LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*This Letter of Offer is being sent to you as Equity Shareholder(s) of KLG Capital Services Limited. If you require any clarification(s) about the action to be taken, you may consult your stock broker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement ("**FOA**"), Form of Withdrawal and Transfer Deed to the purchaser of the Equity Shares or the member of the stock exchange through whom the said sale was effected.*

CASH OFFER

By

Awaita Properties Private Limited
(Registered Office: 8 J, North Stand, Vinno Mankand Gate, Wankhede Stadium, Churchgate, Mumbai – 400 020
Tel. No.: +91 022 -2281 36 21/ Fax No.: +91 022 2281 1956)
(hereinafter referred to as **"Acquirer"**/ **"APPL"**)

to acquire

Upto 6,40,480 (Six Lakh Forty Thousand Four Hundred Eighty) fully paid up Equity Shares of face value of Rs. 10/- (Rupees Ten only) each, representing 20% of the outstanding voting paid up equity share capital, at a price of Rs. 37.50/- (Rupees Thirty Seven and Fifty Paisa only) per fully paid up Equity Share ("**the Offer**")

of

KLG Capital Services Limited
(Registered Office: 204, Deep Market, 32, Wazirpur Community Centre, Ring Road. Delhi – 110052.
Tel. No.: +91 011-27377110, 27377111 Fax No.: +91 011 27377112)
(hereinafter referred to as **"Target Company"** / **"KCSL"**)

MANAGER TO THE OFFER **NETWORTH STOCK BROKING LIMITED**	**REGISTRAR TO THE OFFER** **INTIME SPECTRUM REGISTRY LTD.**
Networth Stock Broking Ltd. 143, Mittal Court, 'B' Wing, 14th Floor, 224, Nariman Point, Mumbai – 400 021. Tel. No.: + 91-22-66158 818 Fax No.: +91-22-2283 6306 Contact Person: Mr.Anil Mehta/ Mr. Ganesh Hadvale Email: kcsl_appl@nsbl.co.in SEBI Registration No.: INM000011013	INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) , Mumbai-400 078 Tel. No. :022- 25960320 Fax No. :022- 25960329 Contact Person :Ms. Awani Thakkar Email : klg.openoffer@intimespectrum.com SEBI Registration No.: INR000003761

Notes:

- The Offer is being made by APPL pursuant to Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("**SEBI Takeover Regulations**") for the purpose of substantial acquisition of Shares and voting rights of the Target Company accompanied with change in control and management of Company consequent to the acquisition of total holding of the existing promoters by the Acquirer.

- The shares that are tendered in the Offer may be those held by Non-Resident Indians or persons resident outside India who are not Non- Resident Indians, including Overseas Corporate Bodies, if any, holding shares in the Company who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. The Offer is therefore subject to the receipt of the approval, if any, of the RBI under the Foreign Exchange Management Act, 1999 and the rules and Regulations made thereunder for the acquisition of equity shares by the Acquirer from the aforesaid category of shareholders under the Offer and other related matters. Manager to the Offer, vide their letter dated March 10, 2008 filed an application with RBI for approval to the Acquirer to acquire equity shares of KCSL through open offer from the eligible non resident shareholders. Reserve Bank of India vide letter reference FE.CO.FID 24118/10.21.094/2007-08 dated April 11 2008 has approved the aforesaid application & advised for remittance of sale proceeds to Non Residence Shareholders who may tender their shares pursuant to open offer.

- The Offer is not subject to any minimum level of acceptance.

- **This is not a competitive bid as on date.**

- The Offer is not subject to any statutory and regulatory approvals except those stated in paragraph 8.

- Shareholders, who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. Thursday May 22, 2008.

- The Acquirer is permitted to revise the Offer Price of Equity Shares/ number of Equity Shares upward any time up to seven working days prior to the date of closure of the Offer i.e. up to Friday, May 16, 2008. If there is any upward revision of the Offer Price /number of Equity Shares in terms of Regulation 26 of SEBI Takeover Regulations, the same would be informed by way of a Public Announcement by way of a Public Announcement in the newspapers mentioned in paragraph 2.2.2 of this Letter of Offer and the same revised price would be payable by the Acquirer to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.

- **If there is competitive bid : (i) the Public Offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days prior to the closing date of the Offers / bids, it would therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer price of each bid and tender their acceptance accordingly. There has been no competitive bid as on date.**

- This Offer is not conditional upon any minimum level of acceptances.

