LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder(s) of KSK Energy Ventures Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager/Registrar to the Offer. In case you have recently sold your Equity Shares (as defined in the Definitions section below) in KSK Energy Ventures 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 AT Rs. 125.00 (RUPEES ONE HUNDRED AND TWENTY FIVE ONLY) PER FULLY PAID-UP EQUITY SHARE OF Rs. 10.00 (RUPEES TEN ONLY)

Pursuant to regulation 11(1) of the Securities and Exchange Board of India (Substantial

Acquisition of Shares and Takeovers) Regulations, 1997 ("**SEBI (SAST) Regulations**") and subsequent amendments thereto

TO ACQUIRE

7,45,26,091 fully paid-up Equity Shares of face value Rs. 10/- each, representing 20.00% of the Voting Share Capital **("Offer")**

OF

KSK Energy Ventures Limited ("**Target Company**" or "**KSKEVL**")
having its registered office at
8-2-293/82/A/431/A, Road No.22, Jubilee Hills, Hyderabad – 500 033, India
Tel: +91-40-23559922 **Fax:** +91-40-23559930 **Website:** www.ksk.co.in

BY

KSK Energy Company Private Limited ("KECPL")
having its registered office at
8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad – 500033, India
Tel: +91-40-2355992p2/25; **Fax:** +91-40-23559930

ALONG WITH

KSK Energy Limited ("KEL")
having its registered office at
Suite 308, St. James Court, St. Denis Street, Port Louis, Republic of Mauritius
Tel: (230) 211 6242 **Fax:** (230) 211 7489

AND

KSK Power Holdings Limited ("KSK Power") – erstwhile KSK Surya Limited (name changed w.e.f. May 17, 2011)
having its registered office at
Suite 308, St. James Court, St. Denis Street, Port Louis, Republic of Mauritius
Tel: (230) 211 6242 **Fax:** (230) 211 7489
(**"KECPL"**, **"KEL"** and **"KSK Power"** are jointly referred to as **"Acquirers"**)

ATTENTION:

- The Offer is neither conditional nor subject to any minimum level of acceptance by Shareholders of the Target Company.
- The Offer along with any obligation to make payment for, or purchase the Equity Shares tendered and accepted, is subject to receipt of approval from the Reserve Bank of India ("**RBI**") under the Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules and regulations made thereunder. The Acquirers have made requisite application to RBI for obtaining the necessary approval and RBI vide their letter dated 21 June, 2011 granted approval to the Acquirers to acquire Equity Shares through open offer from the public shareholders subject to the condition that if non - resident Indian/s holding Equity Shares on a non -repatriation basis or overseas corporate bodies tender Equity Shares pursuant to the Offer, specific approval from the RBI may be sought.
- In addition to the approval obtained by the Acquirers, specific approval of the Reserve Bank of India needs to be obtained by OCBs/NRIs in the event that any such shareholder tenders its shares in the Offer.
- As of the date hereof, no statutory approvals, other than the above, are required to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable prior to completion of the Offer, the Offer would be subject to receipt of such other statutory approvals. In case the necessary statutory approvals required for the Offer are refused, necessary steps shall be taken in terms of regulation 27 of the SEBI (SAST) Regulations (for details, please refer to para 3.2.9 below).
- If the aggregate of the valid responses exceed 7,45,26,091 Equity Shares, then 7,45,26,091 Equity Shares shall be accepted on a proportionate basis, in consultation with the Manager to the Offer, in accordance with regulation 21(6) of the SEBI (SAST) Regulations.
- In case of delay in the receipt of any statutory approvals, SEBI has the power to grant extension of time for payment of consideration to Shareholders who have validly tendered their Equity Shares, subject to the Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
- Shareholders who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement and this Letter of Offer can withdraw the same up to Monday, October 24, 2011, i.e., three (3) working days prior to the date of closure of the Offer viz. Monday, October 31, 2011.
- If there is any upward revision in the Offer Price prior to or on the last date for revising the Offer Price i.e. Tuesday, October 18, 2011, or if the Offer is withdrawn, you would be informed by way of another public announcement in the same newspapers where the original Public Announcement had been published. Such revised offer price shall be paid for all the Equity Shares validly tendered at any time during the Offer and accepted under the Offer.
- All the financial data has been disclosed in terms of Rupees Lacs / Lakhs unless required otherwise. When financial data pertains to an overseas entity, the rupee equivalent has been disclosed in terms of Rupees Lacs / Lakhs and the basis of conversion has also been dis-closed.
- **This Offer is not a competitive bid. No competitive bid has been announced in relation to this Offer.**
- A copy of the Public Announcement and Letter of Offer (including Form of Acceptance cum Acknowledgement and Form of Withdrawal) is also available on SEBI's website (www.sebi.gov.in).
- The Form of Acceptance cum acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
ENAM **Enam Securities Private Limited** 801, Dalamal Tower, Nariman Point, Mumbai – 400 021 **Tel:** +91 22 6638 1800 **Fax:** +91 22 2284 6824 **Email:** kskevl@enam.com **Website:** www.enam.com **Contact Person:** Mr. Vivek Toshniwal **SEBI Registration No.:** INM000006856	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** Plot No. 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081 **Tel:** 91-40-4465 5000/2342 0815-23 **Fax :** 91-40-2343 1551 **Email:** murali@karvy.com **Contact Person:** Mr. M.Murali Krishna / Mr. Williams **SEBI Registration No**.: INR000000221
OFFER OPENS ON: Wednesday, October 12, 2011	**OFFER CLOSES ON :** Monday, October 31, 2011

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Day and Date	Revised Day and Date
Date of the PA	Tuesday, May 17, 2011	Tuesday, May 17, 2011
Specified Date*	Friday, June 10, 2011	Friday, June 10, 2011
Last date for a competitive bid	Tuesday, June 07, 2011	Tuesday, June 07, 2011
Date by which Letter of Offer to be dispatched to shareholders	Saturday, June 25, 2011	Friday, October 7, 2011
Date of opening of the Offer	Saturday, July 09, 2011	Wednesday, October 12, 2011
Last date for upward revision of the Offer	Tuesday, July 19, 2011	Tuesday, October 18, 2011
Last date for withdrawing acceptance of the Offer	Monday, July 25, 2011	Monday, October 24, 2011
Date of closing of the Offer	Thursday, July 28, 2011	Monday, October 31, 2011
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired shares and /or the share certificate for the rejected shares will be dispatched.	Friday, August 12, 2011	Tuesday, November 15, 2011

***-** *Specified Date is only for the purpose of determining the names of the Shareholders as on such date to whom the Letter of Offer will be sent. All owners (registered or unregistered) of the Equity Shares of the Target Company (except the Acquirers and the Promoter & Promoter Group of the Target Company) are eligible to participate in the Offer anytime before closure of the Offer.*

Note: *Duly Signed Application and Transfer Deed should be dispatched to the Registrar to the Offer at the above address to reach not later than 4.00 p.m. on Monday, October 31, 2011.*

RISK FACTORS

I. Relating to the Offer

a. Acceptance of the Equity Shares of the Target Company tendered in the Offer is subject to receipt of the statutory approvals, as mentioned in paragraph 8 of this Letter of Offer. In the event, any of the required statutory approvals is refused, necessary steps shall be taken in terms of regulation 27 of the SEBI (SAST) Regulations (for details, please refer to para 3.2.9 below). For further details, please see paragraph 8 of this Letter of Offer.

b. In the event that either (a) regulatory approvals are not received in time, (b) there is any litigation leading to stay on the Offer; or (c) SEBI instructs the Acquirer/s not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to those Shareholders of Target Company whose Equity Shares have been accepted in the Offer as well as the return of those Equity Shares of Target Company not accepted may be delayed. In case of delay due to non-receipt of statutory approval(s), then in accordance with regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer/s, grant an extension for the purpose of completion of the Offer, subject to the Acquirer/ s agreeing to pay interest to the validly tendering Shareholders.

c. Further, Shareholders should note that after the last date of withdrawal i.e. Monday, October 24, 2011, Shareholders who have lodged their Equity Shares would not be able to withdraw their Equity Shares even if the acceptance of Equity Shares under the Offer and dispatch of consideration gets delayed. The tendered Equity Shares and documents would be held by the Registrar to the Offer, till the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Equity Shares which are in the custody of the Registrar to the Offer.

d. The tendered Equity Shares will lie to the credit of a designated escrow account and shall be held on behalf of the shareholders until the completion of the Offer formalities.

e. If the number of Equity Shares of Target Company assented to the Offer exceeds the Offer Size, then Equity Shares of Target Company assented to the Offer shall be accepted on a proportionate basis in accordance with regulation 21 (6) of the SEBI (SAST) Regulations.

II. Relating to the Acquirers

a. The Acquirers make no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

b. The Acquirers cannot give any assurance regarding the results of the Offer. The reasons for acquisition of shares by Acquirers as more particularly set out in paragraph 3.3 may or may not be realized. The extent to which the Acquirers are able to achieve their goals with respect to these items may have a positive or negative effect on the future price of the Equity Shares, which should be considered by shareholders as they evaluate the Offer Price and the Offer. The Acquirers make no assurance with respect to the future financial performance of the Target Company.

c. For the present Offer, KSK Power is dependent on KEL for financial resources.

III. Others

a. The Offer is subject to completion risks as would be applicable to similar transactions.

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

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "**GBP**" is to the Pound Sterling, the official currency of the United Kingdom. Certain financial details contained herein are denominated in GBP. Unless otherwise stated, the Rupee equivalent quoted in each case is calculated as on May 13, 2011 (being 1 GBP = Rs. 73.05)

TABLE OF CONTENTS

1 DEFINITIONS

Acquirers	KECPL, KEL and KSK Power
Board / Board of Directors	Board of Directors of the Target Company
Book Value Per Share / NAV per Share	Networth / Outstanding number of shares
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant or Karvy Stock Broking Limited
Earnings Per Share / EPS	Profit After Tax / Outstanding number of shares
Escrow Bank	Axis Bank Limited, Universal Insurance Building, Ground Floor, Sir P. M. Road, Fort, Mumbai-400 001
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Equity Shares of KSK Energy Ventures Limited (other than the Acquirers) whose names appear on the register of members any time before the closure of the Offer
Equity Share(s) / Share(s)	Fully paid-up equity share(s) of face value of Rs. 10/- each of KSKEVL
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investors
Form of Acceptance	Form of Acceptance cum Acknowledgement
FY	Financial Year
KSK Group / Group	Refers to the Acquirers, their subsidiaries and SPVs on a consolidated basis
Manager/ Manager to the Offer	Enam Securities Private Limited
Mn	Million (Rs.1 Million = Rs. 10 lacs)
MW	Mega Watt
NEFT	National Electronic Fund Transfer
NECS	National Electronic Clearing System
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer or Open Offer	The offer for the acquisition by the Acquirers of 7,45,26,091 Equity Shares, representing in the aggregate 20% of Voting Share Capital as set out in this document
Offer Size	7,45,26,091 Equity Shares, representing in the aggregate 20% of the Voting Share Capital
Offer Price	Rs. 125.00/- (Rupees One hundred and twenty five only) per fully paid-up Equity Shares of face value of Rs. 10/- each
Promoter and Promoter Group	Refers to the promoter and promoter group of the Target Company and as disclosed to the Stock Exchanges from time to time.
Public Announcement/ PA	Announcement of the Offer made by the Acquirers on May 17, 2011
RBI	Reserve Bank of India
Registrar/ Registrar to the Offer	Karvy Computershare Private Limited having its registered office at 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034
Return on Networth / RONW	(Profit After Tax / Networth) * 100
RTGS	Real Time Gross Settlement
Rupee(s) / Rs	Indian Rupee(s), the legal currency of Republic of India
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (SAST) Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Shareholder(s)	Equity shareholder(s) of KSKEVL holding fully paid up Equity Share of Rs. 10/- each and not being part of the promoters or promoter group of the Target Company
Specified Date	Friday, June 10, 2011
Special Depository Account	The Special Depository Account opened by the Registrar with Karvy Stock Broking Limited (registered with NSDL) to hold the demat Equity Shares tendered by the shareholders in the Offer
Stock Exchanges	Refers to both the BSE and NSE

Target Company/ KSKEVL	KSK Energy Ventures Limited
Voting Share Capital	Fully paid up capital of the Target Company as on the date of the public announcement
Working Days	Working Days of SEBI

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the PA and SEBI (SAST) Regulations.

2 DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY THE SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO THE 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 KSK ENERGY VENTURES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, ENAM SECURITIES PRIVATE LIMITED, HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED SEPTEMBER 13, 2011 TO THE SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THERETO. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER".

3 DETAILS OF THE OFFER

3.1 BACKGROUND

3.1.1 The Acquirers are making a voluntary offer (the **"Offer"** or **"Open Offer"**) to the public Shareholders of the Target Company to acquire up to 7,45,26,091 (Seven Crore Forty Five Lakhs Twenty Six Thousand and Ninety One) fully paid-up Equity Shares of the Target Company (the "**Offer Size**") constituting 20% of the Voting Share Capital of the Target Company at a price of Rs. 125.00 (Rupees One Hundred and Twenty Five only) per Equity Share (the **"Offer Price"**).

3.1.2 The Acquirers form part of the Promoter and Promoter Group of the Target Company and currently collectively hold 20,47,06,586 (Twenty Crores Forty Seven Lakhs Six Thousand Five Hundred and Eighty Six) Equity Shares in the Target Company constituting 54.94% of the Voting Share Capital of the Target Company as on the date of the Public Announcement. This Offer is being made in terms of Regulation 11(1) of the SEBI (SAST) Regulations, pursuant to the intention of the Acquirers to further consolidate and enhance their stake in the Target Company.

3.1.3 The issued, subscribed and paid-up share capital of the Target Company is Rs. 472,63,04,540 (Rupees Four Hundred and Seventy Two Crores Sixty Three Lakhs Four Thousand Five Hundred and Forty) consisting of 37,26,30,454 (Thirty Seven Crores Twenty Six Lakhs Thirty Thousand Four Hundred and Fifty Four) Equity Shares of face value of Rs. 10.00 (Rupees Ten) each (**"Voting Share Capital"**) and 10,00,00,000 (Ten Crores) compulsorily redeemable preference shares of face value of Rs. 10.00 (Rupees Ten) each. Currently there are no outstanding partly paid-up shares or any other instruments convertible into Equity Shares of the Target Company at a future date.

3.1.4 The Acquirers and Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

3.1.5 The Acquirers do not have any intention to change the board of directors of the Target Company during the offer period as a direct consequence of the Offer except in the ordinary course of business and in compliance with applicable law.

3.2 **THE OFFER**

3.2.1 The Public Announcement was made in the following newspapers, in accordance with regulation 15(1) of the SEBI (SAST) Regulations:

Publication	Language	Day & Date of Publication	Editions
Business Standard	English	Tuesday, May 17, 2011	All Editions
Business Standard	Hindi	Tuesday, May 17, 2011	All Editions
Andhra Prabha	Telegu	Tuesday, May 17, 2011	Hyderabad Edition
Navshakti	Marathi	Tuesday, May 17, 2011	Mumbai Edition

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

3.2.2 The Acquirers are making this Offer under regulation 11(1) of the SEBI (SAST) Regulations to the Shareholders of the Target Company to acquire up to 7,45,26,091 (Seven crore forty five lakh twenty six thousand and ninety one) Equity Shares, being 20.00% of the Voting Share Capital of the Target Company at a price of Rs. 125.00 (Rupees One hundred and twenty five only) per Equity Share, payable in cash, in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions mentioned in the Public Announcement and in the letter of offer that will be circulated to the Shareholders in accordance with the SEBI (SAST) Regulations (the "**Letter of Offer**"). The Offer Size has been calculated on the basis of Voting Share Capital in terms of regulations 21(1) and 21(5) of the SEBI (SAST) Regulations.

3.2.3 Upon completion of the Offer, assuming full acceptance of the Offer, the Acquirers, will hold 27,92,32,677 (Twenty Seven Crores Ninety Two Lakhs Thirty Two Thousand Six Hundred and Seventy Seven) Equity Shares in the Target Company representing 74.94% of the Voting Share Capital of the Target Company.

3.2.4 Except the acquisition of 82,00,000 (Eighty Two Lakhs) Equity Shares (representing 2.20% of the Voting Share Capital) by KECPL (one of the Acquirers) as detailed below, none of the Acquirers and/ or directors of the Acquirers have acquired any Equity Shares of the Target Company during the twelve (12) month period preceding to the date of the PA:

Name of the Acquirer	Price (Rs.)	Date of Acquisition	No. of Equity Share Purchased
KECPL	110.00	January 19, 2011	2,00,000
KECPL	108.00	January 24, 2011	80,00,000
Total (Eighty Two lakhs Equity Shares)			82,00,000

3.2.5 The offer has been made voluntarily by the Acquirers and not pursuant to any acquisition triggering the provisions of the SEBI (SAST) Regulations. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of Equity Shares of or control over the Target Company.

