value of the shares of UBHL is Rs. 10/- and the paid-up equity capital of UBHL comprises of 59,441,898 shares. The closing market price of the equity share of UBHL on the BSE on June 06, 2007 was Rs. 637.60.

4.2.18 The Compliance Officer for UBHL is Mr. P Subramani, Senior Vice President – Legal and Company Secretary having his office at the Registered Office of UBHL viz., UB Anchorage, V Floor, 100/1, Richmond Road, Bangalore 560 025. Tel: +91 80 2227 9126, Fax: +91 80 2227 4890 and Email: ps1@ubmail.com

4.2.19 The UB Group has promoted Kingfisher Airlines, which was launched in India in May 2005, and today offers 177 flights daily connecting 29 key business and leisure destinations across the country (Source: Kingfisher Airlines Limited) with approximately 11% market share (Source: DGCA). In this short span, Kingfisher Airlines has already received 17 National and International awards (Source: Kingfisher Airlines Limited). 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. It also received the Brand Leadership Award in July 2007. (Source: Kingfisher Airlines Limited). 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. The Acquirer and the PACs are entities forming part of the UB Group.

4.2.20 The details of the companies promoted by UBHL together with its existing subsidiaries during the three financial years ended 31st March 2006, are as follows

Existing Indian subsidiaries of United Breweries [Holdings] Limited, other than the Acquirer

(All figures in lacs unless separately mentioned)

1. UB Infrastructure Projects Limited

1	Name of Company	UB Infrastructure Projects Limited [Formerly known as UB Breweries Limited]
2	Date of Incorporation	April 8, 1991
3	Nature of Business	To carry on the business of Brewers and Malsters in all its branches. To provide all infrastructure and facilities for the carriage and distribution of merchandise in India or elsewhere by vehicles, propelled by electricity, steam, oil, petrol, gas or other moveable mechanical power, ships and boats and to act as general carriers, railway and forwarding agents, warehousmen, muccadums, caremen and any other business which can be conveniently carried on in connection with the above.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	5.00	5.00	5.00
Reserves	0.79	0.79	0.79
Total income	-	-	-
PAT / (Loss)	-	-	-
EPS(RS.)	-	-	-
NAV / share (Rs.)	-ve	-ve	-ve

Authorised Capital: Rs. 5,000,000 divided into 500,000 equity shares of Rs. 10 each

The company is not a sick company.

2. <u>Kingfisher Airlines Limited</u>

1	Name of Company	Kingfisher Airlines Limited
2	Date of Incorporation	July 26, 2004
3	Nature of Business	To establish, maintain and operate air transport operations, including air services, air lines and lines of aerial conveyances (including scheduled passenger Air Transport services and lines, and chartered domestic and international services and lines) for the carriage of passengers, baggage, mails, freight, cargo and merchandise of all and every kind and description whether as principals, agents or otherwise and to set up flying services both as private and public carriers on national and international routes.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	33,883.91	3,000.00	-
Reserves	-	-	-
Total income	43819.24	52.07	-
PAT / (Loss)	(23958.59)	(914.35)	-
EPS(RS.)	(36.59)	(3.05)	-
NAV / share (Rs.)	(0.94)	9.40	-

Authorised Capital: Rs. 4,000,000,000 divided into:

1. 300,000,000,equity shares of Rs. 10 each and
2. 10,000,000 – 6% Reedemable preference shares of Rs. 100 each

The company is not a sick company.

3. UB Electronic Instruments Limited

1	Name of Company	**UB Electronic Instruments Limited**
2	Date of Incorporation	September 12, 1975
3	Nature of Business	To carry on the business of Selling and Servicing of Medical Equipments and EPABX Systems.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	291.93	291.67	291.67
Reserves	0.97	0.97	0.97
Total income	139.84	131.03	119.76
PAT / (Loss)	28.47	12.98	12.04
EPS(RS.)	9.75	4.44	4.12
NAV / share (Rs.)	92.38	82.54	78.09

Authorised Capital: Rs. 45,000,000 divided into:
1. 444,000 equity shares of Rs. 100 each and
2. 6,000 10% preference shares of Rs. 100 each

The company is not a sick company.

4. UB International Trading Limited

1	Name of Company	**UB International Trading Limited**
2	Date of Incorporation	August 21, 2001
3	Nature of Business	Manufacturers of Leather Shoes.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	5.00	5.00	5.00
Reserves	18.75	7.21	3.85
Total income	7604.80	5785.58	4348.57
PAT / (Loss)	11.55	3.36	4.18
EPS(RS.)	23.09	6.72	8.36
NAV / share (Rs.)	47.51	24.41	16.14

Authorised Capital: Rs. 10,000,000 divided into 1,000,000 equity shares of Rs. 10 each

The company is not a sick company.

5. Kingfisher Training Academy Limited

1	Name of Company	Kingfisher Training Academy Limited

2	Date of Incorporation	November 29, 2006
3	Date of Commencement of Business	December 6, 2006
4	Nature of Business	To establish Aviation Academy to promote the Art and Science of flying and aeronautics in all its aspects and all matter connected therewith. To give total knowledge and insight into the Aviation field by providing specialized Aviation Training to the Pilots, Engineers, Technicians and the Crew.

Financials

Since the company is newly incorporated, no audited accounts of the company have been prepared till date.

Authorised Capital: Rs. 20,000,000 divided into 2,000,000 equity shares of Rs. 10 each.

The company is not a sick company.

6. <u>City Properties Maintenance Company Bangalore Limited</u>

1	Name of Company	City Properties Maintenance Company Bangalore Limited
2.	Date of Incorporation	June 26, 2006
3	Date of Commencement of Business	July 10, 2006
4	Nature of Business:	To carry on the business of maintenance of properties, whether movable or immovable or to carry on the works of erection and construction, repairs and maintenance of roads, works of earth filling, work of construction of drainage, sewage, lavatories, laundry conveniences, electrical services, plumbing, gas and heating system maintenance etc.

Financials

Since the company is newly incorporated, no audited accounts of the company have been prepared till date.

Authorised Capital: Rs. 500,000 divided into 50,000 equity shares of Rs. 10 each

The company is not a sick company.

<u>Existing Indian Associate Companies</u>

1. <u>United Breweries Limited</u>

1	Name of company	United Breweries Limited
2	Date of Incorporation	May 13, 1999
3	Nature of Business	To carry on the business of Brewers and Maltsters.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	26,850.43	23,151.14	1,782.06
Reserves	23,870.81	20,60.99	2,397.04
Total income	70,579.88	54,004.48	46,659.32
PAT / (Loss)	1,940.56	1,404.07	277.60
EPS(RS.)	4.67	5.41	1.56
NAV / share (Rs.)	120.49	21.53	19.88

Authorised Capital: Rs. 2,800,000,000, divided into:
1. 30,000,000 equity shares of Rs. 10 each and
2. 25,000,000 preference share of Rs. 100 each

The company is not a sick company.

2. **Aventis Pharma Limited**

1	Name of company	Aventis Pharma Limited
2	Date of Incorporation	May 2, 1956
3	Nature of Business	To manufacture and market Pharmaceutical products.

Financials

Details / Year	**2005-06**	**2005-04**	**2004-03**
Paid up capital	2,303.06	2,303.06	2,303.06
Reserves	56,903.96	48,378.14	38,099.06
Total income	93,107.39	83,737.05	75,5681.69
PAT / (Loss)	51,880.86	40,680.85	31,846.38
EPS(RS.)	73.51	63.00	64.48
NAV / share (Rs.)	257.08	220.06	175.43

Authorised Capital: Rs. 235,000,000 divided into 23,500,000 equity shares of Rs. 10 each

The company is not a sick company.

3. **United Spirits Limited**

1	Name of company	United Spirits Limited
2	Date of Incorporation	April 1, 1999
3	Nature of Business	To manufacture and market all sorts of Alcohol, Rectified Spirit and Potable and Industrial Alcohol.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	6047.14	5172.00	5172.00
Reserves	79386.54	23576.06	22082.88
Total income	209685.05	118297.16	111458.87
PAT / (Loss)	4201.98	2672.65	2134.65
EPS(RS.)	4.80	5.17	4.13
NAV / share (Rs.)	94.02	47.54	52.70

Authorised Capital: Rs. 1,200,000,000 divided into:
1. 110,000,000 equity shares of Rs. 10 each and
2. 10,000,000 preference shares of Rs. 10 each

The company is not a sick company.

4. **Mangalore Chemicals & Fertilizers Limited**

1	Name of company	Mangalore Chemicals & Fertilizers Limited
2	Date of Incorporation	18.07.1966
3	Nature of Business	Manufacturing and marketing of chemicals and fertilizers.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	11854.86	11854.86	11854.86
Reserves	11482.04	9777.61	7546.47
Total income	108612.83	88776.10	61968.24
PAT / (Loss)	2515.25	2231.14	1430.12
EPS(RS.)	2.12	1.88	1.21
NAV / share (Rs.)	19.69	18.25	16.37

Authorised Capital: Rs. 1,300,000,000 divided into:
1. 124,000,000 equity shares of Rs. 10 each and
2. 600,000 13% redeemable cumulative Preference Shares of Rs. 100 each

The company is not a sick company.

5. UB Engineering Limited

1	Name of company	UB Engineering Limited
2	Date of Incorporation	January 12, 1970
3	Nature of Business	In the field of installation of Industrial Plants, encompassing EPC projects, onsite fabrication, testing and commissioning of structural and instrumentation equipments.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	1232.61	1232.61	1232.61
Reserves	(4554.82)	(2568.85)	(1620.83)
Total income	23088.15	15149.69	7519.53
PAT / (Loss)	(1985.97)	(693.02)	(1040.19)
EPS(RS.)	(16.11)	(5.62)	(8.44
NAV / share (Rs.)	-ve	-ve	-ve

Authorised Capital: Rs. 200,000,000, divided into 20,000,000 equity shares of Rs. 10 each

The company is not a sick company.

6. United Racing & Bloodstock Breeders Limited

1	Name of company	United Racing & Bloodstock Breeders Limited
2	Date of Incorporation	November 4, 1988
3	Nature of Business	Breeding and Racing of Horses.