- **As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.**

- The Form of Acceptance cum Acknowledgement together with the Form of Withdrawal is enclosed with this Letter of Offer.

- The procedure for acceptance is set out in paragraph 9 herein. A copy of the PA and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement which includes the Form of Withdrawal) are also available on SEBI's website at www.sebi.gov.in from the date of opening of the Offer i.e., Thursday May 08, 2008.All correspondences may be addressed to the Manager to the Offer / Registrar to the Offer at the addresses given above:

Schedule of Activities

Activities	Original Schedule	Revised Schedule
Public Announcement Date	Monday, March 3, 2008	Monday, March 3, 2008
Specified Date	Friday, March 28, 2008	Friday, March 28, 2008
Last date for competitive bid	Friday, April 18, 2008	Friday, April 18, 2008
Last Date by which Letter of Offer will be dispatched to the Shareholders of KCSL	Monday, April 07, 2008	Saturday May 03, 2008
Date of Opening of the Offer	Friday, April 25, 2008	Thursday May 08, 2008
Last date for revising the Offer Price / Offer size	Friday, May 09, 2008	Friday May 16, 2008
Last date of withdrawal of tendered application by the Shareholders of KCSL	Tuesday, May 13, 2008	Thursday May 22, 2008
Date of Closing of the Offer	Friday, May 16, 2008	Tuesday May 27, 2008
Date of communicating acceptance/ rejection and payment of consideration for accepted Shares and / or return of Share/ Share Certificate for applications rejected	Friday, May 30, 2008	Wednesday June 11, 2008

Risk factors (a) relating to the Offer, (b) involved in associating with the Target Company, (c) involved in associating with the Acquirer and (d) relating to the transaction and the likely adverse effect of these risk factors on the Shareholders

A. Relating to the Proposed Offer

1. Acceptance of the equity shares of the Target Company tendered in the Offer is subject to the receipt of the statutory approvals, if any, including the one which may be required from Reserve Bank of India under Reserve Bank of India Act, 1934. In the event, any of the required statutory approvals is refused, the Offer would stand withdrawn in terms of the SEBI Takeover Regulations. For further details, refer paragraph 7 of this Letter of Offer.

2. If the aggregate of the valid responses to the Offer exceeds Offer size, then the Acquirer shall accept the valid applications received on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI Takeover Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.

3. The shares that are tendered in the Offer may be those held by Non-Resident Indians or persons resident outside India who are not Non-Resident Indians, including Overseas Corporate Bodies, if any, holding shares in the Company who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. The Offer is therefore subject to the receipt of the approval, if any, of the RBI under the Foreign Exchange Management Act, 1999 and the rules and Regulations made there under for the acquisition of equity shares by the Acquirer from the aforesaid category of shareholders under the Offer and other related matters. Manager to the Offer, vide their letter dated March 10, 2008 filed an application with RBI for approval to the Acquirer to acquire equity shares of KCSL through open offer from the eligible non resident shareholders. Reserve Bank of India vide letter reference FE.CO.FID 24118/10.21.094/2007-08 dated April 11 2008 has approved the aforesaid application and advised for remittance of sale proceeds to Non Residence Shareholders who may tender their shares pursuant to open offer..

4. In the event that either

   (a) there is any litigation leading to a stay on the Offer; or

   (b) a regulatory approval is not received in time; or

(c) SEBI instructing the Acquirer 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 the shareholders of KCSL, whose Shares have been accepted under this Offer as well as the return of the Shares not accepted under this Offer by the Acquirer may be delayed. In case of delay, due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI Takeover Regulations, SEBI, may, if satisfied, that the non receipt of approvals was not due to any wilful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the eligible shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. Thursday, May 22,2008 shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.

5. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer to the credit of a designated escrow account till the completion of the Offer formalities and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and after completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

B. In associating with the Target Company

1) The Target Company has not appointed Company Secretary as required under Section 383A of Companies Act, 1956. However, Managing Director Mr. Kundan Lal Garg is a Chartered Accountant and currently handling the secretarial matters.

C. In associating with the Acquirer

1) Post this Offer the Acquirer will have significant equity ownership and control over the Target Company pursuant to Regulations 10 & 12 of SEBI Takeover Regulations. The Acquirer has no prior experience in business areas of NBFC as well as Investment and shares trading.