3.2.6 The Equity Shares of the Target Company will be acquired by the Acquirers free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

3.2.7 There are no partly paid up Equity Shares in the Target Company.

3.2.8 The Offer is not conditional upon any minimum level of acceptance by the Shareholders of the Target Company. To the extent of the Offer Size, all the Equity Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer, subject to terms and conditions of the Offer and receipt of applicable regulatory approvals.

3.2.9 Subject to the receipt of statutory approvals as set out in section "Statutory Approvals Required for the Offer" below, and other terms and conditions set out in the Public Announcement and this Letter of Offer, the Acquirers will acquire Equity Shares tendered pursuant to the Offer to the extent of the Offer Size. In case the necessary statutory approvals required for the Offer are refused, necessary steps shall be taken in accordance with Regulation 27 of the SEBI (SAST) Regulations reproduced below:

27. (1) No public offer, once made, shall be withdrawn except under the following circumstances:— (a) ; (b) the statutory approval(s) required have been refused; (c) the sole acquirer, being a natural person, has died; (d) such circumstances as in the opinion of the SEBI merit withdrawal.

(2) In the event of withdrawal of the offer under any of the circumstances specified under sub-regulation (1), the acquirer or the merchant banker shall,—

(a) make a public announcement in the same newspapers in which the public announcement of offer was published, indicating reasons for withdrawal of the offer ;

(b) simultaneously with the issue of such public announcement, inform - (i) the SEBI; (ii) all the stock exchanges on which the shares of the company are listed; and (iii) the target company at its registered office.

3.2.10 The Acquirers may purchase additional Equity Shares of the Target Company from the open market or through negotiations or otherwise after the date of the Public Announcement in accordance with regulation 20(7) of the SEBI (SAST) Regulations and the details of such acquisition will be disclosed by the Acquirers within 24 (twenty four) hours of such acquisition to the stock exchanges where the Equity Shares of the Target Company are listed and to the Manager to the Offer in terms of regulation 22(17) of the SEBI (SAST) Regulations. However, there have been no further acquisition(s) of Equity Shares of the Target Company by the Acquirers after the date of the Public Announcement till the date of Letter of Offer.

3.2.11 The Offer is subject to the terms and conditions set out in this Letter of Offer that will be sent to the Shareholders of KSKEVL whose names appeared in the register of members of the Target Company and the beneficial owners of the Equity Shares of the Target Company whose names appear as beneficiaries on the records of the respective Depositories, at the close of business hours on Friday, June 10, 2011, being the Specified Date, as required under the SEBI (SAST) Regulations.

3.2.12 This is not a competitive bid. There have been no competitive bids in relation to this Offer.

3.2.13 Due to the operation of regulation 2(1)(e)(2) of the SEBI (SAST) Regulations, there could be person(s) deemed to be acting in concert with the Acquirers. However, such person(s) are not acting in concert with the Acquirers for the purpose of this Offer.

3.2.14 The Target Company, its major shareholders, namely LB India Holdings Mauritius I Limited (for itself and on behalf of its subsidiaries, all collectively referred to as "LB Group"), KEL and KSK Power Ventur plc (holding company of KEL) have entered into a "Non Statutory Share Lock-Up Agreement" dated October 29, 2009, whereby LB Group has agreed, among other things, not to sell, pledge or transfer 4,55,80,537 (Four Crore Fifty Five Lakhs Eighty Thousand Five Hundred and Thirty Seven) equity shares of the Target Company (equivalent to 12.23 % of the Voting Share Capital) till October 29, 2011 unless consent of the other parties is obtained. Pursuant, to the request of the LB Group, KEL and KSK Power Ventur plc have given their consent to waive the non statutory lock up on the said equity shares, thereby enabling LB Group to sell or pledge the said equity shares at their sole discretion.

3.2.15 KSK Power Ventur plc (holding company of KEL) had on June 7, 2010 entered into a Supplementary Development Agreement (SDA) with respect to grant of Right of First Refusal ("ROFR") on certain indirect shareholding interest of LB Group in the Target Company, namely over 2,42,27,330 (Two Crore Forty Two Lakhs Twenty Seven Thousand Three Hundred and Thirty) equity shares of the Target Company (equivalent to 6.5% of the Voting Share Capital) and such

ROFR was to be exercised on or before September 23, 2011. The Parties to the SDA have amended the arrangement whereby the ROFR is now exercisable over 1,06,01,415 (One Crore Six Lakhs One Thousand Four Hundred and Fifteen) equity shares of the Target Company (equivalent to 2.85% of the Voting Share Capital) equity shares of the Target Company and this ROFR could now be exercised by the parties or any nominated alternate third party upto any time on or before May 31, 2013. The Acquirers anticipates that LB Group would not be able to tender these 1,06,01,415 equity shares of the Target Company in the proposed Open Offer being made under the Public Announcement.

3.2.16 As on date of this Letter of Offer, the Manager to the Offer does not hold any Equity Shares in the Target.

3.2.17 Subsequent to the substitution of Axis Bank Limited with Enam Securities Private Limited as Manager to the Offer, in accordance with letter bearing reference AXB/CO/IB/2011-12/93 of Axis Bank Limited dated August 29, 2011 and SEBI Letter reference number CFD/DCR/SKS/SG/OW/27963/2011 dated September 5 2011, Axis Bank Limited has agreed not to tender their Equity Share holding in the Target Company in the proposed Open Offer being made under the Public Announcement made on May 17, 2011.

3.3 OBJECT OF THE ACQUISITION/OFFER

3.3.1 The Acquirers form part of the Promoter and Promoter Group of the Target Company and currently, collectively hold 20,47,06,586 (Twenty crores forty seven lakhs six thousand five hundred and eighty six) Equity Shares in the Target Company constituting 54.94% of the Voting Share Capital of the Target Company as on the date of the Public Announcement.

3.3.2 The Acquirers are engaged in a global business with focus on power generation and associated businesses worldwide. With a majority of current power generation assets in India, the Acquirers immediate priority is to establish themselves as major private power producers in India. To achieve this objective, the Acquirers wish to further consolidate and enhance their stake in the Target Company.

4 BACKGROUND OF THE ACQUIRERS

The Acquirers form part of the Promoter and Promoter Group of the Target Company. Information pertaining to the Acquirers has been provided hereunder.

4.1 KSK ENERGY COMPANY PRIVATE LIMITED ("KECPL")

4.1.1 KECPL is a private limited company incorporated in India on October 28, 2005 under the Companies Act, 1956, as amended. It was originally incorporated by the name of Pushkar Power Company Private Limited, which was subsequently changed to KSK Energy Company Private Limited on November 30, 2005.

4.1.2 The registered office as well as the corporate office of KECPL is located at 8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad - 500033, India, Tel: +91-40-23559922/25; Fax: +91-40-23559930.

4.1.3 KECPL is into the business of development and investments in power projects and other associated infrastructure business in India.

4.1.4 The equity shares of the KECPL are not listed on any stock exchange.

4.1.5 KECPL has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act, 1992 ("SEBI Act") as amended or under any other regulation - made under the SEBI Act.

4.1.6 As on the date of PA, the issued and paid up capital of KECPL is Rs. 616,080,420 divided into 61,608,042 equity shares of face value of Rs.10/-. Further, KECPL has issued to KEL on July 14, 2011, an additional 27,974,592 equity shares of Rs. 10 each at a premium of Rs. 65 per equity share.

4.1.7 KECPL is part of the KSK Group and is a wholly owned subsidiary of KEL, which in turn is a wholly owned subsidiary of KSK Power Ventur plc.

4.1.8 As on the date of the PA, KECPL holds 13,484,555 Equity Shares constituting 3.62 % of the Voting Share Capital of the Target Company.

4.1.9 The details of the board of directors of KECPL are given below:

Name	Residential Address	DIN	Qualification	Designation and Date of Appointment
Mr. S. Kishore	B3, Subhagya Apartments, Gaganmahal Colony, Domalguda, Hyderabad – 500029	00006627	Chartered Accountant	Director October 28, 2005
Mr. K.A. Sastry	84, Siddartha Nagar, P.O. Vengala Rao Nagar, Hyderabad – 500038	00006566	Chartered Accountant	Director October 28, 2005
Mr. C Shanker Narayan	6-1-133/17 Brooke Bond Colony, Padmarao Nagar, Secunderabad – 500023	03340978	Post Graduate Diploma in Marketing and Sales Management	Additional Director May 4, 2011
Mr. Sunil Kapoor	D-312, Pasha Court, Punjagutta, Hyderabad – 500082	02239720	Post Graduate in Commerce, Certified associate of the Indian Institute of Bankers, Mumbai	Additional Director May 9, 2011
Mr. Shishir Shrikant Kalkonde	304, Krishna Kamala Residency, Srinagar Colony, Hyderabad – 500073	02481926	Chartered Accountant	Additional Director May 9, 2011

The details of the experience of the directors of KECPL are as follows:

Mr. S. Kishore, Director, a qualified chartered accountant, leads the Business Development & Capital formation initiatives of the Group. Prior to incorporating KSK, Mr. Kishore was a financial advisor & consultant for major domestic as well as international businesses in emerging technology areas and importantly has advised multiple energy companies/ utilities/market entrants since early nineties. Mr. Kishore has been additionally associated with various reforms and regulatory initiatives of the Government and has served in various committees.

Mr. K.A. Sastry, Director, a qualified chartered accountant, leads project execution and operations activities of the business in addition being responsible for financial accounting, taxation and human resources functions of KSK Group. Prior to incorporating the KSK Group, Mr. Sastry had more than a decade of extensive experience in the domains of consulting, audit, company law and foreign investment regulations.

Mr. C. Shanker Narayan, Director has a Bachelor of Commerce degree from Osmania University. He also has a post-graduate diploma in Marketing and Sales Management, Computer Programming and System Analysis from Bhavans College of Mass Communication and Management, All India Management Organization and has 25 years of experience in operations, Strategic Business Units and Human Resources.

Mr. Sunil Kapoor, Director is a Post Graduate in Commerce (Gold Medalist) from Lucknow University and a Certified Associate of the Indian Institute of Bankers (CAIIB). He started his career with Bank of India in 1973 and thereafter joined Industrial Finance Corporation of India (now IFCI

Limited), an all India Financial Institution. While in IFCI, he was on the Board of Directors of several Corporates as its nominee director.

Mr. Shishir Kalkonde, Director is a graduate of Commerce from University of Pune and a qualified Chartered Accountant. He has over 13 years of experience with Power Sector. Beginning his career in consulting practice advising corporates in power, automotive and biotechnology sectors he moved on to project financing activities. He is currently involved in identification and acquisition of fuel resources for KSK Group.

4.1.10 Except Mr. Shishir Kalkonde and Mr. Sunil Kapoor respectively holding 4,000 Equity Shares and 200 Equity Shares of the Target Company, none of the directors of KECPL hold any Equity Shares of the Target Company nor have they acquired any Equity Shares of the Target Company over the last 12 months from the date of the Public Announcement.

4.1.11 Except Mr. S. Kishore and Mr. K.A. Sastry who are also the directors on the board of the Target Company, none of other directors of KECPL are on the board of the Target Company or are an insider within the meaning of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Further, Mr. S. Kishore and Mr. K.A. Sastry have recused themselves and not participated in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer in terms of Regulation 22(9) of the SEBI (SAST) Regulations.

4.1.12 KECPL has complied with the applicable provisions of Chapter II of the SEBI (SAST) Regulations.

The brief audited financial details of KECPL sourced from the Annual Reports for the financial years ended 31 March 2009, 31 March 2010 and 31 March 2011 are as follows:

(All figures are in Rs. lacs)

Profit & Loss Statement	**Financial Year ended March 31,**		
	2011	**2010**	**2009**
Income from operations	-	-	121.14
Other Income	301.44	112.49	177.44
Total Income	**301.44**	**112.49**	**298.59**
Expenditure	5,004.42	376.78	63.05
Profit Before Depreciation Interest and Tax	(4,702.99)	(264.29)	235.54
Depreciation	0.81	0.81	0.22
Interest & Financing Charges	2,188.63	1,570.44	604.38
Profit Before Tax	**(6,892.43)**	**(1,835.55)**	**(369.06)**
Provision for Tax	0.08	0.14	0.13
Profit After Tax	**(6,892.51)**	**(1,835.68)**	**(369.19)**

(All figures are in Rs. lacs)

Balance Sheet Statement	**As at March 31,**		
	2011	**2010**	**2009**
Sources of funds			
Paid up share capital	5,166.90	5,000.00	2,837.98
Reserves and Surplus (excluding revaluation reserves)	1,971.42	7,779.07	1,330.44
Advance Money Received for convertible Warrants	-	-	-
Share Application Money	28,435.21	5.36	11,030.00
Networth	35,573.53	12,784.43	15,198.43
Secured loans	12,483.27	18,486.61	9,000.00
Unsecured loans	-	-	-

Balance Sheet Statement	As at March 31,		
	2011	2010	2009
Deferred Tax Liability (Net)	0.35	0.27	0.13
Foreign Exchange Fluctuation Reserve	-	-	-
Total	**48,057.14**	**31,271.31**	**24,198.56**
Uses of funds			
Goodwill	**-**	-	-
Net fixed assets	6.72	7.53	8.34
Capital Work in Progress	2,550.00	2,511.50	2,550.00
Investments	18,928.97	25,625.52	12,858.86
Net current assets	26,571.45	3,126.76	8,781.36
Miscellaneous Expenditure	-	-	-
Foreign Exchange Fluctuation Reserve	-	-	-
Total	**48,057.14**	**31,271.31**	**24,198.56**

Other Financial Data	As at March 31,		
	2011	2010	2009
Dividend (%)	**-**	**-**	**-**
Basic Earning Per Share (Rs.)	(13.62)	(6.35)	(1.47)
Diluted Earnings Per Share (Rs.)	(13.62)	(6.35)	(1.47)
Return on Net worth (%)	(19.38)	(14.36)	(2.43)
Book Value Per Share (Rs.)	68.85	25.57	53.55

Note:

1. KECPL has issued to KEL on April 9, 2011, an additional 9,939,048 equity shares of Rs. 10 each at a premium of Rs. 65 per equity share.
2. KECPL has issued to KEL on July 14, 2011, an additional 27,974,592 equity shares of Rs. 10 each at a premium of Rs. 65 per equity share.

4.1.13 As on March 31, 2011 the contingent liabilities of KECPL on account of Bank Guarantee is Rs. 4,269.87 lacs

4.1.14 Reasons for the fall/ rise in total income and Profit After Tax ("PAT") in the past 3 years:

Fiscal 2011 compared to Fiscal 2010

KECPL earned a total income of Rs. 301.44 lacs for the financial year ended March 31, 2011 as against Rs. 112.49 lacs for the financial year ended March 31, 2010. Increase in total income is mainly due to interest income earned on fixed deposits with the banks. KECPL recorded loss of Rs. (6,892.43) lacs for the financial year ended March 31, 2011 as against Rs. (1,835.55) lacs for the financial year ended March 31, 2010. The increase in loss was mainly due to provision for diminution of quoted investments amounting to Rs. 4,981.40 lacs provided in the current years as against only Rs. 373.1 lacs provided in the previous year.

Fiscal 2010 compared to Fiscal 2009

KECPL recorded total income of Rs. 112.49 lacs for the financial year ended March 31, 2010 as against Rs. 298.59 lacs for the financial year ended March 31, 2009. Decrease in total income is mainly due to decrease in interest income on fixed deposits with banks and non receipt of management fees from "Small is Beautiful fund" as KECPL ceased to be the manager of the fund. KECPL recorded loss of Rs. (1,835.55) lacs for the financial year ended March 31, 2010 as against Rs. (369.06) lacs for the financial year ended March 31, 2009. The increase in loss was primarily due to the higher financial charges, as the fresh loan availed to acquire quoted investment and also the provision has been made for diminution in the market value of quoted investments acquired.

4.1.15 Significant accounting policies of KECPL are as under:

Accounting convention:

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India and comply in all material respects with accounting standards prescribed in Companies (Accounting Standard) Rules, 2006 as amended by the Companies (Accounting Standard) Amendment Rules, 2009 and with the relevant provisions of the Companies Act, 1956.

Fixed assets and depreciation

Fixed Assets are stated at cost of acquisition less depreciation. Cost of acquisition is inclusive of freight, duties, levies and all incidentals attributable to bringing the asset to its working condition.

Depreciation is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Assets costing less than Rs. 5,000 are fully depreciated in the year of acquisition.

All the fixed assets are assessed for any indication of impairment at the end of each financial year. On such indication, the impairment loss (being the excess of carrying value over the recoverable value of the asset) is charged to the profit and loss account in the respective financial year. The impairment loss recognized in the prior years is reversed where the recoverable value exceeds the carrying value of the asset upon re-assessment in the subsequent years.

Foreign currency transactions:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of monetary assets and liabilities and realized gains and losses on foreign currency transactions are recognized in the statement of profit and loss account.

Borrowing cost:

Borrowing costs are recognized as an expense in the period in which they are incurred.

Investments:

i. Long term investments are stated at cost. Where there is a decline, other than temporary, in the carrying amounts of long term investments, the resultant reduction in the carrying amount is charged to the Profit and Loss Account.

ii. Current investments are carried individually at lower of cost and fair value.