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**

Paid up capital	837.25	837.25	837.25
Reserves	(3143.29)	(3155.80)	(2986.72)
Total income	823.64	500.85	448.57
PAT / (Loss)	12.51	(169.08)	(2750.61)
EPS(RS.)	0.15	(2.02)	(3.29)
NAV / share (Rs.)	-ve	-ve	-ve

Authorised Capital: Rs. 100,000,000 divided into 10,000,000 equity shares of Rs. 10 each .

The company is not a sick company.

7. McDowell Holdings Limited

1	Name of company	McDowell Holdings Limited
2	Date of Incorporation	March 1, 2004
3	Nature of Business	Investment Holding

Financials

Details / Year	**2005-06**	**2004-05**	**2003-04**
Paid up capital	5.00	5.00	-
Reserves	3176.41	(1.79)	-
Total income	45.47	0.69	-
PAT / (Loss)	30.04	(1.79)	-
EPS(RS.)	0.25	(3.57)	-
NAV / share (Rs.)	36.16	8.63	-

Authorised Capital: Rs. 150,000,000 divided into 15,000,000 equity shares of Rs. 10 each.

The company is not a sick company.

4.3 UB Overseas Limited

4.3.1 UB Overseas Limited was incorporated on April 4, 2007 in British Virgin Islands. The registered office of the company is located at Geneva Place, 2nd Floor, Road Town Tortola, #333, Waterfront Drive, British Virgin Islands, Telephone: +1 284 494 4388. Its objects clause permits it to carry on any activity which is legally permissible, and the same is in accordance with the local law of British Virgin Islands. However, the intention of the UB Group is that UB Overseas Ltd. may engage in trading and investment activities at present. 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 Mr Arvindakshan Variath and Dr. T V Lakshmikanthan.

4.3.2 UB Overseas Limited has a paid up equity share capital of US $ 1,000, with 1000 shares, of a value of $ 1 each. , UBHL holds 100% of UB Overseas Limited, along with its subsidiaries. The shareholders of UB Overseas Limited are UBHL and its subsidiaries viz: KRL and UBHL (BVI) Limited, a wholly owned subsidiary of UBHL, which hold 5%, 5% and 90% of the paid up equity share capital of UB Overseas Limited, respectively . UBHL is the promoter of UB Overseas Limited. UB Overseas Limited belongs to the UB Group.

4.3.3 The composition of Board of Directors of UB Overseas Limited, as on date of the Public Announcement was as under:

Name	Appointment Date	Experience	Qualification	Residential Address
Mr Aravindakshan Variath	04.04.2007	Has over 20 years experience in general finance, banking, sales and marketing.	B.Com, A C A	Flat No.307, Dar Al Mutheena Fish Roundabout, Deira, Dubai, United Arab Emirates
Dr. T V Lakshmikanthan	04.04.2007	Started his career as Internal Auditor in Tube Investments Limited. Later joined McDowell & Company Limited as Controller-Finance before taking up the position in UK as Director – Finance, UB International Limited, UK. He is presently a Consultant to the UB Group. He has been in service for around 30 years.	B.Com, A C A, MEP-IIM [A], PhD	354, Harlington Road Hillingdon, Middlessex UB8 3HM United Kingdom

4.3.4 None of the above directors of the UB Overseas Limited are on the Board of Directors of DAL.

4.3.5 The equity shares of UB Overseas Limited are not listed on any stock exchange.

4.3.6 Since UB Overseas Limited is a newly incorporated company, no accounts of the company have been prepared till date and neither does the company have any operating history.

4.3.7 UB Overseas dot not have any pending litigation, nor does it have any contingent liabilities.

4.3.8 No previous acquisitions have been made by UB Overseas Limited in the Target Company. In respect of the Preferential Allotment, the shares under the Preferential Allotment were issued to the Acquirer, which has complied with the provisions of chapter II of the SEBI (SAST) Regulations.

4.3.9 UB Overseas Limited has not promoted any companies.

4.4 Disclosures in terms of Regulation 16(ix) of the SEBI (SAST) Regulations

4.4.1 The Acquirer and PACs 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.

4.4.2 The Acquirer and PACs 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, as required under applicable law.

4.4.3 Further, please refer to paragraph 3.3 of this Letter of Offer.

5 DISCLOSURE UNDER REGULATION 21(2)

The total shareholding of the Acquirer and PACs upon subscription to preferential allotment and acquisition pursuant to this Offer, assuming full acceptance, will not result in public shareholding falling below the limit specified in the Listing Agreement for the purpose of listing on continuous basis. Hence, the provisions of Regulation 21(2) do not apply.

6 BACKGROUND OF THE TARGET COMPANY

6.1 The Target Company was incorporated on June 15, 1995 as a private limited company in Karnataka by the name of Deccan Aviation Private Limited, and was converted into a public limited company by a resolution of the members passed at the Extraordinary General Meeting held on 31st January, 2005 and received a fresh certificate of incorporation consequent on change of name of the company on March 14, 2005, to its present name. The Target Company has its registered and corporate office at Deccan Aviation Limited, 35/2, Cunningham Road, Bangalore - 560052. Tel no: +91 80 41585000: Fax no: + 91 80 4114 8849.

6.2 The Target Company operates Air Deccan, a low-cost airline in India, and Deccan Aviation, a private helicopter and airplane chartering service in India. Air Deccan is India's leading low cost airline and has over 332 (as on 31st August, 2007) daily flights connecting 65 destinations, with a total fleet of 43 Airbus 320's and ATR's (as on August 30, 2007, Source: DAL) 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. Air Deccan has a market share of 19.8% in December 2006. (Source: DGCA). The Promoters are presently in control of the operations of the Target Company.

6.3 Air Deccan is India's first airline to follow a no-frills, low-cost scheduled passenger airline business model. Its business model draws heavily from the examples provided by successful no frills, low-cost airlines in other parts of the world, while adapting itself to the special circumstances of the Indian market. As with successful US and European low-cost airlines, Air Deccan operates a point-to-point route system only, offers a no-frills service only and drives its ticket sales through the internet using conventional and unconventional sales points.

6.4 The main objects of the Target Company are as under:

a) To provide chartered aviation services both for commercial and non-commercial purposes in India.
b) To enter into arrangements for rendering and obtaining technical services and/or technical collaboration with individuals, firms, or bodies whether in India or outside India to train or pay for training in India or abroad of any of the companies employees or any other persons in the interest and for furtherance of company's business.
c) To provide all aviation related services, and carry on business of advisors, tourism operators, travel agents, cargo agents, courier agents and all kinds of services in travel and tours.

6.5 The authorised share capital of DAL was Rs. 1,25,00,00,000 (Rupees One hundred and twenty five crores) at the date of the Public Announcement and was subsequently increased to Rs. 150,00,00,000 (Rupees One hundred and fifty crores), divided into 15,00,00,000 equity shares of Rs. 10/- each vide the resolutions passed in the Extraordinary General Meeting of DAL held on June 26, 2007. The requisite filings with the Registrar of Companies, (Karnataka), Bangalore, in relation to the same have been completed by DAL.

6.6 The total paid-up capital of the Target Company as on the date of the Public Announcement was 100,247,887 equity shares of Rs. 10 each and post preferential allotment of 35,222,231 equity shares to Acquirer and the PACs, stood increased to 135,470,118 equity shares of Rs. 10 each. Further, after the exercise of 161,680 ESOPs, the total paid up equity share capital stands at 135,631,798 equity shares of Rs. 10 each. There is expected to be no further change in the share capital of the Target Company till the expiry of 15 days after the closure of the Offer. There are no partly paid-up equity shares of the Target Company. The equity shares of the Target Company are listed on the BSE and the NSE. The closing price of the Target Company's equity shares on June 05, 2007 was Rs. 143.05 on NSE with a market capitalization of Rs. 143,405.6 lacs. (Source: www.nseindia.com). The total number of shareholders in the Target Company, as on August 31, 2007 was 47,809.

6.7 The share capital structure of the Target Company as on date of Public Announcement, was as follows:

	On the date of the PA		Post Acquisition	
Paid up Equity Shares	**No. of Shares/ voting rights**	**% of Shares/ voting rights**	**No. of Shares/ voting rights**	**% of Shares/ voting rights**

Authorised Equity Shares	125000000	100	150000000	100
Fully paid up equity shares	100247887	100	135,631,798	100
Partly paid up equity shares	NIL	NIL	NIL	NIL
Total paid up equity shares	100247887	100	135,631,798	100
Total voting rights in Target company	100247887	100	135,631,798	100

6.8 Details of the Changes in share capital of DAL since incorporation and status of compliance with applicable SEBI regulation/ other statutory regulation, are as follows:

Date of allotment	**No of shares issued**	**Cumulative paid up capital (No. of shares)**	**% of Paid-up capital**	**Mode of allotment**	**Identity of allottees (promoters/ ex-promoters/ others)**	**Status of compliance**
June 07,1995	500	500	100.00	Subscription to Memorandum	Promoters	NA
March 20,1998	29,500	30,000	98.33	Further Allotment	Others	NA
September 11,2000	170,000	200,000	85.00	Bonus Issue	Promoters & Others	NA
September 03,2002	800,000	1,000,000	80.00	Rights issue	Promoters & Others	NA
January 28, 2004	298,700	1,298,700	23.00	Preferential Allotment[@]	Others	NA
March 01,2004	1,038,960	2,337,660	44.44	Bonus Issue	Promoters & Others	NA
March 09, 2004	701,298	3,038,958	23.08	Rights Issue	Promoters & Others	NA
March 29, 2005	67,230	3,106,188	2.16	Preferential Allotment[#]	Others	NA
November 17, 2005	-	31,061,880	Nil	Equity Shares with a face value of Rs. 100 each were sub-divided into Equity Shares with a face value Rs. 10 each[*]	Promoters & Others	NA
November 17, 2005	15,194,790	46,256,670	32.85	Bonus issue	Promoters & Others	NA
December 21, 2005	27,379,337	73,636,007	37.18	Conversion of fully convertible debenture[%]	Others	NA
June 02. 2006	24,546,000	98,182,007	25.00	Initial Public Offering	Others	NA
December 23, 2006	19,63,640	100,145,647	1.96	Preferential Allotment	Others	Complied[✓]
March 31, 2007	102,240	100,247,887	0.10	Allotment under ESOP	Others	Complied
June 30, 2007	35,222,231	135,470,118	26.00	Preferential Allotment	Others	Complied
August 20, 2007	77,280	135,547,398	0.06	Allotment under ESOP	ESOP holders	Listing under

						process
August 27, 2007	84,400	135,631,798	0.06	Allotment under ESOP	ESOP holders	Listing under process

Note:

@ Preferential allotment to Golden Ventures Limited, Lachman Dass Ladhani, Monica Ladhani, Rajesh Ladhani, Shalini Ladhani and Prakash Ladhani.