2) The Acquirer makes no assurance with respect to the future financial performance of KCSL. The Acquirer also makes no assurances with respect to its investment/ divestment decisions relating to its proposed shareholding in the Target Company.

3) In past i.e. for the financial year ended March 31, 2005, undisputed statutory dues of Rs. 74,28,492/- was outstanding for more than six month from the day they become payable, since regularised.

4) In the same financial year ended March 31, 2005 Acquirer has incurred a cash loss of Rs.15,42,009/- (Total Loss of Rs. 52,23,503). However, the present profit and loss balance continues to be positive at Rs. 160,87,000/- lakhs for the financial year ended March 31, 2007.

5) There is one appeal pending before the Income Tax Appellate Tribunal, Mumbai filed against the Acquirer Company. The penalty involved is approximately 12.47 lakhs for the Assessment Year 2002-2003.

6) The Acquirer has not appointed Company Secretary as required under Section 383A of the Companies Act, 1956.

D. Relating to the Transaction

1) The transaction is subject to completion risks as would be applicable to similar transactions.

The indicative risk factors set forth above are in relation to the Offer and not in relation to the present or future business or operations of KCSL 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 or in associating with the Acquirer. The Shareholders of KCSL are advised to consult their stock broker or investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

TABLE OF CONTENTS

ABBREVIATIONS AND DEFINITIONS

Acquirer / APPL	Awaita Properties Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 8-J, North Stand, Vinno Mankand Gate, Wankhede Stadium, Churchgate, Mumbai – 400 020
Board/ Board of Directors/Directors	Board of Directors of KCSL
Book Value per share	[(Share Capital + Reserves (Net of revaluation reserves)-(Miscellaneous expenses to the extent not written off-Accumulated losses)]/Number of Shares
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Date of Closure of Offer	Tuesday May 27, 2008
DP	Depository Participant
EGM	Extra-Ordinary General Meeting
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Shares of Target Company (other than the Acquirer and the Sellers) anytime before the closure of the Offer
EPS	Earnings Per Share
Form of Acceptance / FOA of Acceptance cum Acknowledgement	Form of Acceptance-cum-Acknowledgement attached this Letter of Offer.
Form of Withdrawal / FOW	Form of Withdrawal accompanying this Letter of Offer
GOI	Government of India
Letter of Offer / LOO	This Letter of Offer dated April 30, 2008
Maximum Consideration	Total consideration payable by the Acquirer under this Offer assuming full acceptance by Eligible Person(s) for the Offer, amounting to Rs. 24,018,000/-.
Merchant Banker / Manager to the Offer	Networth Stock Broking Limited
NSDL	National Securities Depository Limited
Offer	Open Offer being made by the Acquirer for acquisition of 6,40,480 (Six Lakhs Forty Thousand Four Eighty) Equity Shares to the public shareholders, representing 20% of the voting capital of the Target Company at the Offer Price payable in cash
Offer Price	Rs. 37.50/- (Rupees Thirty Seven and Fifty Paisa only) per fully paid up Equity Share
Offer size	640,480 Shares representing 20% of the Voting Capital of the Target Company
Promoters	Promoter of KLG Capital Services Ltd namely Mr. Kundan Lal Garg.
Public Announcement / PA	Announcement of this Offer made on behalf of the Acquirer to the Shareholders of the Target Company published on March 3, 2008 which appeared in all editions of Financial Express, all editions of Jansatta, Mumbai edition of Navshakti
RBI	Reserve Bank of India
Registrar / Registrar to the Offer	Intime Spectrum Registry Limited, the Registrar appointed by the Acquirer, having its registered office at C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai-400 078
Regulations	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.
Sale Shares	1936075 Equity Shares of Target Company acquired from the open market which includes 1580607 Shares acquired by the Acquirer from the Sellers/Promoters under the SPA
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Sellers	Mr. Kundan Lal Garg, Mrs. Sushila Garg, KL Garg HUF, KLG Share Brokers Limited, Schematic Securities Private Limited, Mr. Vivek Garg, Mr. Vineet Garg, Mrs. Shakuntala Devi, Mr. Ram Pratap Aggarwal and Mr. Yogesh Bansal
Share(s)	Fully paid-up Equity Shares of face value of Rs 10/- (Rupees Ten only) each of KLG Capital Services Limited
Shareholders	Shareholders of the Target Company