Revenue recognition:

i. Revenue in the form of Project Development Fees for Services rendered in relation to development work of potential power projects is recognized when such fees is assured and determinable under the terms of the respective contract.

ii. Revenue in the form of Management Fee is recognized when such fees is assured and determinable under the terms of the respective contract.

iii. Consultancy income is recognized proportionately with the degree of completion of contract.

iv. Dividend income is recognized when the right to receive the same is established.

v. Interest income is recognized on time proportion basis taking into account the amount outstanding and at the rate applicable.

Taxes on income

Income tax expense comprises current tax and deferred tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

The break-up of the deferred tax assets and liabilities as at the balance sheet date has been arrived at after setting-off deferred tax assets and liabilities where the Company has no legally enforceable right and an intention to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Provisions and contingencies:

The Company recognizes a provision when there is a present obligation as a result of past obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation

4.2 **KSK ENERGY LIMITED ("KEL")**

4.2.1 KEL was incorporated as Bijlee Bharat Holdings under the Mauritius Companies Act, 2001 on June 14, 2005. The name of the company was changed to KSK Energy Limited on November 22, 2006.

4.2.2 The registered office as well as the corporate office of the Company is located at Suite 308, St. James Court, St. Denis Street, Port Louis, Republic of Mauritius Tel: (230) 211 6242; Fax: (230) 211 7489.

4.2.3 The equity shares of the KEL are not listed on any stock exchange.

4.2.4 As on the date of the PA, the outstanding paid up capital of KEL is USD 13,92,44,601 divided into 13,92,44,601 ordinary shares of USD 1 each. KEL is a part of KSK Group and is a wholly owned subsidiary of KSK Power Ventur plc.

4.2.5 The principal activity of KEL is to hold investments in companies engaged in the development, operation and maintenance of power projects and other infrastructure projects.

4.2.6 The details of the board of directors of KEL are as follows:

Name	Residential Address	DIN	Qualification	Designation and Date of Appointment
Mr. S. Kishore	B3, Subhagya Apartments, Gaganmahal Colony, Domalguda, Hyderabad - 500029	00006627	Chartered Accountant	Director January 31, 2008
Mr. K.A. Sastry	84, Siddartha Nagar, P.O. Vengala Rao Nagar,Hyderabad - 500038	00006566	Chartered Accountant	Director January 31, 2008
Mr. Denis Sek Sum	88, Maronde Steet, Grand Bay, Mauritius	NA	Post graduation in business administration. Member of the Certified General Accountants' Association of Canada and Fellow Member of the Association of International Accountants (UK)	Director September 7, 2006
Mr. Fung Kong Yune Kim	Royal Road, Baramia, Rose Belle, Mauritius	NA	Member of Association of Chartered Certified Accountants and Member of the Mauritius Institute of Professional Accountants	Director September 7, 2006
Mr. Ramzi Nassar	120 Long Ridge Road, Stamfort, CT 06927	NA	Post graduation in Mechanical Engineering	Director January 31, 2008

The details of the experience of the directors of KEL are as follows:

Mr. S. Kishore, Director, a qualified chartered accountant, leads the Business Development & Capital formation initiatives of the KSK Group. Prior to incorporating the KSK group, Mr. Kishore was a financial advisor & consultant for major domestic as well as international businesses in emerging technology areas and importantly has advised multiple energy companies/ utilities/market entrants since early nineties. Mr. Kishore has been additionally associated with various reforms and regulatory initiatives of the government and has served in various committees.

Mr. K.A. Sastry, Director, a qualified chartered accountant, leads project execution and operations activities of the business in addition being responsible for financial accounting, taxation and human resources functions of KSK Group. Prior to incorporating the KSK group, Mr. Sastry had more than a decade of extensive experience in the domains of consulting, audit, company law and foreign investment regulations.

Mr. Denis Sek Sum, Director has more than twenty years of experience in Accounting, Internal and External Auditing, Management Consultancy, Taxation, International Banking and Offshore Services. He graduated from Concordia University, Montreal, Canada and has done his post graduation in Business Administration (MBA) from University of Windsor, Ontorio, Canada. He started his career as an Intern with Touche Ross & Co. (now Deloitte & Touche) and held position like Chief Internal Auditor, Corporate Controller in various reputed financial institutions. He is also a Member of the Certified General Accountants' Association of Canada and Fellow Member of the Association of International Accountants (UK).

Mr. Fung Kong Yune Kim, Director has more than twelve years of experience in Accounting, Administration, Taxation and Auditing. He is Member of the Association of Chartered Certified Accountants and Member of the Mauritius Institute of Professional Accountants.

Mr. Ramzi Nassar, Director was appointed to the Board of Directors of the Company in January 2008. Mr. Nassar currently serves as a Managing Director of Portfolio in the Enterprise Risk Management group at GE Energy Financial Services. Prior to his current position, Mr. Nassar was a Senior Vice President of GE Capital's Structured Finance Group. Mr. Nassar joined General Electric Company's Power Systems business in 1984 and transitioned to GE Capital in 1986. During his 24 years with GE, he has held a variety of positions, including project management, project and business development, and portfolio and investment management. Mr. Nassar received his Bachelors and Masters degrees in Mechanical Engineering from The Georgia Institute of Technology, Atlanta in 1978 and 1979 respectively.

4.2.7 None of the directors of KEL hold any shares of the Target Company nor have they acquired any Equity Shares of the Target Company over the last 12 months from the date of the Public Announcement.

4.2.8 Except Mr. S. Kishore and Mr. K.A. Sastry who are also the directors on the board of the Target Company, none of other directors of KEL are on the board of the Target Company or are an insider within the meaning of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Further, Mr. S. Kishore and Mr. K.A. Sastry have recused themselves and not participated in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer in terms of Regulation 22(9) of the SEBI (SAST) Regulations**.**

4.2.9 KEL has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act as amended or under any other regulation made under the SEBI Act.

4.2.10 As on the date of the PA, KEL holds 19,12,22,031 Equity Shares constituting 51.32 % of the Voting Share Capital of the Target Company.

4.2.11 KEL has complied with the applicable provisions of Chapter II of the SEBI (SAST) Regulations.

4.2.12 The financial details of KEL sourced from the Annual Reports for the financial years ended 31 March 2009, 31 March 2010 and 31 March 2011 are as follows *(currency translation being 1 GBP = Rs. 73.05)*:

Profit & Loss Statement	**Financial Year ended March 31,**					
	2011		**2010**		**2009**	
	In GBP (000)	**In Rs. lacs**	**In GBP (000)**	**In Rs. lacs**	**In GBP (000)**	**In Rs. Lacs**
Income from operations	110.18	80.36	67.27	48.94	181.39	132.22
Other Income	1,307.31	954.76	0.16	-	1,925.04	1,406.21
Total Income	**1,417.49**	**1,035.12**	**67.43**	**48.94**	**2,106.43**	**1,538.43**
Expenditure	16.71	12.42	371.59	271.02	200.251	146.10
Profit Before Depreciation Interest and Tax	1,400.78	1,022.70	(304.16)	(222.08)	1,906.18	1,392.33
Depreciation	-	-	-	-	-	-
Interest & Financing Charges	0.76	-	66.16	48.21	11.48	8.38
Profit Before Tax	**1,400.02**	**1,022.70**	**(370.32)**	**(270.29)**	**1,894.69**	**1,384.29**

Provision for Tax	-	-	-	-	-	-
Profit After Tax	**1,400.02**	**1,022.70**	**(370.32)**	**(270.29)**	**1,894.69**	**1,384.29**

Balance Sheet Statement	**As at March 31,**					
	2011		**2010**		**2009**	
	In GBP (000)	**In Rs. lacs**	**In GBP (000)**	**In Rs. lacs**	**In GBP (000)**	**In Rs. Lacs**
Sources of funds						
Paid up share capital	21,600.00	15,778.80	21,600.00	15,778.80	21,600.00	15,778.80
Reserves and Surplus (excluding revaluation reserves)	9,259.29	6,763.70	7,859.27	5,741.00	8,229.59	6,012.02
Net worth	30,859.29	22,542.50	29,459.27	21,519.80	29,829.59	21,790.82
Secured loans	-	-	-	-	703.80	514.19
Unsecured loans	58,446.27	42,694.80	18,445.14	13,474.07	2,790.39	2,038.18
Deferred Tax Liability (Net)	-	-	-	-	-	-
Foreign Exchange Fluctuation Reserve	-	-	-	-	-	-
Total	**89,305.56**	**65,237.30**	**47,904.41**	**34,993.87**	**33,323.79**	**24,343.19**
Uses of funds						
Goodwill	-	-	-	-	-	-
Net fixed assets	-	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-	-
Investments	44,108.68	32,221.62	42268.981	30,877.50	27,178.74	19,854.26
Net current assets	45,196.88	33,015.68	5635.429	4,116.37	6,145.05	4,488.93
Miscellaneous Expenditure	-	-	-	-	-	-
Foreign Exchange Fluctuation Reserve	-	-	-	-	-	-
Total	**89,305.56**	**65,237.30**	**47,904.41**	**34,993.87**	**33,323.79**	**24,343.19**

Other Financial data	**As at March 31,**					
	2011		**2010**		**2009**	
	In GBP	**In Rs.**	**In GBP**	**In Rs.**	**In GBP**	**In Rs.**
Dividend (%)	Nil	Nil	Nil	Nil	Nil	Nil
Basic Earning Per Share (In GBP/Rs)	0.03	2.44	(0.01)	(0.65)	0.05	3.31
Diluted Earnings Per Share (In GBP/Rs)	0.03	2.44	(0.01)	(0.65)	0.05	3.31
Return on Net worth (%)	4.54	4.54	(1.26)	(1.26)	6.35	6.35
Book Value Per Share (In GBP/Rs)	0.74	53.88	0.70	51.43	0.71	52.08

4.2.13 There are no contingent liabilities in KEL

4.2.14 Reasons for the fall/ rise in total income and Profit After Tax (“PAT”) in the past 3 years:

Fiscal 2011 compared to Fiscal 2010

KEL recorded total income of Rs. 1,035.12 lacs for the financial year ended March 31, 2011 as against Rs. 48.94 lacs for the financial year ended March 31, 2010. The increase in total income was due to the increase in the interest income from bank and other corporate deposits and due to exchange gain on translation and settlement of monetary foreign currency transactions. KEL recorded profit of Rs. 1,022.70 lacs for the financial year ended March 31, 2011 as against loss of Rs. (270.29) lacs for the financial year ended March 31, 2010. Increase in profits is mainly because of increase in interest income and favorable movement of exchange rate.

Fiscal 2010 compared to Fiscal 2009

KEL recorded total income of Rs. 48.94 lacs for the financial year ended March 31, 2010 as against Rs. 1,538.43 lacs for the financial year ended March 31, 2009. The decline in revenue was due to the reduction in the interest income from bank fixed deposits and other corporate deposits. KEL recorded loss of Rs. (270.29) lacs for the financial year ended March 31, 2010 as against profit of Rs. 1,384.29 lacs for the financial year ended March 31, 2009. The erosion in profit was primarily due to the lower revenue, higher finance cost and foreign currency exchange loss due to the translation of financial assets and liabilities in functional currency.

4.2.15 Significant accounting policies of KEL are as follows:

ACCOUNTING POLICIES

Statement of compliance with IFRS

The financial statements are prepared in accordance with and comply with the International Financial Reporting Standards (IFRS), as modified by the Mauritius Companies Act 2001 in respect of consolidated financial statements (see Note 7 to the financial statements).

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Presentation of financial statements

The financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements* (Revised 2007). The Company has elected to present a single statement of comprehensive income.

Basis of accounting

The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, where appropriate.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into available-for-sale investments and loans and receivables.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within ‘finance costs’ or ‘finance income’.

Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. The Company’s available-for-sale financial assets consist of investments as disclosed in Note 7 to these financial statements.

The Company’s available-for-sale investments consist of investments in both quoted and unquoted shares.

Fair value is estimated by using quoted market prices and valuation techniques and these techniques include recent arm’s length market transactions between knowledgeable and willing parties; current fair value of another instrument that is substantially the same, discounted cash flows and pricing models. However, where the fair value of available-for-sale investments cannot be measured reliably these are carried at cost less impairment. Impairment charges are recognised in profit or loss.

The valuation of investment may not necessarily represent the amounts that may eventually be realised from sales or other dispositions.

The available-for-sale investments are stated at cost in these separate financial statements.

Financial instruments

Loans and receivables

Loans and receivables that have fixed or determinate payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Any change in their value is recognised in the statement of comprehensive income. Discounting, however, is omitted where the effect of discounting is immaterial. The Company’s bank balances and most other receivables fall into the category of financial instruments.

An allowance for credit losses is established if there is objective evidence that the Company will be unable to collect all amounts due.

Financial liabilities

The Company’s financial liabilities include payables and borrowings.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are expensed.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Investment in subsidiary

Subsidiary is an entity over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

The Company does not prepare consolidated financial statements as it is itself wholly-owned by a parent company. The investment in subsidiary is therefore shown at cost in the separate financial statements. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged in profit or loss. On disposal of the investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

Equity
Stated capital is determined using the nominal values of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

Revenue recognition

Dividend income is recognised when the right to receive payment is established.
Interest income is recognised on the accrual basis unless collectibility is in doubt.

Foreign currencies

Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in GBP which is the Company's functional and presentation currency.

Transactions and balances
Transactions denominated in foreign currencies are recorded in GBP at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the reporting date which are expressed in foreign currencies are translated into GBP at the rates of exchange ruling at the reporting date. Exchange gains and losses are included in profit or loss. Exchange gains and losses on non-monetary items are recognised in other comprehensive income.

Deferred taxation
Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from tax losses carried forward and provisions. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Expense recognition
All expenses are accounted for on the accrual basis.

Related parties
Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions.

Provisions
Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. At time of effective payment, the provision is deducted from the corresponding expenses.

All known risks at the reporting date are reviewed in detail and provision is made where necessary.

Impairment of assets
At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of an impairment loss exists, the carrying amount of the asset is assessed and is written down to its recoverable amount.

Comparatives
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(i) Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the GBP.

(ii) Available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is other than temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Holding Company

The directors regard KSK Power Ventur plc, a public listed company incorporated in the Isle of Man, as the Company's holding company.

Events after reporting date

(i) On 29 April 2011, it was resolved that the Company issues 97,405,400 additional ordinary shares of USD 1.00 each to KSK Power Ventur plc (the "Holding Company") against the loan of GBP 58,446,266.

(ii) The Company has acquired an additional 1,000,000 ordinary shares for a consideration of USD 1,000,000 in KSK Power Holdings Limited (erstwhile KSK Surya Limited) on 29 April 2011.

(iii) The Company was allotted 9,939,048 equity shares of INR 10 each at a premium of INR 65 in KSK Energy Company Private Limited on 09 April 2011.

4.3 KSK Power Holdings Limited ("KSK Power") erstwhile KSK Surya Limited (name changed w.e.f. May 17, 2011)

4.3.1 KSK Power was incorporated as KSK Surya Limited under the Mauritius Companies Act, 2001 on November 11, 2008. The name of the company was changed to KSK Power Holdings Limited w.e.f. May 17, 2011. The registered office as well as the corporate office of KSK Power is located at Suite 308, St. James Court, St. Denis Street, Port Louis, Republic of Mauritius Tel: (230) 211 6242; Fax: (230) 211 7489.

4.3.2 The equity shares of KSK Power are not listed on any stock exchange.

4.3.3 As on the date of the PA, the paid up capital of KSK Power is USD 1,000,001 divided into 1,000,001 ordinary shares of USD 1 each. KSK Power is a part of KSK Group and is a wholly owned subsidiary of KEL, which in turn is a wholly owned subsidiary of KSK Power Ventures Plc.

4.3.4 The principal activity of KSK Power is to invest, own and operate energy production facilities worldwide.

4.3.5 The details of the board of directors of KSK Power are as follows:

Name	Residential Address	DIN	Qualification	Designation and Date of Appointment
Mr. S. Kishore	B3, Subhagya Apartments, Gaganmahal Colony, Domalguda, Hyderabad – 500029	00006627	Chartered Accountant	Director November 11, 2008
Mr. K.A. Sastry	84, Siddartha Nagar, P.O. Vengala Rao Nagar, Hyderabad – 500038	00006566	Chartered Accountant	Director November 11, 2008
Mr. Denis Sek Sum	88, Maronde Steet, Grand Bay, Mauritius	NA	Post graduation in business administration, Member of the Certified General Accountants' Association of Canada and Fellow Member of the Association of International Accountants (UK)	Director May 12, 2011
Mr. Fung Kong Yune Kim	Royal Road, Baramia, Rose Belle, Mauritius	NA	Member of Association of Chartered Certified Accountants and member of the Mauritius Institute of Professional Accountants	Director May 12, 2011

The details of the experience of the directors of KSK Power are as follows:

Mr. S. Kishore, Director, a qualified chartered accountant, leads the Business Development & Capital formation initiatives of the Group. Prior to incorporating KSK, Mr. Kishore was a financial advisor & consultant for major domestic as well as international businesses in emerging technology areas and importantly has advised multiple energy companies/ utilities/market entrants since early nineties. Mr. Kishore has been additionally associated with various reforms and regulatory initiatives of the Government and has served in various committees.