 # Preferential allotment to Western India Trustee and Executor Company Limited (trustee of India Advantage Fund -I), Subria CIPEF Limited and Subria CGPE Limited.
** 1501,298 Equity Shares with a face value of Rs. 100 each (earlier paid up to Re. 1 per share) were each fully paid up*

% Conversion of fully convertible debentures issued to Western India Trustee and Executor Company Limited, (trustee of India Advantage Fund- I), Subria CIPEF Limited and Subria CGPE Limited.

✓ In respect of the allotment of 1,963,640 shares on a preferential basis, the provisions of Takeover Regulations were not applicable since such preferential issue did not result in any compliance requirements under the SEBI (SAST) Regulations.

6.9 DAL has confirmed that the trading in its shares has never been suspended on BSE and NSE.

6.10 All shares of the Target Company, except 161,680 shares allotted against ESOPs on August 20, 2007 and August 27, 2007 have been listed on both BSE and NSE. Listing approval has been applied for and is pending for the 161,680 shares allotted against the said ESOPs. The shares of the Target Company were initially listed on BSE and NSE w.e.f. June 12, 2006.

6.11 As regards the preferential allotment of 19,63,640 shares on December, 23, 2006, the in-principle approval for the same was obtained from the BSE & NSE vide their letters dated December 8, 2006 and December 13, 2006, respectively. Based on such in-principle approval for allotment, the said shares were allotted by DAL on December 23, 2006. On completion of the allotment, DAL submitted applications to both BSE and NSE for grant of in-principle approval for listing, vide letters dated January 8, 2007. NSE has accorded its approval regarding listing vide its letter dated June 6, 2007 and BSE has accorded its approval vide its letter dated on June 7, 2007.

6.12 As regards the allotment of 102,240 shares under ESOPs on March 31, 2007, the in-principle approvals for such allotment was obtained from the BSE & NSE vide their letters dated March 15, 2007 and March 23, 2007, respectively. Subsequently, DAL applied to BSE and NSE for listing of such shares. Listing and trading approval in respect of the same was obtained from BSE vide its letter dated May 7, 2007 and from NSE vide letter 28th June 2007.

6.13 As on the date of issue of this letter of offer , the status of outstanding ESOPs granted to its employees and its whole time directors is as follows:

The Target Company has received shareholders' approval for grant of stock options equivalent to 8181779 equity shares. Considering the options forfeited and exercised, the outstanding stock options granted under ESOP 2005 as on August 27, 2007 was 1,519,973. Out of this, the number of vested and exercisable options as on 30th August, 2007 is 529,323 options, which may be converted into 529,323 equity shares of the Target Company. The said ESOP 2005 scheme stands discontinued. The options granted under the new scheme- ESOP 2006 as on August 27, 2007 is 2,000,200. 254,000 options were granted to a whole time director, as on August 27, 2007. Apart from the 529,323 options referred to above, none of other options are vested.

There are no outstanding convertible instruments (warrants/ FCDs/ PCDs) etc.

6.14 All applicable clauses of the listing agreement relating to corporate governance, unaudited financial results, secretarial audit, etc. have been complied with. As on date no penal action has been taken against DAL by any stock exchanges. DAL has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, or any other regulations framed there under.

6.15 The composition of Board of Directors of Deccan Aviation Limited, as on date of the Public Announcement was as under:

Name & Designation	Appointment Date	Experience	Qualification	Residential Address
Capt. G.R. Gopinath Managing Director	19-06-1995	Is an ex Army officer who was in active service in 1971 in the war against Pakistan, and took early retirement in 1979 to pursue his diverse interests. A pioneer in the areas of organic farming and sericulture, he has several inventions to his credit. He was awarded the "Rolex Award for Enterprise" in 1996 for his contributions to organic farming. DAL was incorporated and established as the first heli-charter company in India 1995, under his direction. Under his vision and guidance DAL made its first foray into providing no-frills, low-cost airline service in India in August 2003. He has been involved in and continues to supervise the day-to-day operations and provides direction to the overall strategy and vision of DAL	Graduate from National Defense Academy	G-3, Garden Apts, Vittal Mallaya Road, Bangalore 560 001
Capt. K.J. Samuel Executive Director	19.6.1995	A recipient of the 'Sena Medal' for gallantry. After being commissioned into the Indian Army in 1971, he fought in the 1971 war against Pakistan and is an experienced helicopter pilot. He took voluntary retirement in 1992, as a Lieutenant Colonel. He is a qualified flying instructor and a DGCA Examiner. As the co-promoter and co-founder of DAL, he has played and continues to play a supervisory role in the day-to-day operations of DAL.	Graduate from National Defense Academy	288, 8th Block, Adugodi, Koramangala, Bangalore 560095
Mr. S. N. Ladhani	29-07-2000	An industrialist by profession possesses 46 years of business experience with diversified interests in sectors such as beverages, chemicals, renewable power generation, PE-pipes, threads and real estate. He started doing business at the age of 18 in the construction sector and thereafter established one of the largest bottling plants in India for 'Parle' Soft Drinks. Subsequently, he became one of the first bottler for Coca Cola, upon its re-entry into India, in 1993. He has been associated with DAL since 1996	Under Graduate	5/1, 1st Main, Jayamahal Extn, Bangalore 560046
Col. Jayanth K. Poovaiah	28-06-2003	He saw active service in the 1971 Indo-Pak war, the 1984 Siachen War, IPKF operations in Sri Lanka in 1988-89 and was engaged in counter-insurgency operations in Jammu and Kashmir between 1994and 1995. He took premature retirement in 1997 and has since been associated with DAL.	Graduate from National Defense Academy, The Indian Academy and the North Bengal University	1/4, Artillery Road, Ulsoor, Bangalore
Lt. Gen. N.S. Narahari (Independent Director)	01-07-1995	A recipient of the Param Vishisht Seva Medal for his services to the Indian Army, and was awarded a Mention in Despatches for his role in the 1971 War. He served in the Indian army for 37 years in various command, staff and instructional appointments. He saw active service in the 1965 and 1971	An Engineering Graduate from the Mysore University and a Post Graduate in defence studies from Madras University	No.28, 6th Cross, Hutchins Road, Bangalore 560 084

		Indo- Pak wars and was also engaged in counter-insurgency operations in Punjab and Assam. Lt. Gen. N S Narahari retired from the Army on 31 October, 1990 as the Commandant of the Prestigious Army war college. Lt. Gen. N.S. Narahari has been associated with DAL since its inception.		
Mr. Sumant Kapur	27-12-2003	He worked with Peal Marwick Mitchell & Co. (now KPMG), Tectonic Limited Wokingham England, Crystal Investments & Services Limited. He is a British citizen.	Graduate form St. Stephen College Delhi and a member of Institute of Chartered Accountant in England and India	79, Carlisle Mansion, Carlisle Place, London -SW1P1HX
Mr. Sudhir Choudhire	27-12-2003	He is a Non Executive Director on the boards of companies such as Taj Kerala Hotels and Resorts Private Limited and Indian Hotels and Health Resorts Hospitality Private Limited and has memberships and/or affiliations with varied trade organisations such as the Confederation of Indian Industry, the Federation of Indian Chambers of Commerce and Industry, the Indian Institute of Foreign Trade, the Federation of Indian Export Organisations, the Engineering Export Promotion Council and the India Trade Promotion Organisation. Since 1993, Mr Choudhrie has been the Honorary Consul General for the Republic of Latvia in India	Graduate in economics from University of Delhi	81, Cadogen Place, UK SWIX9RP
Mr. Vishnu Singh Rawal	5.1.2006	He is a recipient of the Chief's commendation for aviation operation activity. He was commissioned as an officer in the Indian Army. He was an instructor in the Army aviation school and saw active service during the Srinagar Insurgency. Following voluntary retirement in 1992, he was engaged as an executive pilot by the UP Government. He has acted as a consultant with several private airlines in connection with helicopter fleet acquisitions. He has accumulated more than 17,500 hours of flying experience in varied roles and terrain. He is involved in operations and maintenance functions of DAL.	Graduate from National Defense Academy	Flat No. 168, Surya Mukhi Apts, Vitthal Mallya Road, Bangalore 560 001
Mr. Vivek Kalra	29-03-2005	He is a vice-president of Capital International Inc., an investment manager with significant experience in investing in global emerging markets. He has research responsibility for Capital International's private equity business in Asia, including India. Prior to joining Capital International in 1999, he spent seven years first as a management consultant and later as a principal with McKinsey &Co. in India and New York	He as bachelor of technology degree in electrical engineering from the Indian Institute of Technology, Mumbai and a masters degree in business administration from the Stanford Graduate School of Business	327, River Valley Road, # 21-01, Young An Pk , Singapore 238 359
Ms. Bala Deshpande	29-03-2005	With over 15 years of multi industry exposure, she has worked with several leading multi national corporations. She currently focuses on sectors such as	She has a masters degree in economics from Bombay University and a	C/O.ICICI Venture Funds Management Co. Ltd, Stanrose House, Ground Floor,

		retail, media, IT, ITES, telecom, construction as also some manufacturing related industries.	Masters in Management Studies, Jamnalal Bajaj Institute of Management Studies	A. M Marg, Prabhadevi, Mumbai 400 025
Mr. Vijay Amritraj (Independent Director)	29-04-2002	A recipient of the Padma Shri, a designated United Nations Messenger of Peace and a recipient of the International Sportsman of the Year Award for the year 1987, was the youngest player to play Davis Cup for any country. He subsequently served India in the Davis Cup for 20 years and led India to Davis Cup finals twice in 1974 and 1987. Vijay founded the BAT (Britannia Amritraj Tennis) Academy in India and also held the position of President of the ATP (Association of Tennis Professionals).	B.Com D..Litt – Loyala College from Madras University.	No. 109, Sterling Road, Chennai
Mr. Anil Kumar Ganguly (Independent Director)	21-12-2005	He has over four decades of experience in various facets of corporate management, such as finance, accounting, audit, taxation and corporate affairs, and also has rich experience in sales and marketing in India as well as overseas and knowledge in areas of corporate financing, management, corporate governance, audit, taxation, international marketing, and project control. He was the whole time Director of Britannia Industries Limited and was the Managing Director of Nabisco Brands (Malaysia). He was also the President of the India Builders Corporation Group of companies. He is also a philanthropist and is involved in social welfare activities relating to education and child health	He is a fellow member of the Institute of Chartered Accountants of India.	Flat D-25, Diamond District, Airport Rd, Bangalore 560 008
Mr. P.N. Thirunarayana (Independent Director)	21-12-2005	Before becoming the founder director of National Center for Practicing Negotiating Skills, he was a professor at the Indian Institute of Management, Bangalore for over 30 years, and also worked with companies such as Grindwell Norton, MICO and Greaves Foseco. He has been the European community visiting professor at GROUPE ESSEC, Paris; a United Nations Development Programme (UNDP) fellow member, and a part of the governing council and a member of boards of studies of a number of management schools. He has also undertaken consultancy assignments with major organisations in the area of strategic marketing and has conducted 'in-house' programmes in the areas of strategic marketing, business marketing, managing major account, marketing of services, sales management and business negotiations.	He holds a bachelor's degree in science and engineering and a post graduate diploma in business administration from the Indian Institute of Management, Ahmedabad.	578, 5th Block,11th Main, Jayanagar, Bangalore 560 041