SPA	The Share Purchase Agreement dated February 27, 2008, entered into by the Acquirer with the Sellers, for purchase of 1580607 Shares of the Target Company from the Sellers
Specified Date	Friday, March 28, 2008, being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
Total paid-up Capital / Equity Capital of the Target Company / KCSL	Consisting of 32,02,400 (Thirty Two Lacs Two Thousand Four Hundred) fully paid up Equity Shares of Rs. 10/- (Rupees Ten only) each of the Target Company as on the date of Public Announcement.
Target Company / KCSL	KLG Capital Services Limited a Company incorporated under the Companies Act, 1956, having its registered office at 204, Deep Market, 32, Wazirpur Community Centre, Delhi – 110052

Note: *All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the SEBI Takeover Regulations.*

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI TAKEOVER REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF KLG CAPITAL SERVICES LTD TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PERSONS ACTING IN CONCERT OR THE COMPANY WHOSE EQUITY 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 ACQUIRER IS 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 ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, NETWORTH STOCK BROKING LIMITED, THE MERCHANT BANKER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 12, 2008 TO THE SEBI IN ACCORDANCE WITH THE SEBI TAKEOVER REGULATION AND SUBSEQUENT AMENDEMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2. Details of the Offer

2.1 Background of the Offer

2.1.1 The Offer is being made in compliance with Regulations 10 & 12 of the SEBI Takeover Regulations for the purpose of substantial acquisition of Equity Shares and voting rights of KCSL accompanied with the change in control and management as the aggregate equity stake of the Acquirer in the paid up equity share capital of KCSL will be more than the stipulated threshold of 15% consequent to the acquisition.

2.1.2 The Acquirer has acquired 1,936,075 equity shares ("**Sale Shares**") of the Target Company representing 60.45% of total paid up equity share capital of KCSL which resulted into the triggering of SEBI Takeover Regulation. These shares were acquired from the open market on the Bombay Stock Exchange Limited (hereinafter referred to as "**BSE**") by way of share transfer on the BOLT as follows:

Date of acquisition	No. of equity shares acquired	% w.r.t to the total paid up capital of the Target company	Price of each share (In Rs.)
February 22, 2008	95,015	2.97	33.65
February 25, 2008	129,773	4.05	34.70
February 27, 2008	1,711,287*	53.44	37.17

* w.r.t the 1,711,287 shares acquired by APPL on February 27, 2008, the Acquirer has entered into a Share Purchase Agreement of even date for 1,580,607 shares with the Promoters and Promoter Group Individuals of the Target Company more specifically disclosed in clause 2.1.3 below. The remaining 130,680 shares acquired by APPL on February 27, 2008 were acquired from non promoter shareholders i.e. from the open market.

2.1.3 The Acquirer has entered in to Share Purchase Agreement dated February 27, 2008 and Deed of Indemnity dated February 27, 2008 (hereinafter collectively referred to as "**SPA**") with existing Promoters and Promoter Group of Target Company viz. Mr. Kundan Lal Garg, acting for self and other shareholders including individuals/companies, duly represented by Mr Kundan Lal Garg (hereinafter collectively referred to as the "**Sellers**") for sale of Sellers' total existing holding of 1,580,607 fully paid up equity shares representing 49.36% of the current paid-up equity share capital of Target Company for a total purchase consideration of Rs. 58,482,459/- (Rupees fifty eight million four hundred and eighty two thousand and four hundred fifty nine only) i.e. at a price of Rs. 37.17/- per share as follows:

Name of shareholder	No. of Equity Shares	% w.r.t to the total paid up capital	Residential Address along with Phone No/. Fax No
Mr. Kundan Lal Garg	165,140	5.16	81, Raj Nagar, Pitampura, Delhi 110 034. Phone number 011-27194506
Mrs. Sushila Garg	209,310	6.54	81, Raj Nagar, Pitampura, Delhi 110 034. Phone number 011-27194506
KL Garg HUF	342,535	10.7	81, Raj Nagar, Pitampura, Delhi 110 034. Phone number 011-27194506
KLG Share Brokers Limited	320,000	9.99	204, Deep Market, 32 Wazirpur Community Centre, Ring Road, Delhi 110052. Phone number 011-2733113
Schematic Securities Private Limited	299,920	9.37	204, Deep Market, 32 Wazirpur Community Centre, Ring Road, Delhi 110052. Phone number 011-2733112
Mr. Vivek Garg	71,392	2.23	81, Raj Nagar, Pitampura, Delhi 110 034. Phone number 011-27194506
Mr. Vineet Garg	61,000	1.9	81, Raj Nagar, Pitampura, Delhi 110 034. Phone number 011-27194506
Mrs. Shakuntala Devi	46,200	1.44	Inder Mal Gate, Bagh Kothi, Bhiwani
Mr. Ram Pratap Aggarwal	40,000	1.25	24, Vinobha Basti, Sri Ganganagar, Rajasthan-335001
Mr. Yogesh Bansal	25,110	0.78	81, Raj Nagar, Pitampura, Delhi 110 034. Phone number 011-27194506
Total	**1,580,607**	**49.36**	