Mr. K.A. Sastry, Director, a qualified chartered accountant, leads project execution and operations activities of the business in addition being responsible for financial accounting, taxation and human resources functions of KSK Group. Prior to incorporating the KSK group, Mr. Sastry had more than a decade of extensive experience in the domains of consulting, audit, company law and foreign investment regulations.

Mr. Denis Sek Sum, Director has more than twenty years of experience in Accounting, Internal and External Auditing, Management Consultancy, Taxation, International Banking and Offshore Services. He graduated from Concordia University, Montreal, Canada and has done his post graduation in Business Administration (MBA) from University of Windsor, Ontorio, Canada. He started his career as an Intern with Touche Ross & Co. (now Deloitte & Touche) and held position like Chief Internal Auditor, Corporate Controller in various reputed financial institutions. He is also a Member of the Certified General Accountants' Association of Canada and Fellow Member of the Association of International Accountants (UK).

Mr. Fung Kong Yune Kim, Director has more than twelve years of experience in Accounting, Administration, Taxation and Auditing. He is Member of the Association of Chartered Certified Accountants and Member of the Mauritius Institute of Professional Accountants.

4.3.6 None of the directors of KSK Power hold any Equity Shares of the Target Company nor have they acquired any Equity Shares of the Target Company over the last 12 months from the date of the Public Announcement.

4.3.7 Except Mr. S. Kishore and Mr. K.A. Sastry who are also the directors on the board of the Target Company, none of other directors of KSK Power are on the board of the Target Company or are an insider within the meaning of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Further, Mr. S. Kishore and Mr. K.A. Sastry have recused themselves and not participated in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer in terms of Regulation 22(9) of the SEBI (SAST) Regulations.

4.3.8 KSK Power has not been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of the SEBI Act, 1992 ("SEBI Act") as amended or under any other regulation - made under the SEBI Act.

4.3.9 As on the date of the PA, KSK Power does not hold any shares in the Voting Share Capital of the Target Company.

4.3.10 As KSK Power does not hold Equity Shares of the Target Company and has never held shares of any listed company in the past, the provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to it.

4.3.11 The financial details of KSK Power sourced from the Annual Reports for the financial years ended 31 March 2010 and 31 March 2011 are as follows *(currency translation being 1 GBP = Rs. 73.05)*:

Profit & Loss Statement	**Financial Year / Period ended March 31,**					
	2011		**2010**		**2009**	
	In GBP (000)	**In Rs. lacs**	**In GBP (000)**	**In Rs. lacs**	**In GBP (000)**	**In Rs. Lacs**
Income from operations	-	-	-	-	-	-
Other Income	0.14	0.11	-	-	-	-
Total Income	**0.14**	**0.11**	-	-	-	-
Expenditure	1.49	1.09	1.40	1.02	1.81	1.32
Profit Before Depreciation Interest and Tax	(1.35)	(0.98)	(1.40)	(1.02)	(1.81)	(1.32)
Depreciation	-	-	-	-	-	-
Interest & Financing Charges	0.02	.02	-	-	-	-
Profit Before Tax	**(1.37)**	**(1.00)**	**(1.40)**	(1.02)	(1.81)	**(1.32)**
Provision for Tax	-	-	-	-	-	-
Profit After Tax	**(1.37)**	**(1.00)**	**(1.40)**	**(1.02)**	(1.81)	**(1.32)**

Balance Sheet Statement	**As at March 31,**					
	2011		**2010**		**2009**	
	In GBP (000)	**In Rs. lacs**	**In GBP (000)**	**In Rs. Lacs**	**In GBP (000)**	**In Rs. Lacs**
Sources of funds						
Paid up share capital	0.001	-	0.001	-	0.001	-
Reserves and Surplus (excluding revaluation reserves)	(4.58)	(3.34)	(3.21)	(2.34)	(1.81)	(1.32)
Advance Money Received for	-	-	-	-	-	-

convertible Warrants						
Share Application Money	-	-	-	-	-	-
Net worth	(4.58)	(3.34)	(3.21)	(2.34)	(1.81)	(1.32)
Secured loans	-	-	-	-	-	-
Unsecured loans	-	-	-	-	-	-
Deferred Tax Liability (Net)	-	-	-	-	-	-
Foreign Exchange Fluctuation Reserve	-	-	-	-	-	-
Total	**(4.58)**	**(3.34)**	**(3.21)**	**(2.34)**	**(1.81)**	**(1.32)**
Uses of funds						
Goodwill	-	-	-	-	-	-
Net fixed assets	-	-	-	-	-	-
Capital Work in Progress	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Net current assets	(4.58)	(3.34)	(3.21)	(2.34)	(1.81)	(1.32)
Miscellaneous Expenditure	-	-	-	-	-	-
Foreign Exchange Fluctuation Reserve	-	-	-	-	-	-
Total	**(4.58)**	**(3.34)**	**(3.21)**	**(2.34)**	(1.81)	**(1.32)**

Other Financial data	**As at March 31,**					
	2011		**2010**		**2009**	
	In GBP	**In Rs.**	**In GBP**	**In Rs.**	**In GBP**	**In Rs.**
Dividend (%)	Nil	Nil	Nil	Nil	Nil	Nil
Basic Earning Per Share (In GBP/Rs)	(1,369)	(100,005)	(1,400)	(102,270)	(1,808)	(132,074)
Diluted Earnings Per Share (In GBP/Rs)	(1,369)	(100,005)	(1,400)	(102,270)	(1,808)	(132,074)
Return on Net worth (%)	-	-	-	-	-	-
Book Value Per Share (In GBP/Rs)	(4,575)	(334,277)	(3,207)	(234,271)	(1,807)	(132,001)

4.3.12 There are no contingent liabilities in KSK Power

4.3.13 Reasons for the fall/ rise in total income and Profit After Tax ("PAT") in the past 3 years:

There were no significant operations in the company and hence we are unable to provide such comparison.

4.3.14 Significant accounting policies of KSK Power are as follows:

Statement of compliance
The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Basis of accounting
The financial statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of its shareholder. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The financial statements of the Company are expressed in Great Britain Pound ("GBP").

Management determines the functional currency of the Company to be GBP. In making this judgement, management evaluates, among other factors, the regulatory and competitive environments and the fee and performance reporting structures of the Company and in particular, the economic environment of its investors.

Transactions and balances
Foreign currency transactions are translated into GBP using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Other receivables
Other receivables are stated at their nominal value.

Equity
Stated capital is determined using the nominal values of share that has been issued.

Accumulated losses include all current and prior results as disclosed in the statement of comprehensive income.

Other payables
Other payables are stated at their nominal value.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Expenses recognition
All expenses are accounted for in the statement of comprehensive income on the accruals basis.

Related parties
Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Critical Accounting judgements and key sources of estimation uncertainty

Critical accounting judgements in applying the Company's accounting policies
In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most effect on the amounts recognised in the financial statements.

Determination of functional currency
The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors therein and have determined that the functional currency of the Company is the GBP.

Income Tax Expense

The Company is incorporated in the Republic of Mauritius and holds a Category 2 Global Business Licence by the Mauritius Financial Services Commission and is therefore not liable to income tax in Mauritius.

Going Concern

The holding company has confirmed its intention to provide continuing financial support to the Company so as to enable the Company to continue operation in foreseeable future. Accordingly, the directors have prepared the financial statements on a going concern basis.

Holding Company
The directors consider KSK Energy Limited, a Company registered in Mauritius as the holding Company.

Events after the reporting date
As per the written resolution dated the 29 April 2011, it was resolved to allot 1,000,000 ordinary shares of USD 1 each to KSK Energy Limited

4.4 DISCLOSURE IN TERMS OF REGULATION 16(ix) OF THE SEBI (SAST) REGULATIONS AND ACQUIRERS' FUTURE PLANS WITH REGARD TO THE TARGET COMPANY

4.4.1 The Acquirers do not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business.

4.4.2 The Acquirers undertake that they shall not sell, dispose off or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

4.4.3 The Acquirers do not have any intention to change the board of directors of the Target Company during the offer period as a direct consequence of the Offer except in the ordinary course of business and in compliance with applicable law.

5 DISCLOSURE IN TERMS OF REGULATION 21(2)

In terms of the listing agreements with the BSE and the NSE, the Target Company is required to maintain a minimum public shareholding for listing on a continuous basis. Pursuant to the existing Offer Size and the current shareholding of the Promoter and Promoter Group of the Target Company, the public Shareholding in the Target Company is not expected to fall below the levels stipulated by the equity listing agreement even after, assuming full acceptance of the Offer, acquisition of the Offer Shares by the Acquirers. In light of the same, the provision of Regulation 21(2) of the Regulations shall not apply.

6 BACKGROUND OF KSK ENERGY VENTURES LIMITED ("TARGET COMPANY" OR "KSKEVL")

6.1 KSK Energy Ventures Limited is a public limited company having its registered office as well as corporate office located at 8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad - 500033, India, Tel +91-40-23559922, Fax +91-40-23559930.

6.2 Mr. S. Kishore, Mr. K.A. Sastry and KEL are the current promoters of the Target Company. The Acquirers form part of the Promoter and Promoter Group of the Target Company, and collectively hold 54.94% of the Voting Share Capital. Apart from the said holding the Promoter and Promoter Group of the Target Company do not hold any Equity Shares of the Target Company.

6.3 The Target Company was incorporated as KSK Energy Ventures Private Limited on February 14, 2001 under the Companies Act, 1956, as amended. It became a public company pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on February 9, 2002, and the word "private" was deleted from its name. The Company became a private limited company pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on July 3, 2006, and the word "private" was added to its name. Subsequently, pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on January 19, 2008, the Company has become a public limited company and the word "private" has been deleted from its name. The certificate of incorporation to reflect the new name was issued on February 6, 2008 by the registrar of companies.

6.4 The issued, subscribed and paid-up share capital of the Target Company is Rs. 4,726,304,540 (Rupees Four Hundred and Seventy Two Crores Sixty Three Lakhs Four Thousand Five Hundred and Forty) consisting of 37,26,30,454 (Thirty Seven Crores Twenty Six Lakhs Thirty Thousand Four Hundred and Fifty Four) equity shares of face value of Rs. 10.00 (Rupees Ten) each ("**Voting Share Capital**") and 10,00,00,000 (Ten Crores) compulsorily redeemable preference shares of face value of Rs. 10.00 (Rupees Ten) each. Currently there are no outstanding partly paid-up shares or any other instruments convertible into equity shares of the Target Company at a future date.

6.5 The Target Company is a power project development company in India, with experience in developing and operating multiple power plants across India. It operates in the power generation business and is well positioned with long-term fuel access to its various power plants. The Target Company was established in 2001 to capitalize on the emerging opportunities in the Indian power sector and focus on developing, operating and maintaining power projects. The Target Company has operational power plants in the states of Maharashtra, Andhra Pradesh, Tamil Nadu, Chhattisgarh and Rajasthan, which are capable of generating 933 MW of Power. The Power plants supply power through a combination of long term and short term power purchase agreements (PPAs) to a combination of industrial and state-owned procurers and consumers in India. Besides power utilities, the Target Company has a wide ranging consumer base amongst cross section of Industries in India such as cement, textiles, steel, chemicals, automobiles and auto ancillaries.

6.6 The equity share capital structure of the Target Company is as follows:

Paid Up Equity Shares of the Target	No. of Shares	%
Fully Paid Up equity shares	372,630,454	100%
Partly paid up equity shares	NIL	NIL
Total Equity Shares	372,630,454	100%

6.7 Build-up of the current capital structure of the Target Company since inception and, in this regard, the status of compliance with the applicable provisions of the Regulations and other statutory requirements are as follows:

Date of Allotment	No. of Equity Shares issued	% of Shares Issued	Cumulative Equity Paid-up Capital		Mode of Allotment	Identity of Allottees (Promoters / Ex. Promoters / others)	Status of Compliance
			(No. of Equity Shares)	(In Rs.)			
Feb 14, 2001	10,800	100	10,800	108,000	Subscribers to the Memorandum of Association	Promoters	Complied
Jan 9, 2002*	89,200	89.2	100,000	1,000,000	Preferential allotment	Promoters and Other individuals forming part of the Promoter Group	Complied
June 14, 2003	3,552,350	97.26	3,652,350	36,523,500	Preferential allotment	Promoters	Complied
Feb 27, 2004	2,191,500	37.50	5,843,850	58,438,500	Preferential allotment	Promoters	Complied
Mar 30, 2004	5,600,000	48.93	11,443,850	114,438,500	Preferential allotment	Promoters	Complied
June 19, 2004	556,150	4.63	120,00,000	120,000,000	Preferential allotment	Promoters	Complied
Sept 30, 2004	73,850	0.612	12,073,850	120,738,500	Preferential allotment	Promoters	Complied
Oct 27, 2004	12,000,000	49.85	24,073,850	240,738,500	Conversion of Preference shares into	Promoters	Complied

					equity shares		
Oct 27, 2004	1,250,000	4.94	25,323,850	253,238,500	Preferential allotment	Others	Complied
Mar 30, 2005	4,450,000	14.95	29,773,850	297,738,500	Preferential allotment	Promoters	Complied
Nov 5, 2006	90,000,000	75.14	119,773,850	1,197,738,500	Preferential allotment	Promoters	Complied
Nov 5, 2006	29,773,850	(24.86)	90,000,000	900,000,000	Buy back of shares	-	Complied
Jan 27, 2007	1,026,602	1.13	91,026,602	910,266,020	Preferential allotment	Promoters	Complied
Jan 18, 2008	30,000,000	24.79	121,026,602	1,210,266,020	Conversion of Preference shares to equity shares	Promoters	Complied
Jan 19, 2008	70,195,429	36.71	191,222,031	1,912,220,310	Bonus Issue	Promoters	Complied
Jan 25, 2008	102,965,709	35.00	294,187,740	2,941,877,400	Preferential allotment	Others	Complied
Jun 3, 2008	1,730,6000	5.56	311,493,740	3,114,937,400	Preferential allotment	Others	Complied
July 5, 2008	34,611,000	10.00	346,104,740	3,461,047,400	IPO	Others	Complied
Nov 17, 2009	26,525,714	7.12	372,630,454	3,726,304,540	QIP	Others	Complied

* 80,000 Equity Shares were allotted to K&S Consulting Group Private Limited and 9,050 Equity Shares were allotted to Upanishadic Management Counsel Private Limited. Subsequently, pursuant to an order of the High Court of Andhra Pradesh dated August 24, 2002, Upanishadic Management Counsel Private Limited was merged with K&S Consulting Group Private Limited.

6.8 The Equity Shares of the Target Company are listed on BSE and NSE since July 14, 2008. The Target Company has complied with the listing requirements and trading of the Equity Shares has never been suspended from the Stock Exchanges. Further, there have been no instances of non-listing of some and/or all Equity Shares of the Target Company at any Stock Exchanges as applicable and no penal / punitive actions have been taken by the Stock Exchanges.

6.9 The Target Company, its promoters and major shareholders have complied with the provisions of Chapter II of the Regulations, except for one filing under regulation 7(1A) of the Regulations by certain LB Group entities, viz., GRA Finance Corporation Limited, LB India Holdings Mauritius I Limited, LB Mauritius I Limited, LB Mauritius III Limited, and LB Mauritius IV Limited, which was filed within 2 working days.

6.10 The Target Company has confirmed that it has not been prohibited by SEBI from dealing in securities in terms of section 11B of the Securities and Exchange Board of India Act, 1992, as amended.