* Latest appointment as Alternate Director

Subsequent to the date of the Public Announcement Mr. Sudhir Choudhrie and Mr. Vivek Kalra ceased to be directors of the Company w.e.f. 28th June, 2007 and 2nd July, 2007 respectively and Mr. Sumant Kapur ceased to be alternate director w.e.f. 28.6.07.

6.16 None of the directors on the Board of the Target Company represent the Acquirer or the PACs.

6.17 None of the above directors of the DAL are on the Board of Directors of KRL.

6.18 There has been no merger/demerger, spin off during the last 3 years involving DAL.

6.19 Key audited financials of DAL for a period of three years are as follows. The results as on March 31, 2007 have been certified by the statutory auditors of DAL.

Rs. In lacs

Profit & Loss Statement	**For the year ended March 31, 2007 (9 months unaudited)**	**For the year ended June 30, 2006 (15 months audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Income from operations	127,141.0	123,639	30,589	6,294
Other Income	35,688✓	11,541	1,439	526
Total Income	**162,829**	**135,180**	**32,028**	**6,820**
Total Expenditure.	180,154	162,438	32,215	6,212
Profit Before Depreciation Interest and Tax	(17,325)	(27,257)	(186)	608
Depreciation & Amortisation	3,151	3,228	878	138
Interest	3,928	3,195	1,021	387
Profit Before Tax	(24,404)	(33,680)	(2,086)	83
Provision for Tax	246	375	(132)	27
Profit After Tax	(24,650)	(34,055)	(1,954)	56

Balance Sheet Statement	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Sources of funds				
Paid up share capital	10,025	9,818	1,620✝	1,553ϒ
Reserves and Surplus (excluding revaluation reserves)%	NA -	8687	(3137)	(378)
Networth	10,025	18,505	-1,517	1,175
Secured loans	74,677	44,816	15,942	2,262
Unsecured loans	0	350	12,506	1,230
Total	**136,233**	**103,488**	**31,666**	**5,937**
Uses of funds				
Net fixed assets*	58,254	51,746	20,382	2,671
Investments	42	41	45	0

Net current assets	14,888	11,885	6,504	1,996
Total miscellaneous expenditure not written off	2,344	3,908	2,883	1,270
Debit balance in Profit & Loss Account	60,706	35,908	1,853	
Total	**136,233**	**103,488**	**31,666**	**5,937**

Other Financial Data	**For the year ended March 31, 2007 (unaudited)**	**For the year ended March 31, 2006 (audited)**	**For the year ended March 31, 2005 (audited)**	**For the year ended March 31, 2004 (audited)**
Dividend (%)	-	-	-	5%
Earning Per Share(Rs)	(24.93)	(68.24)	(8.38)	4.30
Return on Networth (%)	NA	NA*	NA*	4.77%
Book Value Per Share)%	NA	18.85	(9.36)	7.57

- Net current assets include Rs 132 lacs deferred tax liability.

Note:

✓ The sources of the Other Income were: (1) Interest on Bank Deposits: Rs. 1061.16 lacs, (2)_Profit on transfer of aircraft/ engine purchase rights: Rs. 28,969.03 lacs, (3) Net foreign exchange gain: Rs. 1965.64 lacs, (4) Forward contract gains: Rs. 110.15 lacs and (5) Miscellaneous Income: Rs. 3861.07 lcas.

☨ 16,04,980 fully paid up equity shares of Rs. 100/- each(Rs. 1604.89 lacs) and 15,01,298 fully paid up equity shares of Re.1/- each (Rs. 15.01 lcas)

♈ 15,37,660 fully paid up equity shares of Rs. 100/- each.

% Computed after deducting Total miscellaneous expenditure not written off and Debit balance in Profit & Loss Account

 # not computed since the figures are for a 9 month period.

* not applicable since the Networth is negative.

(1) Dividend (%) = Dividend paid per equity share / No. of equity shares outstanding at year-end/ Par value per equity share

(2) Earnings per share = Profit after tax (prior to any adjustments) / Weighted Average No. of equity shares outstanding at the end of the year

(3) Return on Net worth (%) = Profit after tax (prior to any adjustments) / Net worth at year-end

(4) Book Value per equity share = Net worth / No. of equity shares outstanding at year end

Source: Annual Reports of DAL for (i) the FY ended March 31, 2006, (ii) the FY ended March 31, 2005 and (iii) the FY ended March 31, 2004. The nine month financials have been taken from data provided by DAL. Unaudited results have been reviewed/ certified by the statutory auditor of DAL.

6.20 The reasons for fall/rise in total income and PAT in the relevant years.

2005-06 vis-à-vis 2004-05

The financial period is for 15 months from April 2005 to June 2006 and is, therefore, not strictly comparable with the results of the previous financial period of 12 months from April 2004 to March 2005

The total income stood at Rs.13,5180.6 lacs in the fifteen months ended June 30, 2006. Sale of airline tickets and related income accounted for 86.74% of the total income as compared to 85.27% in the full year of FY 2004-05. This increase was principally due to the expansion of the airline operations.

The Company inducted 20 aircrafts (9 Airbus A320s and 11 ATRs) and returned. 2 ATRs during the period under review. Aircraft induction and deployment involves planning and incurring of expenses almost a year in advance with recruitment and training of pilots, cabin crew, engineers, airport space acquisition and development, market development, all of which requires sizeable funds outlay against which the revenues start flowing in much later. Steep increases in fuel costs during the period (more than 30%), increases in remuneration to skilled personnel due to market factors, shortage of locally available skilled personnel leading to recruitment of expatriate personnel, weakening of the Rupee against the US Dollar, intense competition within the aviation sector leading to pressure on yields all combined to cause an operating loss during the period under review.

2004-05 vis-à-vis 2003-04

The total income increased by Rs. 25208.1 lacs from Rs.6820.2 lacs in FY 2003-04 to Rs. 32028.3 lacs in fiscal 2005. This increase was principally due to increased airline ticket sales.

The aviation business is highly capital intensive and particularly in a high growth phase, capital needs to be injected rapidly and on a continuous basis in order to maintain the planned growth rate. Additionally, market development, brand building and awareness require significant investment and expenditure on an on going basis. The Company inducted 12 aircrafts- 5 airbus A320s and 7 ATR 42s') during the year under review which is unprecedented in India's aviation history. Further, aircraft induction and deployment, in both virgin and existing routes involves a period of ramp up requiring sizeable funds outlay against which the matching or commensurate in flows takes place only after 3 or 4 month of operations. Owing to these reasons, there has been an operating loss during the year under review.

6.21 The shareholding and voting pattern of DAL prior to and following the proposed Preferential Issue and the acquisition by the Acquirer of Shares validly tendered pursuant to the Offer (assuming full acceptance), is as under:

Shareholders' category	**Shareholding & voting rights prior to the agreement/ acquisition and offer.**		**Shares /voting rights agreed to be acquired which triggered off the Regulations**		**Post Preferential Issue Shareholding**		**Shares/voting rights to be acquired in open offer (Assuming full acceptances)**		**Share holding / voting rights after the acquisition under the Preferential Allotment and Offer. i.e.**	
	(A)		**(B)**		**(A) + (B) = (C)**		**(D)**		**(C) + (D) = (E)**	
	No.	%	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group										
1. Parties to agreement, if any	22,162,500	22.11	0		22,162,500	16.36	0		22,162,500	16.34
2. Promoters other than (a) above	0		0		0	0	0		0	0
Total 1 (a+b)	22,162,500	22.11	0		22,162,500	16.36	NIL		22,162,500	16.34
(2) Acquirers 1. Main Acquirer 2. PACs	0	0	35,222,231	26.00	35,222,231	26.00	27,126,360	20.00	62,316,255	45.94
Total 2(a+b)	0	0	35,222,231	26.00	35,222,231	26.00	27,126,360	20.00	62,316,255	45.94
(3) Parties to agreement other than(1) (a) & (2)	0	0	0	0	0	0	0	0	0	0
(4) Public (other than parties to agreement, acquirer & PACs)										
1. FIs/MFs/FIIs/Banks, SFIs (indicate names)	14,251,753	14.22	0	0	14,251,753	10.52				
2. Others	63,833,634	63.68	0	0	63,833,634	47.12			1,61,680	0.12
(Indicate the total number of shareholders in	51265									

"Public category")										
Total (4)(a+b)	78,085,387	77.90	NIL		78,085,387	57.64	(27,126,360)	(20.00)	50,991,363	37.60
GRAND TOTAL (1+2+3+4)	100247887	100	35,222,231	26.00	135,470,118	100	(27,126,360)	(20.00)	135,631,798	**100.00**