By virtue of the above mentioned acquisition of Sale Shares by the Acquirer, the Sellers have divested their entire shareholding in the target Company in favour of the Acquirer.

2.1.4 Pursuant to the SPA stated above, Acquirer undertakes that it will not exercise the voting rights in the Target Company which has been accrued to it by virtue of acquisition of 19,36,075 equity shares of the Target Company. It will be exercised by APPL only after successful completion of Open Offer formalities under the SEBI Takeover Regulations by the Acquirer. Manager to the offer namely Networth Stock Broking Limited has marked lien in their favor through an Escrow Account specifically created bearing account number 00581570 with Networth Stock Broking Limited, DP Cell 2nd Floor, D.C. Silk Mill Compound, Kondivitta Road, opposite J.B. Nagar Market, Andheri (East), Mumbai-400059 on the Sale Shares.

2.1.5 As per Clause 8.1 of the said SPA, in the event of any non-compliance of any of the provisions of Regulations and non-completion of the Public Offer, then in terms of Regulation 22(16) of the Regulations, SPA shall not be acted upon by any of the Parties.

2.1.6 The Acquirer, the Sellers, the Target Company and its Promoters / Directors have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of SEBI Act or under any of the Regulations made under the SEBI Act. Further, no action has been taken against the Acquirer, the Target Company and its Promoters / Directors by SEBI under any of the Regulations made under the SEBI Act.

2.1.6 Acquirer has not paid any other monetary consideration, whether by way of any non-compete fee or otherwise, or pursuant to any non-compete agreement for acquisition of the shares of the Target Company. The Acquirer shall acquire the title and interest of the Sellers in and unto the said Sale Shares together with all benefits and rights and obligations attaching thereto only upon the completion of the Offer.

2.1.7 The Acquirer has not acquired directly or through any person, any equity shares in the Target Company during the twelve months preceding the date of the PA and this Offer except as per the details given above. The Acquirer has not acquired any Equity Shares in the Target Company during the last 26 weeks period prior to the date of the PA and this Offer by way of (a) allotment in public issue or (b) allotment in rights issue or (c) preferential allotment except as per the details given above.

2.1.8 The Promoter of the Target Company consists of Mr. Kundan Lal Garg. There is change in control of the Target Company pursuant to the Offer.

2.1.9 The Acquirer do not have any representatives on the board of KCSL as on the date of the PA as well as this Offer. However, the Acquirer proposes to reconstitute the board of directors of KCSL upon completion of open offer formalities.

2.1.10 Acquirer has not acquired any shares of Target Company in the open market or through negotiation or otherwise, from the Public Announcement dated March 03, 2008 to the date of Letter of Offer at a price equal to or less than or more than the offer price stated in the Letter of Offer.

2.2 The Offer

2.2.1 As the aggregate equity stake of the Acquirer in the paid up equity share capital of KCSL, pursuant to the above mentioned SPA, will be more than the stipulated threshold of 15%, in compliance with Regulations 10 and 12 of the SEBI Takeover Regulations, the Acquirer made a Public Announcement of the Offer to acquire upto 6,40,480 fully paid up Equity Shares of the face value of Rs. 10/- each representing 20.00% of the issued, subscribed and paid up share capital of KCSL, from the public shareholders of KCSL at a price of Rs. 37.50/- per share ("**Offer Price**") payable in cash subject to the terms and conditions mentioned hereinafter.

2.2.2 The PA was published in the newspapers in terms of Regulation 15(1) of SEBI Takeover Regulations on March 3, 2008 and the details of the same are as follows:

Language	Name of Newspaper	Editions
English	Financial Express	All editions
Hindi	Jansatta	All editions
Marathi	Navshakti	Mumbai*

* shares of KCSL are listed on BSE.

A copy of the Public Announcement is also available on SEBI's website at www.sebi.gov.in.