6.11 As on date of the PA, the board of directors of the Target Company comprises of 10 directors including eight non-executive directors, four of whom are independent. However, two of the directors, viz., Mr. Henry Klein (non-executive) and Mr. Abhay Nalawade (independent) have tendered their resignations as directors of the Target Company which were accepted by the board of the directors of the Target Company at the meeting held on August 12, 2011. Details with respect to the board of directors, as on date of this Letter of Offer, have been provided as under:

Name	Residential Address	DIN	Qualification	Designation and Date of Appointment
Mr. T. L. Sankar	Plot No. 23, Vivekananda Enclave, Sagar Society, Banjara Hills, Hyderabad – 500033	00121570	Master of Science Master of Arts	Chairman and Independent Director April 20, 2001
Mr. S. R. Iyer	R-3, Rao Mansions, 17th A	00580437	Bachelors Degree in	Independent

Name	Residential Address	DIN	Qualification	Designation and Date of Appointment
	Cross, 8th Main, Malleswaram, Bangalore – 560055		Science	Director April 20, 2001
Mr. Girish Kulkarni	6, Moti Sagar, Groung Floor 377, Kelusker Road (South) Shivaji Park, Dadar-West Mumbai – 400 028	00062382	Bachelors Degree in Engineering; Post Graduate Diploma in Business Administration	Independent Director July 26, 2002
Mr. Anil Kumar Kutty	125, Prashasan Nagar Road No. 72, Jubilee Hills Hyderabad – 500033	00055634	Master Degree in Physics	Non-Executive Director May 3, 2008
Mr. Tanmay Das	8-2-293/82/III/550, F.No. 301, Vamsee Valley View Residency, Opp. Apollo Hospital II Gate, Jubilee Hills, Hyderabad – 500 033	00680042	Bachelor Degree in Electrical Post Graduate Diploma in Management Chartered Financial Analyst	Non-Executive Director April 5, 2008
Mr. K. Bapi Raju	Flat No-G1, Swarna Heavens, 8-2-287/13/A, Road No-14, Banjara Hills Hyderabad – 500034	00940849	Bachelor of Technology	Non-Executive Director December 21, 2007
Mr. S. Kishore	B3, Subhagya Apartments, Gaganmahal Colony, Domalguda, Hyderabad – 500029	00006627	Chartered Accountant	Whole time director April 1, 2004
Mr. K. A. Sastry	84, Siddartha Nagar, P.O. Vengala Rao Nagar Hyderabad – 500 038	00006566	Chartered Accountant	Whole-time Director April 1, 2004

Brief details of the background and experience of the directors of the Target Company is as follows:

Mr. T.L. Sankar, Chairman and Non-Executive Director, has a Master of Science degree in Physical Chemistry and a Master of Arts degree in Development Economics. He has approximately four decades of experience in the energy sector. In 2004, he was awarded the Padma Bhushan, one of the highest civilian awards given by the Government of India. He has worked as the Secretary of the Fuel Policy Committee (1970-75), the Principal Secretary of the Working Group on Energy Policy (1978-79), a member of the Advisory Board on Energy, Government of India and a member of the Integrated Energy Policy Committee formed by the Planning Commission, Government of India. He was also the Energy Secretary to the Government of Andhra Pradesh and the Chairman of Andhra Pradesh State Electricity Board. He is the founder Chairman of the Andhra Pradesh Gas Power Corporation Limited and headed the Gas Price Revision Committee of the Government of India in 1996. In addition, he has worked with the United Nations as an advisor on energy issues to the Governments of Sri Lanka, Tanzania, Jamaica, North Korea and Bangladesh and has headed the Asian Development Bank's Asian Energy Survey.

Mr. S.R. Iyer, Non–Executive Director, is the former and first Executive Chairman of Credit Information Bureau (India) Ltd. initially promoted by the State Bank of India & HDFC Ltd. Mr. Iyer has vast knowledge and rich experience in the banking industry. He was earlier the Managing Director of State Bank of Mysore and the Managing Director of the State Bank of India. He had been a Director on the Boards of all the seven Associate Banks of SBI as also on the Boards of two overseas and six domestic Subsidiaries of SBI. He had also served as Director of National Stock Exchange of India Ltd. and GE Capital Business Process Management Services Pvt. Ltd. Mr. S. R. Iyer is presently associated with the National Dairy Development Board as a Member of its Investment Committee.

Mr. Girish Kulkarni, Non–Executive Director, has two decades of operating and investment experience in different aspects of the Indian capital markets and has a Bachelors Degree in Engineering and a Post Graduate Diploma in Business Administration from the Indian Institute of Management, Ahmedabad. Mr. Kulkarni had an enriching professional career in project finance, equity sales, trading and research and has been involved in numerous IPOs in the Indian capital markets and several mergers and acquisition assignments. Mr. Kulkarni is also the Founder and Managing Director of Suyash Advisors, the Indian advisor to Monsoon Capital, an India dedicated alternative asset fund managing about US$ 500 million for investment in public and private equities and real estate projects in India.

Mr. Anil Kumar Kutty Non-Executive Director, has over three decades of experience as a civil servant and specifically over 12 years in the power sector. He has handled many key assignments in the Power Sector during his tenure in the Government of Andhra Pradesh and the Government of India. Such as Member Secretary, Andhra Pradesh State Electricity Board (APSEB), first Chairman and Managing Director of APTRANSCO and successor distribution companies and thereafter as Joint Secretary in the Ministry of Power, Government of India as well as Director on the Boards of reputed government companies wherein he handled policy and other issues relating to the hydro power and related national and international water issues, transmission, IPPs, private power sector, national level monitoring of operation and fuel supply for power plants, vigilance and security etc. He has also represented the Ministry of Power, Government of India, at the World Energy Conference in Australia, the SAARC summits in Islamabad and New Delhi and other international conferences. He holds a Masters degree in Solid State Physics from Delhi University.

Mr. Tanmay Das, Non-Executive Director, has a bachelors degree in Electrical Engineering and a Postgraduate Diploma in Management besides being a Chartered Financial Analyst. He has more than 15 years of experience in project finance, fund management and development of generation assets.

Mr. K. Bapi Raju, Non-Executive Director, is an engineer with a degree in Electronics & Communications with more than two decades of experience in the IT industry. He is positioned in Delhi and leads the Corporate Affairs group and is also actively involved in formulating corporate strategy.

Mr. K.A. Sastry, Whole-time Director, a Chartered Accountant leads the project execution & operations activities of the business in addition to being responsible for financial accounting, taxation and human resources functions of the Company. Prior to incorporating KSK, Mr. Sastry had more than a decade of extensive experience in the domains of financial consulting, audit company law and foreign investment regulations.

Mr. S. Kishore, Whole-time Director, a Chartered Accountant leads the Business Development & Capital formation (both Equity and Debt) initiatives of the Group. Prior to incorporating KSK, Mr. Kishore was a financial advisor & consultant for major domestic as well as international business in emerging technology areas and importantly has advised multiple energy companies' utilities market entrants since early nineties. Mr. Kishore has been additionally associated with various reforms and regulatory initiatives of the Government and has served in various committees.

6.12 Mr. S. Kishore and Mr. K.A. Sastry are whole-time directors on the board of the Target Company and are also on the board of the Acquirers. The above two named directors may therefore be deemed to be persons having an interest in the Acquirers and hence in terms of Regulation 22(9) of the SEBI (SAST) Regulations, have recused themselves and have not participated, and will not participate, in any matters concerning or relating to the Offer including any preparatory steps leading to the Offer.

6.13 The Target Company has confirmed that, there have been no mergers/ demergers or spin-offs involving KSKEVL during the last three years.

6.14 The brief consolidated audited financial information for last three fiscal years ending 31 March 2009, 31 March 2010 and 31 March 2011 are as under:

(Rs. in Lacs)

Profit & Loss Statement for the Financial Year ended March 31,	**2011**	**2010**	**2009**
Income from operations	114,355.06	49,222.58	38,094.41
Other Income	1,571.25	6,365.00	11,827.40
Total Income	115,926.31	55,587.58	49,921.81

Expenditure	58,809.31	18,640.15	16,271.75
Profit Before Depreciation, Interest and Tax	57,117.00	36,947.43	33,650.06
Depreciation	12,238.13	2,597.30	2,464.27
Interest	25,605.47	12,463.76	12,214.40
Profit before Tax	19,273.40	21,886.37	18,971.39
Provision for Tax	(3,523.29)	2,759.28	4,428.84
Profit after Tax	22,796.69	19,127.09	14,542.55
Minority Interest	4,621.39	1,616.37	951.12
Profit after tax and minority interest	18,175.30	17,510.72	13,591.43
Balance Sheet Statement as at March 31,	**2011**	**2010**	**2009**
SOURCES OF FUNDS			
Paid up share capital	47,263.04	37,263.04	34,610.47
Reserves and Surplus (excluding revaluation reserves)	246,591.20	228,940.76	163,601.83
Net worth	293,854.24	266,203.80	198,212.30
Minority interest	48,547.03	19,470.51	16,498.60
Secured loans	695,371.12	521,067.51	217,258.61
Unsecured loans	9,437.33	12,830.71	6,597.30
Deferred tax liability	2,919.93	1,225.24	604.60
Total	**1,050,129.65**	**820,797.77**	**439,171.41**
USES OF FUNDS			
Net fixed assets	904,930.08	686,688.22	325,741.60
Investments	4,095.99	316.68	7,575.60
Deferred tax asset	5,294.42	-	-
Net current assets	135,809.16	133,792.87	105,854.21
Total miscellaneous expenditure not written off	-	-	-
Total	**1,050,129.65**	**820,797.77**	**439,171.41**
Other Financial Data as at March 31,	**2011**	**2010**	**2009**
Dividend (%)	**-**	**-**	**-**
Earnings Per share (Rs.)	4.75	4.92	4.07
Return on Net worth (%)	6.19	6.58	6.86
Book Value Per Share (Rs.)	76.17	71.44	57.27

6.15 Reason for rise/fall in income and profitability:

Fiscal 2011 compared to Fiscal 2010

The Target Company recorded total income of Rs. 115,926.31 lacs for the financial year ended March 31, 2011, up by 108.6% as against Rs. 55,587.58 lacs for the financial year ended March 31, 2010.

The increase in the revenue in fiscal 2011 can be attributed to 259.5% increase in revenue from sale of power. The increase in revenue from sale of power is predominantly due to commencement of operation of new capacities. The Target Company recorded total generation of 2,793 million kWh in fiscal 2011, up by 179% as against 1,001 million kWh in fiscal 2010.

The Target Company recorded profit after tax and minority interest of Rs. 18,175.30 lacs in fiscal 2011, up by 3.8% from Rs. 17,510.72 lacs in the fiscal year ended March 31, 2010. Despite 108% increase in Income, there is only minimal increase in profit after tax and minority interest. It can be predominantly attributed to the sharp increase in fuel cost, other operational cost and interest cost.

Fiscal 2010 compared to Fiscal 2009

The Target Company recorded of total income Rs. 55,587.58 lacs for the financial year ended March 31, 2010, up by 13.4% as against Rs. 49,921.81 lacs for the financial year ended March 31, 2009.

The increase in the revenue in fiscal 2010 can be attributed to 19.46% increase in revenue from sale of power, 52.62% increase in project development fee and decrease of 24.29% in other income, in comparison to fiscal 2009. Higher revenue from sale of power is due to the improved generation and better PLF% of the operational plants and increased in tariff realisations by 9.6%.

The Target Company recorded profit after tax and minority interest of Rs. 17,510.72 lacs in fiscal 2010, up by 28.8% from Rs. 13,591.43 lacs for the fiscal year ended March 31, 2009. Though the cost of sales had increased on account of increase in fuel cost and operation cost, but the increase in income and tax saving on availing MAT credit had resulted in increase in bottom line.

6.16 Pre and post Offer share holding pattern of the Target Company is as follows:

Shareholders' Category	Shareholding & voting rights prior to the agreement / acquisition & offer		Shares / voting rights to be acquired in open offer(assuming full acceptances)		Shareholding / voting rights after the acquisition and offer	
	(A)		(B)		(A)+(B)=(C)	
	No.	%	No.	%	No.	%
(1) Promoter and Promoter Group / Acquirers						
a) KSK Energy Company Private Limited	13,484,555	3.62%	74,526,091	20.00%	279,232,677	74.94%
b) KSK Energy Limited	191,222,031	51.32%				
c) KSK Power Holdings Limited	0	0.00%				
Total (1)[1]	**204,706,586**	**54.94%**	**74,526,091**	**20.00%**	**279,232,677**	**74.94%**
(2) Public (other than the Acquirers)					This will depend on the response within each category of (4)	
a) Institutions (Mutual Funds / FIs/Banks/FIIs/ FVCI, etc.)	64,217,742	17.23%				
(b) Bodies Corporate	15,750,374	4.23%				
(c) Individuals (Indian Public/ NRIs/ Foreign Individuals, etc.)	87,955,752	23.60%				
Total (2)(a+b+c)	**167,923,868**	**45.06%**	**74,526,091**	**20.00%**	**93,397,777**	**25.06%**
Grand Total (1+2) [2]	**372,630,454**	**100.00%**			**372,630,454**	**100.00%**

Notes:

[1] This Offer is being made in terms of Regulation 11(1) of the SEBI (SAST) Regulations, pursuant to the intention of the Promoters to further consolidate their holding and hence the Promoter and Promoter Group and Acquirers are same entities. KSK Power has not yet been classified as part of the Promoter Group.

[2] The Target company had 16,988 Shareholders as at May 13, 2011.

Note: The Acquirers and PACs have not purchased any shares after the PA till the date of the Letter of Offer.

6.17 The Target Company has duly complied with the various requirements of Clause 49 relating to corporate governance under the Listing Agreements with the BSE and NSE from time to time. No penal actions have been initiated by the BSE and NSE against the Target Company till date.

6.18 Compliance Officer:
Mr. M. S. Phani Sekhar
Assistant Company Secretary & Compliance Officer
KSK Energy Ventures Limited
8-2-293/82/A/431/A, Road No.22, Jubilee Hills,
Hyderabad – 500033
Tel: +91-40-23559922 Fax: +91-40-23559930
Website: www.ksk.co.in;
Email: comp.sect@ksk.co.in

6.19 The details of the pending litigations of the Target Company are as follows:

Sl. No	Particulars of Case	Jurisdictional Authority	Amount Involved (Rs.)	Present status of the case
1	Complaint related to Accident involving Company's Vehicle	32 Metropolitan Magistrate Court, Bandra Mumbai, India	Rs. 6,00,000	Relative of the deceased filed case claiming compensation. Counter filed disputing the claim on various grounds. Adjourned to 11.11.2011 for hearing.
2	Complaint with respect to alleged violation of provisions of Companies Act was filed by Manoj Kumar Kanunga and his family against VS Lignite Power Company Private Limited (a subsidiary Company) to which the Company was also made a party	Company Law Board, Chennai, India	Amount not determinable	The next date for hearing is on 14th and 15th July, 2011.
3	Civil Suit for damages was filed by Maytas Infra Limited against Wardha Power Company Limited (a subsidiary company) to which the Company was also made a party	III Addl. Chief Judge, City Civil Court, Hyderabad, Andhra Pradesh, India	Rs. 16,00,20,000	Next date of hearing is on 17th June, 2011
4	3 separate Civil Suits were filed by Mr. Sundeep Anand, Ms. Anasuya and Ms. Srinisha praying for setting aside of various corporate actions done by J R Power Gen Private Limited (a subsidiary company) and for declaration and permanent injunction restraining J R Power and various directors to not to act on behalf of J R Power and conducting of any board meetings. The Company was also made a party to the suit	VI Asst Judge, City Civil Court, Chennai, Tamil Nadu, India	Amount is not quantifiable	Next date of hearing is on 3rd June, 2011
5	Company filed a Writ Petition challenging the vires of	High Court of Andhra Pradesh, India	Rs. 190574/-	To be listed in due course

	Sections 65(90a) and 65 (105)(zzzz) of the finance Act 1994 as amended by the Finance Act, 2007 and Finance Act 2010 and the Notification No. 24 / 2007 dated 22.05.2007 and Circular NO. 98/1/2008-ST dated 04.01.2008 by the Ministry of Finance UoI, whereby service tax is sought to be levied on the renting of immovable property with retrospective effect.			

6.20 The change in shareholding of the promoters of the Target Company, as and when it happened, is shown in the table below:

Date of Transaction	Particulars	Shares Acquired / Purchased	Shares Sold / Transferred	Total Holding of Promoters	% to Total Shares of Company	Status of Compliance
February 14, 2001	Subscription to MoA by Promoters	10,800	-	10,800	100.00	Complied
January 9, 2002	Preferential allotment	89,200	-	100,000	100.00	Complied
June 14, 2003	Preferential allotment	3,552,350	-	3,652,350	100.00	Complied
February 27, 2004	Preferential allotment	2,191,500	-	5,843,850	100.00	Complied
March 30, 2004	Preferential allotment	5,600,000	-	11,443,850	100.00	Complied
June 19, 2004	Preferential allotment	556,150	-	12,000,000	100.00	Complied
September 30, 2004	Preferential allotment	73,850	-	12,073,850	100.00	Complied
October 27, 2004	Conversion of Preference Shares into Equity Shares	12,000,000	-	24,073,850	100.00	Complied
March 30, 2005	Preferential allotment	4,450,000	-	28,523,850	95.80	Complied
September 28, 2006	Transfer from individuals forming part of Promoter & Promoter Group	10,950	10,950	28,523,850	95.80	Complied
November 5, 2006	Preferential allotment	90,000,000	-	118,523,850	98.96	Complied
November 5, 2006	Buy Back of 2,97,73,850 Equity Shares by the Target Company	-	29,773,850	90,000,000	100.00	Complied

January 27, 2007	Preferential allotment	1,026,602	-	91,026,602	100.00	Complied
January 18, 2008	Conversion of Preference shares to equity shares	30,000,000	-	121,026,602	100.00	Complied
January 19, 2008	Bonus Issue	70,195,429	-	191,222,031	100.00	Complied
February 18, 2010	Market Purchase	5,284,555	-	196,506,586	52.73	Complied
January 19, 2011	Market Purchase	200,000	-	196,706,586	52.79	Complied
January 24, 2011	Market Purchase	8,000,000	-	204,706,586	54.94	Complied

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The Equity Shares of the Target Company are listed on BSE and the NSE. The Equity Shares are frequently traded on the BSE and NSE.