6.22 The details of the changes in Shareholding of the promoter group as and when it took place

Name of Promoter	Date on which Equity Shares were acquired/ transferred	Nature of payment of consid-eration	Number of Equity Shares	Cumulative number of shares	Promoter Shareholding consequent to shareholding (%)	Status of Compliane
Capt. G.R. Gopinath	June 7, 1995	Subscription to the	250	250		
	March 20, 1998	Further allotment	7550	7800		
	September 11, 2000	Bonus	44200	52000		
	September 3, 2002	Rights	208000	260000		
	March 1, 2004	Bonus	208000	468000		
	March 9, 2004	Rights	140400	608400		
	February 11, 2005	Transfer	182400	790800		
	August 5, 2005	Transfer	(60800)	730000		
		Sub Total	**730000**	**730000**		
	November 17, 2005	Sub-division of face value of shares*	**7300000**	**7300000**		
	November 17, 2005	Bonus	3650000	10950000		
	Total		**10950000**		**8.08**	Complied
Capt. K.J. Samuel	June 7, 1995	Subscription to the	250	250		
	March 20, 1998	Further allotment	7250	7500		
	September 11, 2000	Bonus	42500	50000		
	September 3, 2002	Rights	200000	250000		
	March 1, 2004	Bonus	200000	450000		
	March 9, 2004	Rights	135000	585000		
	November 17, 2005	Transfer	(28400)	556600		
		Sub Total	**556600**	**556600**		

	November 17, 2005	Sub-division of face value of shares*	5566000	5566000		
	November 17, 2005	Bonus	2783000	8349000		
		Total	**8349000**		**6.16%**	Complied
Vishnu Singh Rawal	March 20, 1998	Initial Allotment	2700	2700		
	September 11, 2000	Bonus	15300	18000		
	September 3, 2002	Rights	72000	90000		
	March 1, 2004	Bonus	72000	162000		
	March 9, 2004	Rights	48600	210600		
	November 17, 2005	Transfer	(19700)	190900		
			190900	**190900**		
	November 17, 2005	Sub-division of face value of shares*	**1909000**	**1909000**		
	November 17, 2005	Bonus	954500	2863500		
		Total	**2863500**		**2.11**	Complied

**Sub-division of face value of shares from Rs 100/- to Rs 10/-*

All changes are pre listing. Hence, the SEBI (SAST) Regulations were not applicable.

6.23 DAL was listed on June 12, 2006. Hence there were no compliance requirements on DAL or the major shareholders/ Promoters of DAL in terms of Chapter II of the SEBI (SAST) Regulations before such listing. The status of compliance of DAL since then is as follows:

Sl. No.	Regulation/ Sub-regulation	Due Date for compliance, as mentioned in the regulation	Actual Date of Compliance	Delay if any (in number of days)	Remarks
1.	8(3)	30.4.2007	13.6.2007	44	SEBI may initiate appropriate action under the SEBI Act/ or regulations issued thereunder in relation to the above.
2.	7(3)	9.7.2007	3.7.2007	Nil	This is in relation to the Preferential Allotment to the Acquirer.

6.24 The compliance status of the Promoters and the major shareholders in terms of Chapter II of the SEBI (SAST) Regulations is as follows:

Sl.	Regulation/	Due Date for	Actual	Delay if	Remarks

No.	Sub-regulation	compliance, as mentioned in the regulation	Date of Compliance	any (in number of days)	
1	8(1)	21-4-2007	N.A.	N.A.	There were no shareholders in the company who were covered under Regulation 8(1) on the relevant date. Hence the same was inapplicable.
2	8(2)	21-4-2007	18.4.07	N.A.	Complied.
3	7(1) & (2)	2-7-2007	2.7.2007	N.A.	This is in respect of Preferential Allotment to Kingfisher Radio Limited, which triggered this Offer.
4	7(1A) & (2)	N.A.	N.A.	N.A.	Regulation 7(1A) is not applicable since no situation envisaged under it has arisen.

6.25 DAL is in full compliance with clause 49 of the listing agreement on corporate governance.

The details of the various committees constituted in furtherance of compliance with Clause 49 are:

- Audit Committee: It comprises Mr. Anil Kumar Ganguly (Chairman) , Lt. Gen. N.S. Narahari, Ms. Bala Deshpande, Mr. S. N. Ladhani and Mr. P.N. Thirunarayana
- Remuneration/Compensation committee: It comprises Mr. Anil Kumar Ganguly (Chairman), Lt. Gen. N.S. Narahari, Ms. Bala Deshpande, Mr. S. N. Ladhani and Mr. P.N. Thirunarayana.
- Share Allotment, transfer and investor Grievance Committee: It comprises Mr. Anil Kumar Ganguly (Chairman), Lt. Gen. N.S. Narahari, Mr. S N Ladhani, Capt K J Samuel and Col. Jayanth K. Poovaiah.

6.26 Following are the material legal cases involving DAL, to the best knowledge of DAL

Against DAL

Consumer Matters	
1.	Around two hundred and twenty (including five appeals) consumer cases are pending against DAL in original proceedings/ appeals, in various consumer fora across the country on alleged deficiency of service on the grounds of denial of boarding, denial of refund, flight cancellation, loss of baggage, change of flight schedule, etc. The aggregate claims made amount to less than Rs. 440 lacs.
Labour Matters	
2.	Around five matters are pending before various labour tribunals in relation to alleged violations of the Contract Labour (Regulation and Abolition) Act, 1970 and the Payment of Wages Act, 1936.
Civil Matters	
3.	Three PILs have been filed by an NGO before the Delhi High Court, seeking directions to protect the rights of disabled persons during air travel.
4.	Four civil suits for recovery of money have been filed against DAL for an aggregate sum of less than Rs. 35 lacs.

5.	Around six other matters, including civil disputes, an arbitration case and a writ petition, have been filed before various fora, which deal with issues relating to the Right to Information Act, 2005, the viability of low cost schemes under the Monopolistic and Restrictive Trade Practices Act, 1969, unilateral increase of lease rental and a writ petition against the termination of service of certain employees of a ground handling agent of DAL.
6.	A winding up notice has been received by DAL on alleged non-payment of approximately Rs. 557 lacs to Interglobe Travel Technology Services Pvt Ltd. An interim reply has been served by DAL and the final reply is scheduled to be filed shortly. No adverse order has been passed in this matter against DAL.

By DAL

Consumer Matters	
1.	Around thirteen appeals filed by DAL against the decision of consumer courts are pending. Issues relate to deficiency of service on grounds of denial of boarding, flight cancellation, loss of baggage, etc. The aggregate of the amounts involved is approximately Rs. 3.85 lacs.
Criminal Matters	
2.	Around eight prosecutions under Section 138 of the Negotiable Instruments Act, 1881 have been initiated by DAL. The aggregate amount involved in such cases would amount to approximately Rs. 34 lacs.
Labour Matters	
3.	Two appeals have been filed by DAL against orders passed by the appropriate authority under the Employees State Insurance Act which related to alleged non-payment/ delayed payments of contributions required under the said Act. An aggregate sum of Rs. 11 lacs is involved in the two cases.
Civil Matters	
5.	Around five other civil matters filed by DAL, which include suits seeking recovery of overpaid salary and training costs, damages caused by resignation of employees and injunction against interference in its business.

6.27 Following are the contingent liabilities of DAL, as on May 31, 2007:

- Commitments
  - Guarantees given by banks = Rs. 24,046.84 lacs
  - Letters of credit outstanding = Rs. 1,244.75 lacs
- Capital Commitments = Rs. 778,754.04 lacs
- Claims against DAL, not acknowledged as debts = Rs. 398.31 lacs

6.28 Name and other details of Compliance Officer: Mr. N. Srivatsa, (Company Secretary), 35/2, Cunningham Road, Bangalore 560 052. Tel +91 80 41585069; Fax no: + 91 80 41148849.

7 OF FER PRICE AND FINANCIAL ARRANGEMENTS

7.1 JUSTIFICATION OF OFFER PRICE

7.1.1 The equity shares of DAL are listed on the BSE and NSE.

7.1.2 The annualised trading turnover during the preceding six months , prior to the month in which PA was made, ended May 2007 in each of the stock exchanges on which the Equity Shares of DAL are listed is detailed below:

Name of	Total no. of shares	Total No. of listed	Annualized	Trading Status in terms of

Stock Exchange	traded during the 6 calendar months prior to the month in which PA is made	Shares	Trading turnover(as a % to total listed shares)	SEBI (SAST) Regulations
BSE	58,060,780	98182007 *	57.92	Frequently Traded
NSE	116,968,931	98182007 *	116.68	Frequently Traded

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

**98182007 fully paid up equity shares of DAL were listed on the date of the Public Announcement. 19,63,640 shares of DAL, which were preferentially allotted on December 23, 2006 were listed subsequently and 102,240 shares of DAL which were allotted pursuant to exercise of ESOPs were also listed subsequently. Please refer section 611 and 6.12 for further details.*

7.1.3 As the annualized trading turnover (by number of shares) on NSE is more than BSE, the shares of DAL are deemed to be most frequently traded on NSE as per the explanation to Regulation 20(5) of the Regulations.

7.1.4 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 Acquirer and the PACs 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 date of the board resolution of the Target Company authorizing the preferential allotment to the Acquirer and PACs, i.e. May 31, 2007	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 date of the board resolution of the Target Company authorizing the preferential allotment to the Acquirer and PACs , i.e. May 31, 2007	Rs. 124.17 per share
d)	The average of the daily High and Low of the prices of the shares of DAL on the stock exchange on which it is most frequently traded, during 2 weeks period preceding date of the board resolution of the Target Company authorizing the preferential allotment to the Acquirer and PACs, i.e. May 31, 2007	Rs. 136.43 per share

7.1.5 The details of closing prices and volume on NSE for the 26 week period prior to the date of the PA are as under:

Week No.	Week Ended	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
1	Friday, December 08, 2006	140.40	128.05	134.23	5,782,464
2	Friday, December 15, 2006	134.50	119.10	126.80	5,326,381
3	Friday, December 22, 2006	130.55	121.65	126.10	1,780,386
4	Friday, December 29, 2006	140.80	128.00	134.40	5,377,680
5	Friday, January 05, 2007	144.40	135.30	139.85	5,539,904
6	Friday, January 12, 2007	159.15	142.60	150.88	13,862,253
7	Friday, January 19, 2007	157.75	152.65	155.20	6,920,880
8	Thursday, January 25, 2007	153.50	147.10	150.30	3,459,976
9	Friday, February 02, 2007	150.00	145.35	147.68	3,550,567

