GENERAL MANAGER
CORPORATION FINANCE DEPARTMENT
DIVISION OF CORPORATE RESTRUCTURING
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CFD/DCR/TO/IG/ SA/ OW/98/10
April 5, 2010

M/s KSK Energy Ventures Limited
8-2-293/82/A/431/A,
Road No.22, Jubilee Hills,
Hyderabad 500 033.

Dear Sir,

Sub: : Request for interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003- by KSK Energy Limited in the matter of KSK Energy Ventures Limited on applicability of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 { Regulations }.

1. Please refer to your letter dated November 30, 2009 and other correspondence exchanged on the captioned matter.
2. In your letter and other correspondence, under reference, you have *inter alia* represented as follows:

1.1 KSK Energy Limited (applicant) is the promoter of KSK Energy Ventures Ltd (Target Company) and is a fully owned subsidiary of KSK Power Venture Plc. KSK Power Venture Plc, is person acting in concert (PAC) with KSK Energy Limited, for shares held in the Target Company.

1.2 KSK Energy Limited (applicant) holds 19,12,22,031 (51.32%) equity shares in the KSK Energy Ventures Ltd as on the date of application. KSK Power Venture Plc does not hold any shares in the Target Company.

1.3 Lehman Brothers Group (LB Group) also holds around 20% of the voting rights in the Target Company. Out of this 20% Mauritian Holding Company (which is a part of LB Group) (LBMHC) holds 6.5% of voting rights in the Target Company.

1.4 KSK Power Venture Plc is a company listed in the Alternative investment market (AIM) of the London Stock Exchange.

1.5 In January 2008, a voting rights agreement was signed between KSK group (KSK Energy Limited and KSK Power Venture Plc.) and LB group wherein a Right of First Offer (ROFO) was provided to the applicant. This right required LB to notify its intention to sell shares of Target Company to the applicant and the applicant to make an offer to acquire such shares within 30 days. Failing such offer from applicant or if LB group does not accept the offer, LB group can seek to effect a sale on price and terms not inferior to those in the offer. This agreement was however signed when the Target Company was an unlisted company i.e before Target Company went for Initial Public Offer.

1.6 KSK Power Venture Plc. now proposes to enter into a Supplementary Development Agreement with a Holding Company of Lehman Brothers in Mauritius ie, (LBMHC). Amongst others, the agreement upon execution provides for a Right of First Refusal ("ROFR") with respect to equity shares of LBMHC at a fixed price and to secure such right, would pay an initial deposit of approximate USD 9 million. KSK Power Venture Plc. would have a 15 months period to exercise the right and pay balance consideration upon exercise. Thus the right is to be exercised by KSK Power Venture Plc. on or before 31st January 2011.

1.7 If KSK Power Venture Plc does not exercise this right on or before 31st January 2011 , LB Group shall have the right to cause the LBMHC to sell the underlying 2,42,27,330 (6.50%) shares of the Target Company.

1.8 Thus, if and when the completion occurs under the Supplementary Development Agreement, KSK Power Venture Plc would have undertaken an acquisition of 100% shares of LBHC, thereby indirectly acquiring 2,42,27,330 (6.50%) shares of Target Company.

3. In view of the submissions made by you have sought interpretative letter on the issue:

3.1 Whether execution of the proposed Supplementary Development Agreement or the payment of initial deposit in pursuance of the Supplementary Development Agreement by the applicant's holding company (KSK Power Venture Plc) to secure a ROFR right could be construed as acquisition of share/voting rights or the acquisition is completed only upon payment of the consideration on completion and the consequent indirect acquisition of shares/voting rights of the company?

3.2 Whether the applicant would be obliged to comply with the provisions relating to disclosure and public announcement (PA) under Takeover Code in the light of regulation 11(1) read with regulation 14(2) at the time of execution of the Supplementary Development Agreement when there is uncertainty on the final acquisition of shares/ voting rights or the compliance of the said provisions are triggered only when the right is exercised by the applicant resulting in actual acquisition of shares/ voting rights?

3.3 Whether the applicant would be obliged to comply with the provisions relating to disclosure under Reg.7 (1) and 7(1A) read with Reg.7 (2) of the SEBI Takeover Code at the time of execution of Supplementary Development Agreement when there is uncertainty on the final acquisition of shares/voting rights or the compliance of the said provisions are triggered only when the right is exercised by the Applicant resulting in actual acquisition of shares/ voting rights?

3.4 Whether the applicant is bound to make disclosure in terms of Reg.13 (3) of the SEBI (Insider Trading Regulation) at the time of execution of the Supplementary Development Agreement when there is uncertainty on the final acquisition of shares/voting rights (or) the provisions are triggered only when the right is exercised by the applicant resulting in actual acquisition of shares/ voting rights?

4. We have considered the submission and representation made by you and without necessarily agreeing with your analysis, our views on the issue are as under:

   1.1 As regards query i.e. refer in 3.1; you are at present holding 51% shares in the Target Company. An indirect acquisition of 6.5% share/voting rights in the Target Company either by you or by the KSK Power Ventures Plc. or by any other nominee/affiliate (who will be treated as person acting in concert for such acquisition) will attract regulation 11(1) of the Regulations. As per regulation 11(1) of the Regulations, the acquirer who alongwith person acting in concert holding shares between 15% and 55% can acquire more than 5% voting rights in a Target Company by making a public announcement to acquire shares in accordance with the Regulations. Thus, in the facts and circumstances represented by you, regulation 11(1) will be attracted/triggered on the date when KSK Power Ventures Plc. indirectly acquire 6.5% voting rights in the Target Company by exercising the ROFR to acquire 100% shares of LBMHC

1.2 Regarding query 3.2, it may be noted that in terms of regulation 14(4), in case of indirect acquisition or change in control, public announcement (PA) has to be made within three months of consummation of such acquisition or change in control or restructuring of the parent company holding shares of or control over the Target Company. In your case if, KSK Power Ventures Plc. exercises ROFR, PA has to made within three months of consummation of acquisition of parent company (LBMHC) in terms of regulation 14(4).

1.3 Regarding query 3.3, disclosure under regulation 7 of the Regulations will be required to be made on the indirect acquisition of 6.5% shares of the Target Company. In the present case, such disclosures will be required to be made within two working days of indirect acquisition of 6.5% shares of the Target Company by exercising the ROFR to acquire 100% shares of LBMHC.

1.4 In terms of regulation 13(3) of SEBI (Prohibition of Insider Trading) Regulation, 1992, disclosure under regulations are required to be made in case of acquisition of <u>shares/voting rights of the listed company</u>(Target Company). Since, in the present case acquisition is of 100% shares of LBMHC (ie, indirect acquisition of 6.5% shares of the Target Company), therefore, no disclosure under aforesaid regulation will be required for such acquisition of 100% shares of LBMHC ie, for indirect acquisition of 6.5% shares of the Target Company.

5. This position is based on the representation made to the Division in your letter under reference. Different facts or conditions might require a different result. This letter does not express decision of the Board on the questions referred.

6. Vide your letter dated November 30, 2009 you have sought confidentiality treatment in respect of your request for interpretive letter. Acceding to your request, it has been decided that the interpretive letter issued to you in this matter will not be available to the public for a period of 90 days from the date of issuance of the said letter.

7. You may note that the above views are expressed only with respect to the clarification sought on SEBI (Substantial Acquisition of Shares and Takeovers) regulations,1997 and do not affect the applicability of any Act, Rules or Regulations, Guidelines and Circulars administered by SEBI or any other authority.

Yours faithfully,

Neelam Bhardwaj