7.1.2 The Acquirers made the Public Announcement on May 17, 2011. The annualized trading turnover during the period 1 November 2010 to 30 April 2011, the six calendar months prior to May 2011 (the month in which the Public Announcement was made), is as follows:

Name of the Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month in which the PA was made	Total No. of listed Shares	Annualized trading turnover (in terms of % to total listed Shares)
BSE	1,65,68,156	372,630,454	8.89%
NSE	2,02,84,318	372,630,454	10.89%

Source: Official Data from BSE and NSE

7.1.3 As the annualized trading turnover (by number of Equity Shares) on BSE and NSE is more than 5% of the total number of listed Equity Shares of the Target Company, the Equity Shares of the Target Company are deemed to be frequently traded as per the explanation to Regulation 20(5) of the Regulations. The Equity Shares of the Target Company are most frequently traded on the NSE.

7.1.4 Mr. B. V. Mallikarjuna, Partner, M/s Anant Rao & Mallik, Chartered Accountants, Membership no. 23350, Firm Registration Number: 06266S, (Address: #B-409/410, Kushal Towers, Khairatabad, Hyderabad-500 004, Tel: 040 23320286, Fax: 040 66360666) have vide its certificate dated September 09, 2011, certified that the Offer Price of Rs. 125.00 (Rupees One Hundred Twenty Five) per Equity Share is justified in terms of Regulation 20(4) of the Regulations being higher than the following:

S. No.	Parameters	Price (Rs per share)
1.	Negotiated price	Not Applicable
2.	Highest price paid by the Acquirer for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of the Public Announcement	Rs. 110.00
3.	Average of weekly high and low of the closing prices of the shares of the Target Company on NSE, where shares are most	Rs. 117.59

	frequently traded, for the 26 (twenty six) weeks period ended on May 16, 2011 i.e., the date preceding the Public Announcement.	
4.	Average of daily high and low prices of the Target Company on NSE, where shares are most frequently traded, for the 2 (two) weeks period ended on May 16, 2011 i.e., the date preceding the Public Announcement.	Rs. 113.33

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

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	22 November 2010	156.15	153.15	154.65	4,86,289
2	29 November 2010	149.45	137.60	143.53	3,21,966
3	06 December 2010	151.05	140.60	145.83	1,52,571
4	13 December 2010	141.70	133.55	137.63	3,66,457
5	20 December 2010	141.15	137.85	139.50	95,251
6	27 December 2010	137.70	127.85	132.78	2,14,689
7	03 January 2011	134.90	125.85	130.38	5,59,392
8	10 January 2011	132.00	117.55	124.78	7,49,102
9	17 January 2011	108.90	105.20	107.05	21,89,351
10	24 January 2011	116.10	105.10	110.60	19,62,419
11	31 January 2011	115.15	112.75	113.95	6,22,550
12	07 February 2011	113.30	111.80	112.55	22,87,448
13	14 February 2011	113.90	110.10	112.00	5,86,028
14	21 February 2011	114.00	110.85	112.43	6,81,711
15	28 February 2011	109.65	103.90	106.78	3,75,798
16	07 March 2011	106.45	104.40	105.43	2,61,090
17	14 March 2011	107.00	103.90	105.45	2,19,245
18	21 March 2011	103.95	101.05	102.50	3,27,389
19	28 March 2011	100.35	98.95	99.65	2,89,400
20	04 April 2011	104.05	100.65	102.35	14,82,217
21	11 April 2011	107.65	104.05	105.85	15,71,951
22	18 April 2011	107.35	104.50	105.93	5,22,410
23	25 April 2011	110.55	107.25	108.90	7,00,502
24	02 May 2011	113.50	110.10	111.80	20,49,138
25	09 May 2011	113.15	108.65	110.90	11,84,802
26	16 May 2011	115.10	113.50	114.30	4,83,601
	26 weeks Average			**117.59**	

Source: www.nseindia.com

7.1.6 The average of the daily high and low prices of the Equity Shares of the Target Company during the 2 weeks preceding the PA is Rs. 113.33 per share. Please see the following table for detailed computation:

Day No.	Day & Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	16 May 2011	116.00	111.05	113.53	80,985
2	13 May 2011	115.60	113.25	114.43	39,643
3	12 May 2011	117.45	112.00	114.73	96,386
4	11 May 2011	115.20	112.20	113.70	1,10,114
5	10 May 2011	114.65	111.00	112.83	1,56,473
6	09 May 2011	119.95	109.25	114.60	1,62,128
7	06 May 2011	113.80	111.00	112.40	1,84,824

8	05 May 2011	115.85	111.55	113.70	1,93,038
9	04 May 2011	115.90	108.20	112.05	5,18,053
10	03 May 2011	114.70	108.00	111.35	1,26,759
2 weeks Average				**113.33**	

Source: www.nseindia.com

7.1.7 Based on the above, the Offer Price is justified as per the Regulations.

7.1.8 There is no non-compete agreement entered into by the Acquirers with the Target Company.

7.1.9 As per the Regulations, the Acquirers can revise the Offer Price upwards up to 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the original Public Announcement has appeared and the revised price will be paid for all Equity Shares acquired pursuant to this Offer.

7.1.10 If the Acquirers acquire Equity Shares after the date of Public Announcement up to 7 working days prior to the close 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, provided no such acquisition shall be made by the Acquirers during the last seven working days prior to the closure of the Offer.

7.2 **Financial Arrangements**

7.2.1 The total funding requirement for the Offer (assuming full acceptances) i.e. for the acquisition of up to 74,526,091 equity shares at Rs. 125.00 per equity share is Rs. 931,57,61,375 (Rupees Nine Hundred and thirty one Crores fifty seven lakhs sixty one thousand three hundred and seventy five only) ("**Total Consideration**").

7.2.2 As on March 31, 2011, the audited networth of KEL and KECPL was GBP 30.86 million (equivalent to Rs. 225.43 crores) and Rs. 355.74 crores respectively. Further, as on May 13, 2011, the cash/cash equivalents of KEL and KECPL was GBP 5.58 million (equivalent to Rs. 40.77 crores) and Rs. 312.19 crores respectively. The Acquirers have in place confirmed sanction letters from banks and financial institutions aggregating to Rs. 600.00 crores to fund the proposed Open Offer transaction.

7.2.3 KEL has vide its letter dated May 16, 2011 confirmed to unconditionally and irrevocably extend financial support to KSK Power and ensure that the obligations of KSK Power as set out under the SEBI (SAST) Regulations are complied with.

7.2.4 In accordance with letter bearing reference number CFD/DCR/SKS/SG/OW/27963/2011 dated 5 September 2011 issued by SEBI, the Acquirers have appointed Enam Securities Private Limited as the Manager to the Offer in substitution of Axis Bank Limited. By way of security for performance of the Acquirers obligations under the SEBI (SAST) Regulations, a bank guarantee dated September 10, 2011 has been issued by Andhra Bank Limited, in favour of the Manager to the Offer for an amount of Rs. 110,00,00,000 (Rupees One hundred and ten crore) ("**Bank Guarantee**") standing in the name of KECPL, which is valid at least for a period commencing from the date of the of the PA until 20 days after the closure of the Offer.

7.2.5 Further, the Acquirers have created an escrow account named "KSK Open Offer - Escrow Account" **("Escrow Account - Cash")** with the Axis Bank Limited, Fort Main Branch at Universal Insurance Building, Ground Floor, Sir P. M. Road, Fort, Mumbai 400001 **("Escrow Bank")**, and has deposited a sum of Rs. 9,40,00,000 (Rupees Nine Crores Forty Lacs only) in the said Escrow Account - Cash, being the amount required under Regulation 28(10) of the SEBI (SAST) Regulations, i.e., in excess of 1% of the Total Consideration on the basis of an open offer escrow agreement dated May 14, 2011, as amended by an agreement dated September 09, 2011. The Bank Guarantee and Escrow Account- Cash are together consist of the Escrow Amount.

7.2.6 Enam Securities Private Limited, as the Manager to the Offer, has been duly authorized to realize the value of the aforesaid Escrow Amount in terms of the SEBI (SAST) Regulations.

7.2.7 Mr. B. V. Mallikarjuna, Partner, M/s Anant Rao & Mallik, Chartered Accountants, Membership no. 23350, Firm Registration Number: 06266S, (Address: #B-409/410, Kushal Towers, Khairatabad, Hyderabad-500 004, Tel: 040 23320286, Fax: 040 66360666) have vide its certificate dated September 09, 2011, certified the following:

- the audited networth of KEL and KECPL as on March 31, 2011, was GBP 30.86 million (equivalent to Rs. 225.43 crores) and Rs. 355.74 crores respectively and the same has not deteriorated since then;

- the cash/cash equivalents of KEL and KECPL as on May 13, 2011, was GBP 5.58 million (equivalent to Rs. 40.77 crores) and Rs. 312.19 crores respectively; and

- confirmed, irrevocable sanction letters from banks and financial institutions aggregating to Rs. 600.00 crores to fund the proposed transaction.

- and further on the basis of the information, explanations and verification of statement of cash and bank balances and confirmed irrevocable sanction letters procured by the Acquirers from banks and financial institutions the Acquirers have sufficient means to meet the financial obligations under the Open Offer.

7.2.8 The Acquirers have by a certificate dated September 12, 2011 given an undertaking to the Manager to the Offer to meet their financial obligations under the Offer.

7.2.9 The Acquirers have adequate resources to meet the financial requirements of the Offer in terms of SEBI (SAST) Regulations and has made firm financial arrangements to meet its obligations in full under the Offer.

7.2.10 The Manager to the Offer is satisfied with the ability of Acquirers to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

8 TERMS AND CONDITIONS OF OFFER

8.1 Statutory approvals required for the offer

8.1.1 The Offer is subject to the receipt of approval by the Acquirers from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 and / or the regulations made there under ("FEMA") for acquiring equity shares validly tendered under this Offer (including equity shares tendered by non-resident Indians). In addition to the approval required by the Acquirers, specific approval of the Reserve Bank of India needs to be obtained by OCBs/NRIs in the event that any OCB/NRI shareholder tenders its shares in the Offer.

8.1.2 The Acquirers have made requisite application to RBI for obtaining the above approval and RBI vide their letter dated 21 June, 2011 granted approval to the Acquirers to acquire Equity Shares through open offer from the public shareholders subject to the condition that if non - resident Indian/s holding Equity Shares on a non -repatriation basis or overseas corporate bodies tender Equity Shares pursuant to the Offer, specific approval from the RBI may be sought.

8.1.3 There are no other statutory approvals required to implement the Offer other than specified above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. In case the necessary statutory approvals required for the Offer are refused, necessary steps shall be taken in accordance with Regulation 27 of the SEBI (SAST) Regulations (for details, please refer to para 3.2.9 above).

8.1.4 Subject to the receipt of statutory and other approvals, the Acquirers shall complete all procedures relating to the Offer, including payment of consideration to shareholders whose shares have been accepted within a period of fifteen (15) days from the Offer Closing Date (as defined hereinafter). In case of delay due to the non-receipt of statutory approvals as contemplated in Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence of the Acquirers or failure of the Acquirers to diligently pursue the applications for such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirers agreeing to pay to the shareholders interest as may be specified by SEBI for any delay beyond fifteen (15) days.

8.1.5 However, if the delay occurs on account of the willful default or neglect or inaction or non-action by Acquirers in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.

8.1.6 The Acquirers do not require any approvals from financial institutions or banks for the Offer.

8.2 **Others**

8.2.1 The Letter of Offer, together with a Form of Acceptance-cum-Acknowledgement and Form of Withdrawal, will be mailed on or before October 7, 2011 to all public equity shareholders i.e. shareholders other than the Promoter and Promoter Group of the Target Company whose names appear in the Register of Members of the Target Company and the beneficial owners of the Equity Shares, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on June 10, 2011 (the "Specified Date").

8.2.2 The Offer shall open on October 12, 2011 and will remain open until October 31, 2011 (the "Offer Closing Date").

8.2.3 All public equity shareholders (registered or unregistered) of the Target Company are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, Distinctive Numbers, Folio Number, together with the original Share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Equity Shares. No indemnity is required from the unregistered owners.

8.2.4 The acceptance of the Offer is entirely at the discretion of the public equity shareholders of the Target Company. The Acquirers will not be responsible in any manner for any loss of Equity 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.

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

8.2.6 Each Shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1.1 Shareholders holding Equity Shares in physical form: Shareholders holding Equity Shares in physical form who wish to accept this Offer and tender their Equity Shares will be required to send the Form of Acceptance-cum- Acknowledgement, original share certificate(s) and duly signed transfer deed(s) to the Registrar of the Offer, **Karvy Computershare Private Limited, Unit: KSK - Open Offer, (Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Tel: (91) - 40 - 4465 5000 / 2342 0815 - 23, Fax : (91) - 40 - 2343 1551,E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna / Mr. Williams) ("Registrar")** either by hand delivery on weekdays or by registered post, on or before the Offer Closing Date, i.e. no later than October 31, 2011 so as to reach the Registrar on or before the close of business hours, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. They can also tender their Equity Shares by hand delivery at any of the collection centers mentioned in paragraph number 9.1.5.

9.1.2 The Registrar has opened a special depository account called **"KSK Open Offer Escrow Demat Account"** with **Karvy Stock Broking Limited at National Securities Depository Limited ("NSDL")**. **The DP ID is IN300394 and the Client ID is 18174096**. The public equity shareholders of the Target Company having their beneficiary account with the Central Depositary Services (India) Limited ("CDSL") must use the inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL.

9.1.3 Shareholders holding Equity Shares in dematerialized form: Beneficial owners who wish to accept this Offer and tender their Equity Shares will be required to send their Form of Acceptance-cum-Acknowledgement to the Registrar in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgement, along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, in favour of KSK Open Offer Escrow Demat Account duly acknowledged by their respective depository participant (the "DP"). Shareholders having their beneficiary account in Central Depository Services (India) Limited will in addition have to use an inter-depository delivery instruction slip. The credit for the delivered shares should be received in the special depository account on or before the Offer Closing Date. The above mentioned documents need to be sent to the Registrar, **Karvy Computershare. Private Limited, Unit : KSK - Open Offer, (Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, Tel: (91) - 40 - 4465 5000 / 2342 0815 - 23, Fax : (91) - 40 - 2343 1551 E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna / Mr. Williams)** either by hand delivery on weekdays or by registered post, on or before the Offer Closing Date, i.e. no later than October 31, 2011 so as to reach the Registrar on or before the close of business hours, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. They can also tender their Equity Shares by hand delivery at any of the collection centers mentioned in paragraph number 9.1.5.

9.1.4 Shareholders who have sent their Equity Shares for dematerialization need to ensure that the process of getting their Equity Shares dematerialized is completed well in time so that the credit in the special depository account is received on or before the Offer Closing Date (i.e. no later than October 31, 2011), else their application would be rejected.

9.1.5 The share certificate(s), share transfer form, Form of Acceptance and other documents, if any should be sent only to the Registrar, at the collection centres mentioned below in accordance with the procedure as set out in the Letter of Offer on or before the Offer Closing Date, i.e., no later than October 31, 2011. **They should not be sent to the Manager to the Offer or the Acquirers or the Target Company.** Should there be any addition to the collection centers mentioned below, the same will be published by way of a corrigendum to the PA. All the centers mentioned herein below would be open as follows:

Timings: Weekdays: 10.00 A.M. to 4.00 P.M. Saturdays: 10.00 A.M. to 1.00 P.M. ***The centers will however be closed on Sundays and Public Holidays.***

Sr. No.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
1.	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 24, Maharashtra Chamber. of Commerce. Lane, Opp. MSC Bank, Fort Mumbai – 400 023	Ms.Nutan Shirke	022-66381747 & 22842666	022-66331135	Hand Delivery
2.	Mumbai (Andheri)	Karvy Computershare. Pvt Ltd. 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai 400053	Ms. Neelam	022-26730799	022-26730152	Hand Delivery
3.	New Delhi	Karvy Computerhshare. Pvt. Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi - 110 001	Mr. Rakesh Kr Jamwal / Vinod Singh Negi / John Mathew	011-43681700	011-/41036370	Hand Delivery

Sr. No.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
4.	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203,Shail,Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad 380 006	Mr.Aditya Gupta/ Robert Joeboy	079-66614772/26400527	N/A	Hand Delivery
5.	Chennai	Karvy Computershare. Pvt Ltd. No. 33/1, Venkatraman Street, T.Nagar, Chennai – 600017	Ms. Janki	044/45900900	044-28153181	Hand Delivery
6.	Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-/23420818-23/44655000	040-23431551	Hand Delivery/ Regd Post
7.	Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
8.	Bengaluru	Karvy Computershare. Pvt Ltd. No.59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004	Mr. Kumaraswamy/Ms. V Sudha	080-26621192	080-26621169	Hand Delivery

9.1.6 All owners (registered or unregistered) of Equity Shares of the Target Company (other than the Acquirers) are eligible to participate in the Offer anytime before the Offer Closing Date. Unregistered owners can send their application in writing to the Registrar, on a plain sheet of paper stating the name, address, number of Equity Shares held, number of Equity Shares tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their equity shares and valid share transfer forms as received from the market. No indemnity is required from the unregistered shareholders. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Unaccepted Shares and related documents will be returned to the shareholders at their own risk.