10	Friday, February 09, 2007	150.05	135.30	142.68	3,164,730
11	Thursday, February 15, 2007	129.05	120.55	124.80	1,883,383
12	Friday, February 23, 2007	136.25	126.15	131.20	1,646,352
13	Friday, March 02, 2007	130.65	117.60	124.13	1,018,559
14	Friday, March 09, 2007	106.90	98.05	102.48	809,618
15	Friday, March 16, 2007	104.10	100.75	102.43	445,983
16	Friday, March 23, 2007	100.50	97.05	98.78	959,153
17	Friday, March 30, 2007	97.40	92.25	94.83	661,931
18	Thursday, April 05, 2007	92.20	87.65	89.93	675,855
19	Friday, April 13, 2007	114.05	91.90	102.98	5,855,266
20	Friday, April 20, 2007	115.20	104.35	109.78	3,328,864
21	Friday, April 27, 2007	117.70	109.15	113.43	1,606,376
22	Friday, May 04, 2007	114.70	104.00	109.35	790,101
23	Friday, May 11, 2007	120.65	104.60	112.63	2,741,154
24	Friday, May 18, 2007	145.25	116.75	131.00	13,760,946
25	Friday, May 25, 2007	140.05	127.90	133.98	10,577,574
26	Thursday, May 31, 2007	146.20	130.95	138.58	14,492,358
26 Weeks Average			Rs. 124.17		

(Source: www.nseindia.com)

The average of daily high and low prices of the Equity shares of DAL during the 2 week period preceding the date of the Board Meeting on NSE is given below:

Day	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
1	Monday, May 21, 2007	144.75	139	141.88	1,403,692
2	Tuesday, May 22, 2007	141.5	130	135.75	1,402,976
3	Wednesday, May 23, 2007	135	126.1	130.55	1,259,803
4	Thursday, May 24, 2007	140.35	126.35	133.35	3,365,846
5	Friday, May 25, 2007	144.5	129.1	136.80	3,145,257
6	Monday, May 28, 2007	142.8	134.25	138.53	1,925,629
7	Tuesday, May 29, 2007	139.9	134.4	137.15	1,181,328
8	Wednesday, May 30, 2007	138	129.85	133.93	1,269,291
9	Thursday, May 31, 2007	149.8	130	139.90	10,116,110
2 Weeks Average				**Rs. 136.43 _____**	

7.1.6 In the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified.

7.1.7 No non-compete agreements have been entered into by the Acquirer or PACs in relation and no additional payments are being made by the Acquirer or the PACs, as non-compete fees.

7.1.8 If the Acquirer acquires Shares after the date of the Public Announcement upto seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2 FINANCIAL ARRANGEMENT

7.2.1 The total fund requirement for the acquisition of up to 27,126,360 Shares of Rs. 10 each at Rs. 155 (Rupees One Hundred and Fifty Five only) per share is Rs. 4,204,585,800] (Rupees Forty Two Thousand Forty Five Lacs, Eighty Five Thousand, Eight Hundred only]). The Acquirer and the PACs have made firm financial arrangements to fulfill the financial obligations arising out of the Offer, including its obligations under Regulation 29 of the SEBI (SAST) Regulations.

7.2.2 Further, under Regulation 28(2) and 28(10) of the SEBI (SAST) Regulations, the Acquirer has :

- Placed a Cash Deposit of Rs. 42, 500,000 (Four Hundred and Twenty Five Lacs 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.

- Procured a Bank Guarantee by Yes Bank Ltd, Worli, Mumbai of Rs. 57,04,68,872/- (Rupees Five Thousand Seven Hundred And Four Lacs, Sixty Eight Thousand, Eight Hundred and Seventy Two only) favour of Edelweiss, the Manager to the Offer and is valid till at least twenty days from the closure of the Offer.

7.2.3 The funding of the Preferential Allotment of 35,222,231 equity shares of Deccan Aviation Limited was done from internal accruals and loans. The details of the loans are:

- IDFC has provided a Rupee Term Loan of Rs 40,000 lakhs, for a tenure of three years and a rate of 4.75% per annum over the IDFC Benchmark rate.
- HDFC has provided a Rupee Term Loan of Rs 10,000 lakhs, for a tenure of three years and a rate of 5.0% per annum per month over the IDFC Benchmark rate, i.e @ 9.81 %.

7.2.4 Mr. S. N. Balasubramanya, Chartered Accountants (Membership no. 26110) having his office at - No. 73, Narayana Nilaya, 2nd Main, 4th Cross, Sarvabhoumanagar, Bangalore - 560 061, have certified the Networth based on the unaudited financial statements of KRL as on March 31, 2007 as Rs. 1449.0 lacs and issued a letter dated June 4, 2007, certifying the adequacy of financial resources with the Acquirer to fulfill the Offer obligations. Further, M/s. Vishnu Ram & Co., Chartered Accountants (Membership no. 22715) having its office at No. 652/H, 80 feet Road, II Stage, Rajaji Nagar, Bangalore 560 010 have certified the Networth based on the unaudited financial statements of United Breweries (Holdings) Limited as on March 31, 2007 as Rs. 4,5411.5 lacs.

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

7.2.6 The Acquirer/PACs propose to utilize a combination of internal accruals and borrowed funds to fund the acquisition. In this respect, the Acquirer and the PACs had procured bank guarantees in favour of the Merchant Banker to the tune of Rs. 4,20,46,89,000 (Rupees Forty Two Thousand and Forty Six Lacs, Eighty Nine Thousand Only) – one bank guarantee to the tune of Rs. 36,000 lacs from Citibank, N.A., 30 M.G Road, Bangalore, another bank guarantee to the tune of Rs. 46.89 lacs from Citibank, N.A, 30 M.G Road, Bangalore, and a further bank guarantee to the tune of Rs. 6,000 lacs from Standard Chartered Bank, 26 M.G Road, Bangalore. Out of the above Bank Guarantees, the two guarantees issued by Citibank N.A., Bangalore, have been released pursuant to the deposit of the amount of Rs 36,047 lacs in the escrow accounts, to be operated by the Merchant Banker for the purpose of implementing this offer.

8 TERMS AND CONDITIONS OF OFFER

8.1 The Offer is not conditional on any minimum level of acceptances.

8.2 The Offer is subject to

a) acquisition of shares by the Acquirer and the PACs which is subject to the approval of the shareholders of DAL, under Section 81 (1A) of the Companies Act and Listing Approval from the stock exchanges and

b) approvals from the Reserve Bank of India, if required

Besides this, to the best knowledge and belief of the Acquirer and the PACs, no other statutory approval is required to acquire the equity shares tendered pursuant to this offer.

8.3 The approval under Section 81(1A) mentioned above in paragraph 8.2(a) has been obtained. All requisite approvals from the stock exchanges in relation to the preferential allotment and the listing of the shares allotted have been obtained. Since any Shares tendered under the Offer by Non-Resident Indians will be acquired by KRL, which is an Indian entity, approval from the Reserve Bank of India is not required.

8.4 Approval is required from the DGCA for the change in the management of the Target Company from being a company managed by the Promoters to a company co-managed by the Promoters and the Acquirers and PACs. Such approval has been applied for and the same is pending. However, such approval is not a pre-requisite for the acquisition of equity shares of the Target Company pursuant to either the Preferential Allotment or this Offer.

8.5 On December 23, 2006, 1,963,640 equity shares of Rs 10/- each at a premium of Rs 140/- were issued on preferential basis to Investec Bank (UK) Limited. The share certificate number is 59607 and bear distinctive numbers from 98182008 to 100145647. These shares are locked in for a period of one year upto December 22, 2007. These shares can be transferred to the Acquirer/ PACs subject to the continuation of the residual lock-in period in the hands of the Acquirer/ PACs. There shall be no discrimination in the acceptance of locked-in and non locked-in shares

8.6 In case of delay in receipt of any statutory approvals, SEBI has power to grant extension of time to Acquirer and the PACs for payment of consideration to the shareholders subject to Acquirer/PACs 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 wilful default by Acquirer and the PACs in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also be applicable.

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

8.8 The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of DAL (except Acquirer and the /PACs 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.

8.9 Accidental omission to dispatch this Letter of Offer or the non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.

8.10 Any Shares that are subject matter of litigation or are held in abeyance due to pending court cases/ attachment order(s) / restriction from other statutory authorities, wherein the shareholder(s) may be precluded from transferring the Shares during pendency of the said litigation are liable to be rejected in case directions/orders of the Court/relevant statutory authority permitting transfer of these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

8.11 The acceptance of the Offer made by the Acquirer/PACs is entirely at the discretion of the shareholders of the Target Company. The Acquirer/PACs does not accept any responsibility for the decision of any shareholder to either participate or to not participate in the Offer. The Acquirer will not be responsible in any manner for any loss of Share certificate(s) and Offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.12 Incomplete acceptances, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further, in case, the documents / forms submitted are incomplete and / or if they have any defect or modifications, the acceptance is liable to be rejected.

8.13 The Acquirer, along with the PACs will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

8.14 The instructions and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 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 October 1, 2007in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement.

(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

9.1.1 For Shares held in physical form:

Registered Shareholders should enclose:

a) Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the Share certificates.
b) Original Share certificate(s).
c) Valid share transfer deed / form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with DAL and duly witnessed at the appropriate place. Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a Magistrate/ Notary Public/ Bank Manager under their official seal. The details of buyer should be left blank failing which, the tender will be invalid under the Offer
d) In case of non receipt of the aforesaid documents, but receipt of the original Share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to have been accepted.

Unregistered owners should enclose:

a) Form of Acceptance duly completed and signed in accordance with the instructions contained therein.
b) Original Share certificate(s).
c) Original broker contract note.
d) Valid share transfer deed(s) as received from market. The details of buyer should be left blank failing which, the tender will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders. The details of the buyer will be filled upon verification of the Form of Acceptance & other documents and the same being found valid. All other requirements for valid transfer will be preconditions for acceptance.

9.1.2 For Shares held in dematerialized form:

Beneficial owners should enclose:

a) Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
b) Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of business hours on Offer Closing Date. The Registrar to the Offer has opened a special depository account details of which are as follows:

DP Name	CIL Securities Limited
Beneficiary A/C. No.	1201350000052688
Account Name	KCPL Escrow Account – Deccan Aviation Open Offer
Depository	CDSL

For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance. **Beneficial owners having their beneficiary accounts with CDSL have to use inter-depository delivery instruction slip for the purposes of crediting their Shares in favour of the special depository account with NSDL**. In case of non receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted. The Forms of Acceptance of such demate shares not credited in favour of the special depository account, before the Offer Closing Date will be rejected.