2.2.3 The contents of the PA completely cover each and every detail specified in the Format of the disclosure to be made in the PA as required in terms of the SEBI Takeover Regulations. The PA has also been sent not only to BSE where the shares are listed, but also to KCSL as per the requirements of Regulation 15(2) of SEBI Takeover Regulations.

2.2.4 Equity shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer proportionately or in the ratio to be decided by them upon the closure of the Open Offer.

2.2.5 Awaita Proprieties Private Limited is the sole acquirer for this Open Offer. There are no other Person Acting in Concerts (PACs) for the purpose of this Offer.

2.2.6 As on March 31, 2007 and as on the date of this Offer, the paid up equity share capital of KCSL is Rs. 32,024,000/- comprising of 3,202,400 equity shares of Rs. 10/- each. Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 6,404,800/- comprising of 640,480 equity shares of Rs. 10/- each is considered in terms of Regulation 21(5) of SEBI Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned.

2.2.7 The Open Offer is for change of control in the Target Company by the Acquirer.

2.2.8 There are no outstanding partly paid-up Shares or any other instruments convertible into equity shares at a future date, in the books of KCSL.

2.2.9 The Acquirer has not acquired or sold any Equity Shares of KCSL from the date of the Public Announcement till the date of this Letter of Offer.

2.2.10 As per the SEBI Takeover Regulations, the Acquirer can revise the Offer Price upwards would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all Offer Shares acquired pursuant to this Offer.

2.2.11 In case of any upward revision in the Offer Price by the Acquirer at any time up to seven working days prior to the closure of this Offer i.e. Friday, May 16, 2008 and the revision, if any, in the Offer and the revision, if any, in the Offer Price will be announced in the above-mentioned newspapers and revised price would be payable by the Acquirer for all the Shares tendered at anytime during the Offer and accepted under the Offer.

2.2.12 The Offer is not a conditional on any minimum level of acceptance. The Acquirer will be obliged to acquire all the Equity Shares that are validly tendered as per the terms of the Offer, upto a maximum of 6,40,480 Equity Shares at the Offer Price that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and the Letter of Offer ("**LOO**") to be mailed to the equity shareholders of KCSL.

2.2.13 The Offer is subject to the subject to the statutory approvals, if any from RBI.

2.2.14 This is not a competitive bid. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of KCSL.

2.2.15 The Acquirer may purchase additional shares of KCSL from the open market or through negotiation or otherwise, after the date of the PA in accordance with Regulation 20(7) of SEBI Takeover Regulations and the details of such acquisition, if any, will be disclosed by the Acquirer within 24 hours of such acquisition to the BSE where the equity shares of KCSL are listed and to the Manager to the Offer in terms of Regulation 22(17) of the SEBI Takeover Regulations.

2.2.16 The Shares of the Target Company are listed on BSE. The Shares of the Target Company are frequently traded on BSE within the meaning of explanation (i) to Regulation 20(5) of SEBI Takeover Regulations. The Equity Shares were also listed on the Delhi Stock Exchange Association Limited ("**DSE**"). Pursuant to approval of its shareholders, vide a special resolution, for delisting of its Equity Shares from the DSE, KCSL has received delisting approval from DSE (with effect from January 23, 2004).

2.2.17 In case, pursuant to this offer, the public shareholding in KCSL falls below 25%, the Acquirer undertakes to comply with the requirement of Clause 40A of the Listing Agreement with the BSE to bring the public shareholding to minimum 25%. In view of the same, Acquirer has entered into an arrangement with the Sellers, to reduce Acquirer's shareholding in the Target Company upto the required limit in compliance of the Lisiting Agreement, if necessary.

2.2.18 As the Offer Price cannot be revised during seven working days prior to the closure of this Offer, it would, therefore, be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer price and tender their acceptance accordingly.

2.2.19 Networth Stock Broking Limited, the Manager to the Offer, does not hold any Equity Shares in the Target Company as on the date of PA and this Offer. They declare and undertake that they shall not deal in the Equity Shares of KCSL during the period commencing from the date of appointment as Manager to the offer till the expiry of fifteen days from the date of closure of the Offer.

2.2.20 The Target Company made its maiden public issue of 19,20,000 Equity Shares of Rs. 10/- (Rupees Ten only) each for cash at par in May, 1995. Post allotment of 19,22,400 Equity Shares under Public Issue, the paid–up Share Capital of the Target Company increased to 32,02,400 Equity Shares.