9.1.7 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar, on a plain sheet of paper stating the name, address, number of Equity Shares held, distinctive numbers, folio number, number of Equity Shares offered, along with documents as mentioned above, so as to reach the Registrar on or before the Offer Closing Date, i.e. no later than October 31, 2011, or in case of beneficial owners, they may send the application in writing to the Registrar, on a plain sheet of paper stating the name, address, number of equity shares held, number of equity shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of KSK Open Offer Escrow Demat Account, so as to reach the Registrar, on or before the Offer Closing Date, i.e. no later than October 31, 2011.

9.1.8 Shareholders can also download the Letter of Offer and Form of Acceptance-cum-Acknowledgement placed on the SEBI website www.sebi.gov.in and send in their acceptance by completing the same.

9.1.9 Applications in respect of Equity Shares of the Target Company that are subject matter of litigation, wherein the shareholders of the Target Company may be prohibited from transferring the Equity Shares during the pendency of the said litigation, are liable to be rejected if the directions / orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

9.1.10 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA and this Letter of Offer can withdraw the same up to three working days prior to the Offer Closing Date. 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 centers mentioned above as per the mode of delivery indicated therein on or before October 24, 2011.

- The withdrawal option can be exercised by submitting the Form of Withdrawal, which is enclosed with the Letter of Offer.
- In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on a plain sheet of paper to the Registrar, along with the following details: -
- In case of physical equity shares: name, address, distinctive numbers, folio number, number of equity shares tendered/withdrawn; and
- In case of dematerialized equity shares: name, address, number of equity shares tendered/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.
- Shareholders can also download the Form of Withdrawal placed on the SEBI website www.sebi.gov.in and send in their withdrawal by filling the same.

9.1.11 The Registrar will hold in trust the Equity Shares / Share certificates, Equity Shares held in credit of the special depository account and transfer form(s) and the Form of Acceptance-cum-Acknowledgement if any, on behalf of the Shareholders who have accepted the Offer, until the Acquirers completes its obligations under the Offer in accordance with the SEBI (SAST) Regulations.

9.1.12 If the Shares tendered in this Offer by the Shareholders of the Target Company are more than the Shares to be acquired under this Offer, the acquisition of Shares from each shareholder will be on a proportionate basis as per provisions of regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. The marketable lot for the Target Company is 1 (one) Share..

9.1.13 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post / speed post at the shareholders' / unregistered owners' sole risk to the sole / first shareholder. Unaccepted equity shares held in dematerialized 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.

9.1.14 Compliance with tax and other regulatory requirements

(i) While tendering the Equity Shares of the Target Company under the Offer, NRIs / OCBs / foreign shareholders will be required to submit any previous RBI Approvals (specific or general) that they may have been required to obtain prior to acquiring the Equity Shares of the Target Company. In case the previous RBI approvals are not submitted, Acquirers reserves the right to reject such Equity Shares tendered. OCBs/NRIs are requested to seek a specific approval of the RBI and a copy of such approval must be provided along with other requisite documents in the event that any OCB /NRI shareholder tenders its shares in the Offer. In case the above approvals from the RBI are not submitted, the Acquirers reserves the right to reject such equity shares tendered.

(ii) While tendering their Equity Shares under the Offer, NRIs / OCBs / other non-resident shareholders will be required to submit No Objection Certificate ("NOC") or Tax Clearance Certificate ("TCC") or Certificate for Deduction of Tax at lower rates certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the Income Tax Act, 1961 or other provisions as may be applicable along with the Form of Acceptance-cum-Acknowledgement, indicating the amount of tax to be deducted by the Acquirers before remitting the consideration, failing which the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

(iii) As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, 1961 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However, the interest payment for delay in payment of consideration if any, will not be governed by this provision. For interest payments, if any, NRIs / OCBs / other non-resident shareholders will be required to submit a certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the Income Tax Act, 1961 or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by Acquirers before remitting the consideration, failing which Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder. In case of resident shareholders, tax will be deducted on the interest component exceeding Rs. 5,000 at the applicable current prevailing rates. If the resident shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such shareholders will be required to submit a certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the Income Tax Act, 1961 or a self-declaration in Form 15G or Form 15H as may be applicable. Shareholders eligible to receive interest component exceeding Rs. 5,000 would be required to submit their Permanent Account Number for Income Tax purposes. Clauses relating to payment of interest will become applicable only if the Acquirers become liable to pay interest for delay in release of purchase consideration.

(iv) Securities transaction tax will not be applicable to the Equity Shares accepted in the Offer.

9.1.15 Payment to those shareholders whose share certificates and / or other documents are found valid and in order and are approved by the Acquirers will be by way of a crossed account payee cheque / demand draft / pay order, DC, NEFT, RTGS, NECS, at specified centers where clearing houses are managed by the RBI within 15 days from the date of closure of Offer. Shareholders who opt for receiving consideration through DC/NEFT/RTGS/NECS are requested to give the authorization for the same in the Form of Acceptance cum Acknowledgment and enclose a photocopy of cheque along with the Form of Acceptance cum Acknowledgment. The decision regarding the acquisition (in part or full), or rejection of, the Shares tendered pursuant to this Offer and (i) any corresponding payment for the acquired Shares and/or (ii) share certificates for any rejected Shares or Shares withdrawn, will be dispatched to the Shareholders by registered post at the Shareholder's sole risk. Shares held in dematerialized form to the extent not acquired or Shares withdrawn will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance cum Acknowledgment.

9.1.16 All cheques / demand drafts / pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the cheque / demand draft / pay order.

10 TAX RELATED PROVISIONS

10.1 General

10.1.1 As per the provisions of section 195(1) of the I-T Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the I-T Act or as business profits or interest income (if any) as the case may be, Acquirers are required to deduct taxes at source (including surcharge and education cess).

10.1.2 Resident and non-resident Shareholders (including FII) are required to submit their Permanent Account Number ("PAN") for income-tax purposes. In case PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirers will arrange to deduct tax at the rate of 20% (twenty percent) or at the rate in force or at the rate specified in the relevant provisions of the I-T Act, or at the maximum rate as discussed in paragraphs 10.2 to 10.4, whichever is higher.

10.1.3 In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirers, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the entire consideration and interest if any, payable to such Shareholder.

10.1.4 Securities transaction tax will not be applicable to the Shares accepted in this Offer.

10.1.5 The provisions contained under clause (b) and (c) above shall apply notwithstanding anything contrary contained in paragraphs 10.2 to 10.4 below.

10.2 Tax to be deducted in Case of Non-resident Shareholders

10.2.1 While tendering Shares under the Offer, NRIs/OCBs/foreign Shareholders shall be required to submit certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the I-T Act along with the Form of Acceptance-cum-Acknowledgement, indicating the manner in which the quantum of tax deduction at source is to be computed by the Acquirers before remitting the consideration. The Acquirers will arrange to deduct taxes at source in accordance with such certificate.

10.2.2 In case the aforesaid certificate is not submitted, the Acquirers will arrange to deduct tax at the applicable rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the entire gross consideration and interest if any, payable to such Shareholder. The Acquirers will not take into consideration any other details and documents submitted by the shareholder for deducting lower amount of tax at source.

10.2.3 In case of an individual non–resident Shareholder (who is either a citizen of India or a person of Indian origin) has himself/ herself acquired Equity Shares of the Target Company with convertible foreign exchange and has also held such shares for at least twelve months prior to the date on which shares, if any, are accepted under the present Offer, the applicable rate of tax deduction at source would be 10.30%. However, to be eligible for this lower rate of tax deduction at source the shareholder will have to furnish copy of his / her demat account clearly reflecting the fact that Equity Share held in that account are in repatriable mode. Further, copy of the demat a/c. should also reflect that the Equity Shares were held for more than twelve months prior to the date on which Equity Shares, if any, are accepted under the present Offer. In case of Equity Shares held in physical mode the Shareholder will have to furnish certificate from his/ her bank to the effect that the purchase consideration of these Equity Shares was paid out of non resident external a/c of the Shareholder concerned.

10.3 Withholding tax implications for FII

10.3.1 As per provisions of section 196D(2) of the I-T Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in section 115AD of the I-T Act to a FII as defined in section 115AD of the I-T Act.

10.3.2 A FII should furnish SEBI Registration certificate including sub-account certificate where applicable ("**FII Certificate**") the nature of its income arising from the sale of shares in the Target Company as per the I-T Act (whether capital gains or otherwise) by tick marking on the appropriate option provided in the acceptance form for this purpose. In the absence of FII Certificate to the effect that their income from sale of shares is in the nature of capital gains, the Acquirers will deduct tax at the maximum rate applicable to the category to which such FII belongs on the entire consideration payable to such FII. Should FII submit a certificate u/s. 195 (3) or 197 from the Income-tax authorities while tendering the Shares, indicating the amount of tax to be deducted by the Acquirers under the I-T Act, the Acquirers will deduct tax in accordance with the same.

10.3.3 In respect of interest income, FII should submit a certificate u/s. 195 (3) or 197from the income-tax authorities indicating the amount of tax to be deducted by the Acquirers under the I-T Act. The Acquirers will deduct tax in accordance with the certificate u/s. 195 (3) or 197 so submitted. In absence of such certificate u/s. 195 (3) or 197, the Acquirers will arrange to deduct tax at the maximum rate applicable to the category to which such FII belongs.

10.4 Tax to be deducted in case of resident Shareholders

10.4.1 In absence of any specific provision under the I-T Act, Acquirers will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares.

10.4.2 Acquirers will deduct the tax at the stipulated rates (including applicable surcharge, education cess and secondary higher education cess) on interest, if any, payable to resident Shareholders, if amount of interest payable is in excess of Rs. 5,000 (Rupees Five thousand only).

10.4.3 The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance-cum-Acknowledgement a certificate u/s. 197 from the income-tax authorities indicating the amount of tax to be deducted by the Acquirers or, in the case of resident Shareholder not being a company or firm, a self declaration in Form 15G or Form 15H as may be applicable. The self declaration in Form 15G or Form 15H would not be valid unless the Shareholder furnishes PAN in such declaration. In case the aforesaid certificate u/s. 197 or Form 15G or 15H, if applicable, is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the Shareholder under the I-T Act. Also, no tax is to be deducted on interest amount in the case of resident Shareholder being a Mutual Fund as per Section 10(23D) of the I-T Act or a Bank/an entity specified under Section 194A(3)(iii) of the I-T Act if it submits a copy of relevant registration or notification along with the Form of Acceptance-cum-Acknowledgement.

10.5 Issue of withholding tax certificate

The Acquirers will issue a certificate in the prescribed form to the Shareholders (resident and non- resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.

10.6 Withholding taxes in respect of overseas jurisdictions

10.6.1 Apart from the above, the Acquirers will be entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Shareholder is a resident for tax purposes ("Overseas tax").

10.6.2 For this purpose, the non-resident Shareholder shall duly represent in the Form of Acceptance-cum-Acknowledgement the quantum of the Overseas tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident, and the Acquirers will be entitled to rely on this representation at their/its sole discretion.

10.6.3 The indicative rates of tax on capital gains for the assessment year 2012-2013 are as follows:

TYPE OF RECEIPIENT	**LONG TERM CAPITAL GAIN**					**SHORT TERM CAPITAL GAIN / BUSINESS INCOME**				
	Basic Tax Rate	**Surcharge**	**Education Cess**	**Sec. Higher Edu. Cess**	**Total**	**Basic Tax Rate**	**Surcharge**	**Education Cess**	**Sec. Higher Edu. Cess**	**Total**
1) OTHER THAN F.I.I.										
1.1) NON - RESIDENT INDIANS (INDIVIDUALS)										
(a) Shares acquired by the individual himself with convertible foreign exchange	10.00 %	NIL	0.20%	0.11%	10.30%	30.00 %	NIL	0.60%	0.30%	30.90%
(b) Shares acquired in any other manner	20.00 %	NIL	0.40%	0.20%	20.60%	30.00 %	NIL	0.60%	0.30%	30.90%
1.2) OVERSEAS CORPORATE BODIES / NON DOMESTIC COMPANY										

TYPE OF RECEIPIENT	LONG TERM CAPITAL GAIN					SHORT TERM CAPITAL GAIN / BUSINESS INCOME				
	Basic Tax Rate	Surcharge	Education Cess	Sec. Higher Edu. Cess	Total	Basic Tax Rate	Surcharge	Education Cess	Sec. Higher Edu. Cess	Total
(i) Consideration Exceeding Rs.1,00,00,000	20.00 %	0.40%	0.408%	0.204 %	21.012 %	40.00 %	0.80%	0.816%	0.408 %	42.024 %
(ii) Consideration Not Exceeding Rs. 1,00,00,000	20.00 %	NIL	0.40%	0.20%	20.60%	40.00 %	NIL	0.80%	0.40%	41.20%
1.3) NON-RESIDENT NOT COVERED BY 1.1 & 1.2 and 2										
	20.00 %	NIL	0.40%	0.20%	20.60%	30.00 %	NIL	0.60%	0.30%	30.90%
2) F.I.I.										
(a) REGISTERED AS COMPANY										
(i) Consideration Exceeding Rs.1,00,00,000	NIL	NIL	NIL	NIL	NIL	40.00 %	0.80%	0.816%	0.408 %	42.024 %
(ii) Consideration Not Exceeding Rs. 1,00,00,000	NIL	NIL	NIL	NIL	NIL	40.00 %	NIL	0.80%	0.40%	41.20%
(b) REGISTERED AS OTHER THAN COMPANY i.e. TRUST e.t.c.										
	NIL	NIL	NIL	NIL	NIL	30.00 %	NIL	0.60%	0.30%	30.90%

Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirers and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

The tax rate and other provisions may undergo changes.

11 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by Shareholders of the Target Company at the registered office of the KECPL, 8-2-293/82/A/431/A, Road No. 22, Jubilee Hills, Hyderabad – 500033, India, India, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and public holidays, from the date of opening of the Offer until the Offer Closing Date:

11.1 Copy of the Certificate of Incorporation, Memorandum of Association and Articles of Association of KECPL.

11.2 Copy of the Certificate of Incorporation and charter documents of the KEL.

11.3 Copy of the Certificate of Incorporation and charter documents of the KSK Power.

11.4 Copy of published Public Announcement.

11.5 The audited financial statements for the period March 31, 2009 to March 31, 2011 of KECPL.

11.6 The audited financial statements for the period March 31, 2009 to March 31, 2011 of KEL.

11.7 The audited financial statements for the period March 31, 2010 to March 31, 2011 of KSK Power.

11.8 Copies of the Annual Reports of the Target Company for the last three years.

11.9 Copy of the certificate from Mr. B. V. Mallikarjuna, Partner, M/s Anant Rao & Mallik, Chartered Accountants, Membership no. 23350, Firm Registration Number: 06266S, (Address: #B-409/410, Kushal Towers, Khairatabad, Hyderabad-500 004, Tel: 040 23320286, Fax: 040 66360666) dated September 09, 2011 confirming that KEL and KECPL have sufficient means to fulfill all the obligations under the Open Offer.

11.10 Certificate dated September 12, 2011 by the Acquirers giving an undertaking to the Manager to the Offer to meet their financial obligations under the Offer.

11.11 Letter dated 16 May 2011 by KEL confirming to unconditionally and irrevocably extend financial support to KSK Power and ensure that the obligations of KSK Power as set out under the SEBI (SAST) Regulations are complied with.

11.12 Copy of the agreement and amendment agreement between the Escrow Bank, the Acquirers and the Manager to the Offer, authorising the Manager to the Offer to realize the Escrow Account, in terms of the SEBI (SAST) Regulations.

11.13 Copy of agreement and amendment agreement between Registrar to the Offer and the Acquirers.

11.14 Copy of sanction letters aggregating to Rs. 600 crores availed by the Acquirers to meet the obligations under the Offer.

11.15 Copy of the letter from the Escrow Bank confirming the amount kept in the escrow account and Bank Guarantee dated September 10, 2011 from Andhra Bank in favour of the Manager to the Offer.

11.16 Copy of SEBI's observations in terms of the proviso to regulation 18(2).

12 DECLARATION BY THE ACQUIRERS

12.1 The Acquirers and their directors accept full responsibility for the information contained in the Letter of Offer, including the Form of Acceptance and Form of Withdrawal and also for the obligations of the Acquirers as laid down in terms of the SEBI (SAST) Regulations.

12.2 The Acquirers shall be severally and jointly responsible for ensuring compliance with and fulfilling obligations under the SEBI (SAST) Regulations.