9.1.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the Form of Acceptance is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):

- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

9.2 The Share certificate(s), share transfer form, Form of Acceptance and other documents, if any should be sent only to the Registrar to the Offer, at the collection centers mentioned in paragraph 9.1. **They should not be sent to the Manager to the Offer or the Acquirer or the Target Company.**

9.3 The minimum marketable lot for the purposes of acceptance, for both physical and demate shares, would be one Share.

9.4 In case of non-receipt of the Letter of Offer / Form of Acceptance / Form of Withdrawal eligible shareholders and unregistered owners (including beneficial owners) may download the same from SEBI's website http://www.sebi.gov.in or obtain a copy of the same by writing to the Registrar to the Offer at the collection centres set out above clearly marking the envelope "Deccan Aviation Limited - Open Offer" by providing suitable documentary evidence of the acquisition of the Shares or make the acceptance on plain paper. Shareholders holding Shares in physical form may send an application to the Registrar to the Offer, stating on plain paper their name, address, folio number, number of Shares held, distinctive numbers, number of Shares offered, bank particulars along with original Share Certificate(s), duly signed & witnessed transfer form(s), on or before the close of the Offer, i.e. by no later than October 1, 2007. Beneficial owners may send an application to the Registrar to the Offer, stating on plain paper their name, address, DP name, DP ID, beneficiary account number, number of Shares held, number of Shares offered, bank particulars, photocopy of the delivery instructions in "Off-market" mode or a counterfoil of the delivery instructions in "Off-market" mode duly acknowledged by the DP in favour of the special depository account mentioned above, as may be relevant, to the collection centres on or before the close of business on the Offer Closing Date , i.e. by no later than October 1, 2007. The acceptance should be signed by all the shareholders as per the registration details available with DAL/ Depositories and should be sent to the Registrar to the Offer in an envelope clearly marked "Deccan Aviation Limited - Open Offer". It may be noted that no indemnity is required from unregistered shareholders.

9.5 In case any person has submitted Shares in physical form for dematerialisation and such dematerialisation has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialisation request form acknowledged by shareholder's DP. Such shareholders should ensure that the process of getting the Shares dematerialised is completed well in time so that the credit of the Shares to the special depository account is completed on or before 1 PM on the Offer Closing Date, failing which such an acceptance would be rejected. A copy of delivery instructions acknowledged by the DP in favour of the special depository account should be forwarded to the collection centre where the Form of Acceptance and other documents were tendered, before the close of business on the Offer Closing Date.

9.6 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 Acquirer 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 Acquirer under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, Acquirer 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.

9.7 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 September 26, 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/withdrawn; and
- In case of dematerialized shares: Name, Address, number of shares offered/ withdrawn, 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.

9.8 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.

9.9 If the aggregate of the valid responses to the Offer exceeds the Offer size of 27,126,360 fully paid-up equity shares of DAL (representing 20% of the Post Preferential Issue Capital of DAL), then the Acquirer 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.

9.10 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 demate 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. It will be the responsibility of the equity shareholders to ensure that the unaccepted Shares are accepted by their respective depository participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.

9.11 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 October 1,, 2007, else their application would be rejected.

10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection at the office of the Manager to the Offer, Edelweiss Capital limited, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, until the Offer closure:

10.1.1 Certificate of incorporation, Memorandum and Articles of Association of the Kingfisher Radio Limited (Acquirer), United Breweries (Holdings) Limited and UB Overseas Limited (PACs) and Deccan Aviation Limited (Target Company);

10.1.2 A certificate from S.N.Balasubramanya, Chartered Accountant certifying the adequacy of financial resources with Kingfisher Radio Limited (Acquirer) and United Breweries (Holdings) Limited (PAC) to fulfil the open offer obligations.

10.1.3 Three years audited annual reports and certified financials for the year ending March 31, 2007 (9 months for the Target Company).of the Kingfisher Radio Limited (Acquirer) and

United Breweries (Holdings) Limited (PAC) and Deccan Aviation Limited (Target Company).

10.1.4 A letter from the Standard Chartered Bank confirming the amount kept in the escrow account and a lien in favour of MB.

10.1.5 Copy of the binding Term Sheet dated May 31, 2007, between the UB Group, the Deccan Aviation Limited and its Promoters, which triggered the open offer.

10.1.6 Copy of the Subscription-cum-Shareholders Agreement dated June 26, 2007, executed between KRL, UBHL, DAL and the Promoters.

10.1.7 Documents relating to financing for Preferential Allotment/Open Offer.

10.1.8 A copy of the letter from SEBI in terms of proviso to Regulation 18(2).

10.1.9 A published copy of Public Announcement, along with the corrigenda published.

10.1.10 A copy of the agreement into with Depository participant for opening a special depository account for the purpose of the offer.

11 DECLARATION BY ACQUIRER

The Acquirer, represented by its Board of Directors accepts responsibility for the information contained in this Letter of Offer Each of the Acquirer and the PACs will be jointly and severally responsible for ensuring compliance with the SEBI (SAST) Regulations.

Signed on behalf of Acquirer
For and on behalf of Board of
Kingfisher Radio Limited

Name: P. Subramani
(Director)

United Breweries (Holdings) Limited

Name: A. Harish Bhat
(Director)

UB Overseas Limited

Name: Hemanth Menon
Authorized Signatory

Date : September 3, 2007
Place : Bangalore
Encl:
1. Form of Acceptance
2. Form of Withdrawal
3. Transfer deed for shareholders holding shares in physical form

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION OFFER

(Please send this Form with enclosures to the Registrars to the Offer at any of their collection centres as per the mode of delivery mentioned in the Letter of Offer.)

(To be filled in by the shareholder.)

OPEN OFFER TO THE SHAREOLDERS OF DECCAN AVIATION LIMITED	
OFFER OPENS ON :	September 12, 2007
OFFER CLOSES ON :	October 1, 2007
LAST DAY FOR WITHDRAWL:	September 26, 2007

From

Name:

Address:

Status: Resident/Non-Resident

Tel No: Fax No: Email:

To,
Kingfisher Radio Limited C/o. Karvy Computershare Private Ltd.
"Karvy House"
46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad – 500 034

Dear Sirs,

Sub: Open offer for acquisition of up to 27,126,360fully Paid-up Equity Shares of face value of Rs.10/- each, representing 20% of the Post Acquisition Capital of Deccan Aviation Limited ("DAL"/ 'Target Company) by Kingfisher Radio Ltd.(the "Acquirer") and Persons Acting in Concert viz. United Breweries (Holdings) Limited and UB Overseas Limited at a price of Rs. 155/- per fully paid-up equity share

I/We refer to the Letter of Offer dated September 3, 2007 for acquiring the equity shares held by me/us in **Deccan Aviation Limited.**
I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

I/We, hold the following shares in physical form and accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Ledger Folio No.__________________No. of Share Certificate(s)_____________________________No. of Shares___________

Sr.No.	Certificate No.	Distinctive No.		No. of Shares
		From	**To**	
			Total number of equity shares	

(In case of insufficient space, please use an additional sheet and authenticate the same)

SHARES HELD IN DEMAT FORM

I/We hold the following shares in Demat Form and accept the Offer and enclose a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an off-market transaction for crediting the shares to the special depository account with CIL Securities Limited opened by the Registrar to the Offer with CDSL styled "KCPL Escrow Account – Deccan Aviation Open Offer" whose particulars are,

DP Name: CIL Securities Limited	Beneficiary Account No. 1201350000052688

Shareholders having their beneficiary account in NSDL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in the favour of the special depository account with CDSL.

I/We note and understand that the Shares would lie in the said A/c i.e. KCPL Escrow Account – Deccan Aviation Open Offer**"** until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

--Tear Along this line---

Acknowledgement Slip: Deccan Aviation Limited – Open Offer

(to be filled by the shareholder)(subject to verification)

Folio No./DP ID **Client ID** **Sr No**

Received from Mr./Ms./M/s____

Form of Acceptance along with:
(Please √ whichever is applicable)

☐ Physical Shares : Number of Shares____________________ Number of certificates enclosed

☐ Demat Shares : Copy of Delivery Instruction for__________________number of Shares enclosed

Stamp of Collection Centre

Signature of Official__________________________Date of Receipt ________________________________

Payments for accepted Shares/credits for unaccepted Shares will be dispatched/credited by Tuesday, August 28, 2007, subject to the receipt of regulatory approvals, if any needed.

My/Our Permanent Account No. (PAN)/ General Index Register Number (GIR) is as : follows(Please refer to instruction number 5):

	First/Sole Holder	**Joint Holder 1**	**Joint Holder 2**	**Joint Holder 3**
Permanent Account Number (PAN)				
General Index Register Number (GIN)				

Enclosures (Please √ as appropriate)

☐ Power of Attorney

☐ Previous RBI approvals for holding the shares of DAL hereby tendered in the Offer.

☐ No Objection Certificate &Tax Clearance Certificate Income Tax Act, 1961, for NRIs/OCBs/ foreign and other non resident shareholders as applicable

☐ Corporate authorisation in case of companies along with Board Resolution and specimen signatures of authorised signatories, copy of Memorandum and Articles of Association`

☐ Photo copy of the PAN no. / GIR No: /Form 60 (as applicable) of all the holders

☐ Others(please specify)

For NRIs/OCBs/foreign and other non resident shareholders: I/We confirm that the Shares of Deccan Aviation Limited are held by me/us on ☐ Investment/Capital Account OR☐ Trade Account. (Please √ whichever is applicable in your case)

I/We confirm that the equity shares of **Deccan Aviation Limited** which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and the valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer and/or the unaccepted Shares/ Share certificates are dispatched or credited back to the beneficial owners' DP accounts.

I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

I/We authorise the Acquirer to accept the shares so offered, which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorise the Acquirer to return to me/us, the equity share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof and in the case of dematerialised shares, to the extent not accepted will be released to my Depository Account.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We note and understand that the Shares would lie in the special depository account until the time payment of purchase consideration as mentioned in the Letter of Offer is made.

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form may provide details of bank account of the first/sole shareholder and the consideration payment will be drawn accordingly. For shares that are tendered in electronic form, the bank account details obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars.