2.2.21 In case the number of Equity Shares tendered for sale by the Shareholders is more than the Equity Shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the public Shareholders on a proportionate basis as per Regulation 21(6) of the SEBI Takeover Regulations in consultation with the Manager to the Offer.

2.2.22 The Acquirer proposes to reconstitute the board of directors of the Target Company upon completion of Open Offer formalities and the Acquirer or their authorized representatives, who will be in control of the management of the Target Company, will take decisions regarding the future course of the Target Company.

2.2.23 The Acquirer has an intention to diversify into property development/management and infrastructure related projects.

2.2.24 The Shares acquired by the Acquirer, pursuant to this Offer, will be free from all liens, charges and encumbrances and together with all rights attached thereto, including rights to all dividends, bonus and rights declared after all the formalities relating to this Offer are completed.

2.2.25 This Offer is being made to all Shareholders of KCSL except the parties to SPA namely (i) the Acquirer and (ii) the Sellers i.e. the Promoter and Promoter Group entities of KCSL.

2.3 Object of the acquisition/Offer

2.3.1 The Acquirer is interested in taking over the management and control of KCSL. Thus, substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition of above mentioned equity stake in the paid up equity share capital of the KCSL by the Acquirer as strategic investment is the object and purpose of this acquisition.

Therefore, this Offer is being made in accordance with Regulation 10 and 12 of the SEBI Takeover Regulations.

2.3.2 The Offer to the Public shareholders of KCSL is for acquiring 20.00% of the total paid up capital / voting rights. After the proposed Offer, the Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.

2.3.3 Pursuant to substantial acquisition, the Acquirer will be in control and management of the Target Company. The Acquirer does not currently have any plans to dispose of or otherwise encumber any assets of KCSL in the two years from the date of the closure of this Offer except to the extent required for the purpose of restructuring and/or rationalization of assets, operations, investments, liabilities, or otherwise of the Target Company for commercial reasons and operational efficiencies. The Acquirer hereby undertakes not to sell, dispose of or otherwise encumber any substantial asset of KCSL except with the prior approval of the shareholders of KCSL. The Acquirer would take appropriate decisions in the aforesaid matters, as per the requirements of business and in line with opportunities or changes in the economic scenario, from time to time.

2.3.4 The Acquirer propose to reconstitute the board of directors of the Target Company upon completion of Open Offer formalities and the Acquirer or their authorized representatives, who will be in control of the management of the Target Company, will take decisions regarding the future course of the Target Company.

2.3.5 The Acquirer has an intention to diversify into property development/management and infrastructure related projects.

2.3.6 The Acquirer and Target Company are operating in different line of business of operations and hence, there will not be any change in the market positioning due to the Offer.

3. Background of the Acquirer

3.1 Details of the Acquirer – Awaita Properties Private Limited

3.1.1 Awaita Properties Private Limited was incorporated as a Private Limited Company on January 4, 1995 under the provisions of the Companies Act, 1956 to carry on the business of dealing in and purchasing land, development rights and immoveable properties as well as to erect and construct buildings and to sell, lease, let, mortgage or otherwise dispose of the lands, houses and buildings. Presently the Acquirer is in the business of dealing in, leasing, letting out and mortgage of the immoveable properties. The RoC Registration number of the APPL is 084308. The Registered Office of the APPL is situated at 8 J North Stand, Vinno Mankand Gate, Wankhede Stadium, Churchgate, Mumbai – 400 020, Tel. No.: +91 022 -2281 36 21, Fax No.: +91 022 2281 1956. The Acquirer Company was promoted by Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi who are in control of the Acquirer. The Acquirer Company forms part of the Nikhil Gandhi/ Bhavesh Gandhi group of companies/entities. As on the date of the PA and this Offer, the paid up equity share capital of the Acquirer is Rs. 21,837,700/- represented by 2,183,770 Equity Shares of Rs. 10/- each and the entire paid up equity share capital is held by the promoters.

3.1.2 As on the date of the PA and the Offer, the shareholding pattern of APPL is as follows:

Name of shareholder	No. of Equity Shares	% w.r.t to the total paid up capital
Mr. Nikhil Gandhi	1,087,885	49.82
Mr. Bhavesh Gandhi	1,087,885	49.82
Mr. Prataprai Gandhi	8,000	0.37

3.1.3 The provisions of Chapter II of SEBI Takeover Regulations are applicable to the Acquirer and have made timely disclosures to the stock exchange as well as to the target company.