12.3 We are duly and legally authorized on behalf of the Acquirers to sign this Letter of Offer.

Signed for and on behalf of Board Of Directors of KSK Energy Company Private Limited

Sd/-
Authorized Signatory

Date: October 3, 2011
Place: Hyderabad, India

Signed for and on behalf of Board Of Directors of KSK Energy Limited

Sd/-
Authorized Signatory

Date: October 3, 2011
Place: Port Louis, Republic of Mauritius

Signed for and on behalf of Board Of Directors of KSK Power Holdings Limited

Sd/-
Authorized Signatory

Date: October 3, 2011
Place: Port Louis, Republic of Mauritius

Enclosed:

a) Form of Acceptance-cum-Acknowledgement

b) Form of Withdrawal

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to Karvy Computershare Private Limited at any of the collection centres as per the mode of delivery mentioned in the Letter of Offer)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

OFFER OPENS ON	**Wednesday, October 12, 2011**
LAST DATE OF WITHDRAWAL	**Monday, October 24, 2011**
OFFER CLOSES ON	**Monday, October 31, 2011**

From: ______________________________

Name: ______________________________

Address: ______________________________

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Tel No: (______) ______________ Fax No : (______) ______________ E-mail: ______________________

To,
Karvy Computershare Private Limited
Unit: KSK – Open Offer
Plot No 17-24, Vithalrao Nagar,
Madhapur, Hyderabad - 500 081, India.
Tel: (91) - 40 - 4465 5000 / 2342 0815 - 23, Fax : (91) - 40 - 2343 1551,
E-mail: murali@karvy.com,
Contact Person: Mr. M. Murali Krishna / Mr. Williams

Dear Sir/Madam,

SUB: Open Offer to acquire up to 7,45,26,091 Equity Shares of Rs.10/- each representing 20% of the Voting Share Capital of KSK Energy Ventures Limited (Target Company) by KSK Energy Company Private Limited, KSK Energy Limited and KSK Power Holdings Limited [erstwhile KSK Surya Limited (name changed w.e.f. May 17, 2011)] (jointly referred to as "Acquirers") in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto ("Regulations")

I/We refer to the Public Announcement made on May 17, 2011 and Letter of Offer dated October 3, 2011 for acquiring the Equity Shares held by me/us in KSK Energy Ventures Limited. I/We, the undersigned have read the aforementioned Public Announcement and Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

— — — — — — — — — — — — — — — — **TEAR ALONG THIS LINE** — — — — — — — — — — — — — — — —

ACKNOWLEDGMENT SLIP

Karvy Computershare Private Limited, Unit: KSK – Open Offer

(To be filled in by the shareholder) (Subject to verification)

Sr. No.

Received from Mr./Ms./M/s ______________________________

Address ______________________________

Physical Shares: Folio No. ______________ / Demat shares: DP ID ______________; Client ID ______________

Form of Acceptance along with :

☐ Physical shares: No. of shares ______________; No. of certificates enclosed ______________

☐ Demat Shares: Copy of delivery instruction for ______________ number of shares enclosed

(Tick whichever is applicable)

Stamp of Collection Centre

Signature of Official: ______________________ Date of Receipt ______________________

FOR SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM

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

Sr. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of Equity Shares
			From	To	
Total No. of Certificates			Total No. of Equity Shares		

(In case the space provided is inadequate, please attach a separate sheet with details)

FOR SHAREHOLDERS HOLDING EQUITY SHARES IN DEMATERIALIZED FORM

I/We, holding Equity Shares in dematerialised form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my / our Equity Shares as detailed below :

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

I/We have executed an off-market transaction
- **via a delivery instruction from my account with NSDL** ☐
- **via an inter-depository delivery instruction from my account with CDSL** ☐

for crediting the Equity Shares to the Special Depository Account as per the details below:

DP Name: Karvy Stock Broking Limited	DP ID: IN300394	Client ID: 18174096
Account Name : KSK Open Offer Escrow Demat Account	Depository: National Securities Depository Limited	

Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their shares in favour of the Special Depository Account with NSDL.

Enclosures (Please tick as appropriate, if applicable)

☐ **Duly attested Power of Attorney, if any person apart from the shareholder, has signed the acceptance form or transfer deed(s)**

☐ **Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories**

☐ **Duly attested Death Certificate/ Succession Certificate (in case of single shareholder) in case the original shareholder has expired**

☐ **Others (please specify):**

TEAR ALONG THIS LINE

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID and Client ID

Karvy Computershare Private Limited,
(Unit: KSK - Open Offer)
Plot No 17-24, Vithalrao Nagar, Madhapur,
Hyderabad - 500 081, India.
Tel: (91) - 40 - 4465 5000 / 2342 0815 - 23, Fax : (91) - 40 - 2343 1551
E-mail: murali@karvy.com,
Contact Person: Mr. M. Murali Krishna / Mr. Williams

For Resident Shareholders

I / We have enclosed the following documents:

☐ Self attested copy of PAN card ☐ Self declaration form in Form 15G / Form 15H, as may be applicable (in duplicate)

For NRIs / OCBs / FIIs/ Foreign Shareholders

I / We, confirm that the tax deduction on account of Equity Shares of KSK Energy Ventures Limited held by me / us is to be deducted on (select whichever is applicable):

☐ Long-term capital Gains ☐ Short-term capital Gains ☐ Any other income

I / We, have enclosed the following documents: (Please tick as appropriate, if applicable)

☐ No objection certificate / Tax clearance certificate from the Income Tax Authorities
☐ RBI approvals for acquiring shares of KSK Energy Ventures Limited hereby tendered in the Offer
☐ Self attested copy of Permanent Account Number
☐ RBI permission, if any, obtained for holding Equity Shares of KSK Energy Ventures Limited hereby tendered in the Offer
☐ Tax residency certificate to avail the benefit of lower rate of tax deduction under the DTAA, if any, entered into between India and my/our country of residence)
☐ SEBI Registration Certificate for FIIs

For FII Shareholders:

I / We, confirm that the Equity Shares of KSK Energy Ventures Limited are held by me / us on (select whichever is applicable):

☐ Investment / Capital Account ☐ Trade Account

In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence.

I/We confirm that the Equity Shares of KSK Energy Ventures Limited, which are being tendered herewith by me/us under the Offer, are free from lien, charges and encumbrances of any kind whatsoever. I/We are not debarred from dealing in Equity Shares of KSK Energy Ventures Limited.

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirers pay the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

I/We authorize the Acquirers to accept the Equity 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 authorize the Acquirers to return to me/us, share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorize the Acquirers to accept the Equity Shares so offered or such lesser number of Equity Shares that they may decide to accept in terms of the Letter of Offer and I/we further authorize the Acquirers to split/consolidate the Equity Share Certificates comprising the Equity Shares that are not acquired to be returned to me/us and for the aforesaid purpose the Acquirers are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorize the Acquirers to send by registered post/speed post, the draft/cheque in settlement of the amount to the sole/first holder at the address mentioned below at my/our risk. In case, I/we have tendered my/our shares in dematerialized for, I/we authorize the Acquirers and the Registrar to the Offer and the Manager to the Offer to use my/our details regarding my/our address and bank details as obtained from my/our depository participant for the purpose of mailing the aforesaid instrument.

I/We note and understand that the Equity Shares would lie in the Special Depository Account until the time the Acquirers make payment of purchase consideration as mentioned in the Letter of Offer.

The Permanent Account No. (PAN) allotted under the Income Tax Act, 1961 is as under:

	Sole / First Shareholder	Second Shareholder	Third Shareholder
PAN			

Bank Details

So as to avoid fraudulent encashment in transit, shareholder(s) holding Equity Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For the 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. Please indicate the preferred mode of receiving the payment consideration. (Please tick)

1) Electronic Mode ______________________ 2) Physical Mode : ______________________

Sr. No.	Particulars Required	Details
I.	Name of the Bank	
II.	Complete Address of the Bank	
III.	Account Type (CA/SB/NRE/NRO/Others - Please Mention)	
IV.	Account No.	
V.	9 Digit MICR Code	
VI.	IFSC Code (for RTGS/NEFT transfers)	

Yours faithfully,

Signed and Delivered:

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
Sole / First Shareholder		
Second Shareholder		
Third Shareholder		

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

Place: __________ Date: __________

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRARS AFTER THE CLOSE OF THE OFFER i.e. BY 4.00 P.M. ON MONDAY, OCTOBER 31, 2011, SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

INSTRUCTIONS

1. In the case of demateralised 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 i.e. Monday, October 31, 2011. 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:
   a. **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 as per the instruction in the Letter of Offer.
      - In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the shareholder.
      - For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.

   b. **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 KSK Energy Ventures Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer.
      - **Please do not fill in any other details in the transfer deed except name, signature and witness**. Verification and Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
      The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirers as buyer will be filled by the Acquirers 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.
      If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid transfer deed from a registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders

   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 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 Karvy Computershare Private Limited, the Registrar to the Offer and not to Enam Securities Private Limited, the Manager to the Offer, the Acquirers or Target Company.
4. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
5. 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 the Target Company. OCB shareholders, if any, are required to submit approval from RBI for tendering Shares in the Offer. In case the RBI approvals are not submitted, the Acquirer reserves the right to reject the Shares tendered.
6. Nonresident shareholders are advised to refer to the clause on taxation in the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.
7. In case PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirers will arrange to deduct tax at the rate of 20% (twenty percent) or at the rate in force or at the rate specified in the relevant provisions of the Income Tax Act, or at the maximum rate as discussed in the Letter of Offer, whichever is higher, plus applicable surcharge and cess.
8. In case of ambiguity, incomplete information or the information not being provided to the Acquirer, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, on the entire consideration and interest if any, payable to the Shareholder.
9. 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.
10. Shareholders, while tendering their Shares in the Offer may indicate an option to receive the payment of Offer consideration through electronic form by indicating in the space provided in the Form of Acceptance. The payment consideration for Shares accepted under the Offer, in such cases, may be made through Electronic Clearing Services (ECS), Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), as applicable, at specified centers where clearing houses are managed by the Reserve Bank of India, wherever possible. In other cases, payment of consideration would be made through cheque / demand draft / pay order sent by Registered post / speed post. Shareholders who opt for receiving consideration through electronic form are requested to give the authorization for electronic mode of transfer of funds in the Form of Acceptance, provide the MICR / IFSC code of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the Form of Acceptance. In case of joint holders, payments will be made in the name of the first holder/ unregistered owner.
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 KSK Energy Ventures Limited;
    b. The transfer deed is not complete or valid;
    c. 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 KSK Energy Ventures Limited 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 Acquirers, the Manager to the Offer, the Registrar to the Offer or KSK Energy Ventures Limited 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 Private Limited, Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081, India so as to reach the Registrar to the Offer on or before 4.00 PM on the Offer Closing Date i.e. Monday, October 31, 2011.
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 Private Limited which are as follows:

Sr. No.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
1.	Mumbai (Fort)	Karvy Computershare Pvt. Ltd. 24, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort Mumbai – 400 023	Ms.Nutan Shirke	022-66381747 & 22842666	022-66331135	Hand Delivery
2.	Mumbai (Andheri)	Karvy Computershare Pvt. Ltd. 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai 400053	Ms. Neelam	022-26730799	022-26730152	Hand Delivery
3.	New Delhi	Karvy Computershare Pvt. Ltd. 305, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi - 110 001	Mr. Rakesh Kr Jamwal / Vinod Singh Negi / John Mathew	011-43681700	011- /41036370	Hand Delivery
4.	Ahmedabad	Karvy Computershare Pvt. Ltd. 201-203,Shail,Opp: Madhusudhan House Behind Girish Cold Drinks, Off C G Road Ahmedabad 380 006	Mr. Aditya Gupta/ Robert Joeboy	079-66614772/ 26400527	N/A	Hand Delivery
5.	Chennai	Karvy Computershare Pvt. Ltd. No. 33/1, Venkatraman Street, T. Nagar, Chennai – 600017	Ms. Janki	044/45900900	044-28153181	Hand Delivery
6.	Hyderabad	Karvy Computershare Pvt. Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-/23420818-23/ 44655000	040-23431551	Hand Delivery/ Regd Post
7.	Kolkata	Karvy Computershare Pvt. Ltd. 49, Jatin Das Road, Nr. Deshpriya Park, Kolkatta 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery
8.	Bengaluru	Karvy Computershare Pvt. Ltd. No.59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004	Mr. Kumaraswamy/ Ms.V Sudha	080- 26621192	080-26621169	Hand Delivery

16. The Form of Acceptance-cum-Acknowledgement along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres on all days (excluding Saturdays, Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10.00 a.m. to 4.00 p.m. All queries pertaining to this Offer may be directed to the Registrar to the Offer.

    The tax deducted under this Offer is not the final liability of the Shareholders or in no way discharges the obligation of the Shareholders to disclose the amount received pursuant to this Offer. The tax rates and other provisions may undergo changes.

    Shareholders are advised to consult their tax advisors with regard to the tax consequences of tendering their Equity Shares in the Offer and the appropriate course of action that they should take. The Acquirer, the Manager to the Offer and the Registrar to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

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FORM OF WITHDRAWAL

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

From: ____________________

Name: ____________________

Address: ____________________

OFFER	
Offer Opens On	**Wednesday, October 12, 2011**
Last Date Of Withdrawal	**Monday, October 24, 2011**
Offer Closes On	**Monday, October 31, 2011**

Tel No: (____) ________ Fax No: (____) ________ E-mail: ________

To,

Karvy Computershare Private Limited
Unit: KSK – Open Offer
Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081, India.
Tel: (91) - 40 - 4465 5000 / 2342 0815 - 23, Fax : (91) - 40 - 2343 1551,
E-mail: murali@karvy.com, Contact Person: Mr. M. Murali Krishna / Mr. Williams

Dear Sir/Madam,

SUB: Open Offer to acquire up to 7,45,26,091 Equity Shares of Rs.10/- each representing 20% of the Voting Share Capital of KSK Energy Ventures Limited (Target Company) by KSK Energy Company Private Limited, KSK Energy Limited and KSK Power Holdings Limited [erstwhile KSK Surya Limited (name changed w.e.f. May 17, 2011)] (jointly referred to as "Acquirers") in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto ("Regulations")

I/We refer to the Public Announcement made on May 17, 2011 and Letter of Offer dated October 3, 2011 for acquiring the Equity Shares held by me/us in KSK Energy Ventures Limited. I/We, the undersigned have read the aforementioned Public Announcement and Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Equity Shares from the Offer and I/we further authorise the Acquirers to return to me/us, the tendered equity share certificate(s)/ equity share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Equity Shares from the Offer, no claim or liability shall lie against the Acquirers/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 centres mentioned in the Letter of Offer or mentioned overleaf as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. **Monday, October 24, 2011.**

I/We note that the Acquirers/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 DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirers 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 Depositories from time to time.

The particulars of withdrawal of original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr. No.	**Ledger Folio No.**	**Certificate No.**	**Distinctive No(s)**		**No. of Shares**
Tendered			**From**	**To**	
1.					
2.					
3.					
Total No. of Certificate			**Total No. of Shares Tendered**		
Withdrawn					
1.					
2.					
3.					
Total No. of Certificate			**Total No. of Shares Tendered**		

(In case the space provided is inadequate, please attach a separate sheet with details)

— — — — — — — — — — — — — — — **TEAR ALONG THIS LINE** — — — — — — — — — — — — — — —

Acknowledgment Slip - Withdrawal Form
Karvy Computershare Private Limited
(Unit: KSK - Open Offer)

Sr. No.

Received from Mr./Ms./ M/s. ____________________

Address: ____________________

a Form of Withdrawal for. # ________ Number of Equity Share Certificates in respect of ________ Equity Shares / # Copy of Delivered Instruction to DP for ________ Equity Shares.

Delete whichever is not applicable

Physical shares: Folio No.________ / Demat shares: DP ID ________; Client ID: ________

Stamp of collection centre	**Signature of Official**	**Date of Receipt**

EQUITY SHARES IN DEMATERIALIZED FORM

I/We hold the following Shares in dematerialised form and had done an off-market transaction for crediting the shares to the **"KSK Open Offer Escrow Demat Account"** as per the following particulars:-

DP Name	Karvy Stock Broking Limited
DP ID	IN300394
Client ID	18174096
Depository	National Securities Depository Limited

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my/ our Shares have been tendered 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.

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.

I/We confirm that the particulars given above are true and correct.

Yours faithfully,

Signed and Delivered:

	FULL NAME(S) OF THE HOLDER(S)	SIGNATURE(S)
Sole /First Shareholder		
Second Shareholder		
Third Shareholder		

Note: In case of joint holdings, all shareholders must sign. In case of body corporate, the rubber stamp should be affixed and necessary board resolution must be attached.

Address of Sole / First Shareholder: ____________________

Tel. No.: ____________ ; Fax: ____________; Email: ____________

Place: ____________ Date: ____________

INSTRUCTIONS

1. Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days i.e. by Monday, October 24, 2011 prior to the close of the Offer, i.e. Monday, October 31, 2011.
2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance-cum-Acknowledgement, Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
3. The withdrawal of Equity Shares will be available only for the Equity Share certificates/ Equity Shares that have been received by the Registrar to the Offer/credited to Special Depository Account.
4. In case of partial withdrawal of Equity 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.
5. Shareholders holding Equity Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
6. The Form of Withdrawal along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres on all days (excluding Saturdays, Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10.00 a.m. to 4.00 p.m. All queries pertaining to this Offer may be directed to the Registrar to the Offer.

— — — — — — — — TEAR ALONG THIS LINE — — — — — — — —

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID and Client ID

Karvy Computershare Private Limited,
Unit: KSK - Open Offer,
Plot No 17-24, Vithalrao Nagar, Madhapur,
Hyderabad - 500 081, India.
Tel: (91) - 40 - 4465 5000 / 2342 0815 - 23,
Fax : (91) - 40 - 2343 1551
E-mail: murali@karvy.com,
Contact Person: Mr. M. Murali Krishna / Mr. Williams