Name of Bank		Account No.		Saving/Current/NRE/NRO/others(Please tick)
Address of the Branch				PIN

Yours faithfully,
Signed and delivered

	Full Name (s) of the Shareholder	SIGNATURE (S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note : In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place: Date :

-- (Tear along this line) ---

Folio No: **ACKNOWLEDGEMENT SLIP** **Sr No**

Karvy Computershare Private Ltd
(Unit :Deccan Aviation Limited – Open Offer)
"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).

Received from
Mr./Ms./M/s. ....Address:…………………………………………………………………… Form of Acceptance cum Acknowledgement #..................Number of Share Certificates …………………………………………………………
for....................shares/# Copy of the Delivery Instruction to (DP) for......................shares

(# Delete whichever is not applicable)

Stamp of Collection Centre		**Signature of Official**		**Date of Receipt**	

---**Tear Along this Line** --

Note: All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your Reference Folio No./DPID/Client ID:

Karvy Computershare Private Ltd
(Unit :Deccan Aviation Limited – Open Offer)
"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).

INSTRUCTIONS

1) **In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.**

2) Shareholders should enclose the following:-.
i. For Equity shares held in demat form:-
Beneficial owners should enclose

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.
ii. For Equity shares held in physical form:-
Registered Shareholders should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- **Original Share Certificate(s).**
- Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Deccan Aviation Limited. and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer. The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the share certificates alongwith the duly completed transfer form, the Offer shall be deemed to be accepted.

Unregistered owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s).
- Original broker contract note.
- Valid Share Transfer form(s) as received from the market leaving details of buyer blank. If the same is filled in then the equity share(s) are liable to be rejected.

3 The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or Deccan Aviation Limited.

4 Shareholders having their beneficiary account in NSDL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in the favour of the special depository account with CDSL.

5 Shareholders tendering Shares in the Offer, where the Offer consideration (no. of Shares tendered multiplied by the Offer Price) payable to them exceeds Rs.1 lakh are required to give their Permanent Account No. / General Index Register No. at the box provided and attach a photo copy of the PAN /GIR no./ duly filled Form 60 (as applicable). The Acquirer also reserves the right to reject such tenders from shareholders, where the details of PAN / GIR No. and a photo copy of the PAN / GIR no./duly filled Form 60 (as applicable) is not submitted.

6 While tendering Shares under the Offer, NRIs/ OCBs/ foreign and other non resident shareholders will be also required to submit the RBI approvals, if any (specific or general) that they would have obtained for acquiring Shares. In case the RBI approvals are not submitted, the Acquirer reserves the right to reject the Shares tendered.
Attention of OCB shareholders desirous of participating in the Offer is drawn to Paragraph 9.6 of the Letter of Offer.

7 Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Deccan Aviation Limited. If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.

8 FIIs are requested to enclose the SEBI Registration letter and RBI general permission letter.

9 Non resident shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer. The Acquirer also reserves the right to reject such tenders from non-resident shareholders, where the aforesaid No-Objection Certificate/ Tax Clearance Certificate is not submitted.

10 Shareholders are advised to indicate the bank account details at the appropriate place in the Form of Acceptance-cum-Acknowledgement and the consideration cheque would be made to the bank account of the sole/ first shareholder. The payment would be made at par to all the shareholders.

11 Rejection of Shares

If the Shares are rejected for any of the following reasons, the Shares will be returned to the sole / first named holder(s) along with all the documents received from them at the time of submission. Please note that the following list is not exhaustive.

a. The signature(s) of the holder(s) do not match with the specimen signature(s) as per the records of DAL;

b. The transfer deed is not complete or valid ;

c. The number of equity shares mentioned in the Form of Acceptance-cum-Acknowledgement does not tally with the actual physical share certificate(s) submitted or in case of dematerialized shares, the equity shares in the Form of Acceptance-cum-Acknowledgement do not tally with the instruction to the depository participant and the credit received in the special depository account;

d. The relevant documents, as applicable, mentioned above at 2 and in addition at 5, 6 and 7 are not submitted with the Form of Acceptance-cum-Acknowledgement.

The Acquirer also reserves the right to reject such tenders from shareholders, where the relevant documents are not submitted.

12 All documents / remittances sent by or to shareholders will be at their own risk. Shareholders of DAL are advised to adequately safeguard their interests in this regard. Shares held in demat form to the extent not accepted 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.

13 Neither the Acquirer, the Manager to the Offer, the Registrar to the Offer or DAL will be liable for any delay/loss in transit resulting in delayed receipt/ non-receipt by the Registrar to the Offer of your Form of Acceptance-cum-Acknowledgement or for the failure to deposit your Shares to the special depository account or submission of original physical Share certificates due to inaccurate/incomplete particulars/instructions on your part, or for any other reason.

14 Applicants who cannot hand deliver their documents at the collection centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Pvt Ltd., T K N Complex No.51/2, Vanivilas Road, Opp. National College, Basavanagudi, Bangalore 560 004 so as to reach the Registrar to the Offer on or before 5 PM on the Offer Closing Date i.e. October 1, 2007.

15 The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted by way of hand delivery at any of the collection centers of Karvy Computershare Pvt Ltd which are as follows:

Details of Collection Centres:

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

FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION OFFER

(Please send this Form of withdrawal with enclosures to Registrar at the collection centre where the original Form of Acceptance was tendered)

(To be filled in by the shareholder.)

OPEN OFFER TO THE SHAREOLDERS OF DECCAN AVIATION LIMITED		
OFFER OPENS ON	:	September 12, 2007
OFFER CLOSES ON	:	October 1, 2007
LAST DAY FOR WITHDRAWL	:	September 26, 2007
THIS FORM SHOULD BE USED BY SHAREHOLDERS ONLF FOR EXERCISING THE WITHDRAWL OPTION AS PROVIDED IN THE LETTER OF OFFER		

From:
Name:
Address:

Tel No: Fax No: Email:

To,
Kingfisher Radio Limited C/o. Karvy Computershare Private Ltd.
“Karvy House”
46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad – 500 034

Dear Sirs,

Sub: Open offer for acquisition of up to 27,126,360 fully Paid-up Equity Shares of face value of Rs.10/- each, representing 20% of the Post Acquisition Capital of Deccan Aviation Limited (“DAL”/ ‘Target Company) by Kingfisher Radio Ltd.(the “Acquirer”) and Persons Acting in Concert viz. United Breweries (Holdings) Limited and UB Overseas Limited at a price of Rs. 155/- per fully paid-up equity share

Sub: Withdrawal of shares tendered in the caption Offer

I/We refer to the Letter of Offer dated September 03, 2007 for acquiring the Shares held by me/us in **Deccan Avitation Limited.**
I/We, the undersigned, have read the Letter of Offer, understood its contents and unconditionally accept the terms and conditions and procedures as mentioned therein.
I/We have also read the procedure for withdrawal of Shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.
I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.
I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.
I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal i.e, no later than 1700 hours on September 26, 2007.
I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the Shares held in physical form and also for the non receipt of Shares held in the dematerialised form in the Depository account due to inaccurate/incomplete particulars/instructions.
I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depository from time to time.
The particulars of the tendered Share(s) that I/We wish to withdraw are detailed below:

Ledger Folio No ________________ No. of Share Certificate(s ______________________________ No. of Shares______________________________

Sr.No.	Certificate No. Tendered	Distinctive No.		No. of Shares
		From	To	
		Withdrawn		
			Total	

(In case of insufficient space, please use an additional sheet and authenticate the same)
I/We hold the following Shares in dematerialised Form and had done an off-market transaction for crediting the Shares to the **“**KCPL Escrow Account – Deccan Aviation Open Offer**”** as per the following particulars:

DP NAME: CIL Securities Limited	Beneficiary Account No: 1201350000052688

Please find enclosed a photocopy of the Depository Delivery Instruction(s) (TIFD) duly acknowledged by the Depository Participant.

--Tear Along This Line---

Acknowledgement Slip: Deccan Aviation Limited – Open Offer

(to be filled by the shareholder)(subject to verification)

Sr No

Received from Mr./Ms./M/s____

Physical Shares: Folio No. ______________________Demat Shares: **Client ID___________________;DP ID**

Form of Withdrawal for withdrawal of:

Stamp of Collection Centre

☐ Physical Shares: No of Shares tendered- _______________No of Shares Withdrawn_____________

☐ Demat Shares: No of Shares tendered- _________________No of Shares Withdrawn____________

(Please √ whichever is applicable)

Signature of the Official________________________________ Date of Receipt____

The particulars of the account from which my/our Shares have been tendered and the Shares withdrawn are as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares tendered	No. of Shares withdrawn

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.
I/We confirm that the particulars given above are true and correct.
In case of dematerialised Shares, I/We confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,
Signed and delivered

Signed and delivered	Full Name (s) of the holder	Signature (S)	Verified and attested by us. Please affix the stamp of Dp (In case of demat shares)/ Bank (In case of physical shares)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. In case of a body corporate, the company seal should be affixed and necessary Board resolution should be attached:

Place: Date:

INSTRUCTIONS

1) **Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. no later than 1700 hours on Wednesday, September 26, 2007.**

2) Shareholders should enclose the following:-

   i. For Equity Shares held in demat form:- Beneficial owners should enclose
   - Duly signed and completed Form of Withdrawal.
   - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum- acknowledgement in case delivered by Registered A.D.
   - Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction (TIFD) in “Off-market” mode, duly acknowledged by the DP.

   ii. For Equity Shares held in physical form:- Registered Shareholders should enclose:
   - Duly signed and completed Form of Withdrawal.

- Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D. In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **Deccan Aviation Limited** and duly witnessed at the appropriate place.

iii. Unregistered owners should enclose:
- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

3) The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

4) The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.

5) The Form of Withdrawal should be sent only to the Registrar to the Offer.

6) In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.

7) Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8) The Form of Withdrawal and other related documents should be submitted at any of the Collection Centers of **Karvy Computershare Private Limited**.

9) Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Pvt Ltd., T K N Complex No.51/2, Vanivilas Road, Opp. National College, Basavanagudi, Bangalore 560 004so as to reach the Registrars on or before the last date of withdrawal i.e. September 26 , 2007

Details of Collection Centres:

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

---Tear Here ---

Note: All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your Reference Folio No./DPID/Client ID:

Karvy Computershare Private Ltd
(Unit :Deccan Aviation Limited – Open Offer)
"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).