3.1.4 The Acquirer has not acquired any shares of Target Company other than the acquisition of shares as disclosed in clause 2.1.2 above.

3.1.5 There were no mergers, de-mergers and/or spin-offs involving APPL during the last three years.

3.1.6 **Pending Litigations**

The details of litigations filed against the Acquirer Company are as under:

Sr. No.	Brief Details of Litigation	Amount Involved (In Rs.)	Present Status
1	There is one Appeal pending before the Income tax Appellate Tribunal, Mumbai filed by the Assistant Commissioner of Income Tax, Central Circle 25, Mumbai challenging the order of Commissioner of Income Tax, Central (V), Mumbai ("**Order**"). By the said Order the Commissioner has dismissed the order imposing penalty under section 271 (1) (C) of the Income tax Act, 1961 for the financial year 2002- 2003 on the Acquirer Company passed by the Deputy Commissioner of Income Tax XXV.	1,247,534/-	No order till date

3.1.7 **Details of Board of Directors**

Name of the Directors, Designation, qualification and Residential address	Date of appointment	Age (Years)	Other Directorships	Experience
Mr. Nikhil P. Gandhi, Director B. Com. **Address:** 21, Sagar Villa, Bhulabhai Desai Road, Mumbai – 400 026.	January 05, 1995	49	**Listed Company**: 1. Horizon Infrastructure Limited **Unlisted Companies**: 1. SKIL Infrastructure Limited; 2. Pipavav Shipyard Limited; 3. SKIL Himachal Infrastructure and Tourism Limited; 4. Awaita Properties Private Limited; 5. Mumbai SEZ Limited; 6. Navi Mumbai SEZ Private Limited; 7. Urban Infrastructure Holdings Private Limited; 8. SKIL Shipyard Holdings Private Limited; 9. SKIL Karnataka SEZ Limited; 10. SKIL Institute of Nursing Private Limited; and 11. SKIL Karnataka Infrastructure Limited.	He is a first generation entrepreneur with business interest in the field of marine equipments, marine engineering and infrastructure. He has been associated with the Company since 1995. Mr. Gandhi has approximately 25 years of experience as an entrepreneur of various infrastructure development projects. Under his leadership, the first private port in India was set up through Gujarat Pipavav Port Limited. He was nominated as a trustee of the Mumbai Port Trust on two occasions. In 1990, he received the "Best Young Entrepreneur" award from the Ministry of Chemicals and Petrochemicals, Government of India and in 2001, he was conferred the "Great Son of Soil" award by the All India Conference of Intellectuals.
Mr. Bhavesh P. Gandhi Director B. Com. **Address:** D-4, 4th Floor, 70-C, Breach Candy Appt., Bhulabhai Desai Road, Mumbai – 400 026.	January 05, 1995	42	**Listed Company**: 1. Horizon Infrastructure Limited **Unlisted Companies**: 1. SKIL Infrastructure Limited; 2. Pipavav Shipyard Limited; 3. E Complex Private Limited; 4. Donyi Polo Petrochemicals Limited; 5. Awaita Properties Private Limited; 6. Mumbai SEZ Limited; 7. Navi Mumbai SEZ Private Limited; 8. Metropolitan Overseas Limited; 9. Urban Infrastructure Holdings Private Limited; and 10. SKIL Shipyard Holdings Private Limited.	He commenced his career by joining SKIL as a promoter and director responsible for the business development of the company. Mr. Gandhi has approximately 23 years of experience as an entrepreneur. Mr. Gandhi has particular expertise in infrastructure development projects.
Mr. Manoj Mehta, Director B.E. (Mechanical) **Address:**	April 27, 1998	58	**Unlisted Companies**: 1. Metropolitan Overseas Limited; 2. Starwort Engineers Private Limited; 3. Infrastructure Consortium Company India Private Limited; 4. Ganpati Port Warehousing Private Limited; and	Mr. Manoj Mehta is having more than 35 years of experience in many reputed companies. Presently, he is working with Reliance group.

B-23, Subhada, Tejpal Scheme , Road No 5, Ville Parle (E), Mumbai – 400 057.			5. Grevek Investments and Finance Private Limited	

3.1.8 As on the date of the PA and this Offer, none of the Directors of the Acquirer Company is on the Board of Directors of the Target Company. They have not participated in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer and have undertaken that they will abstain from all proceedings related to this Offer as per Regulation 22(9) of the SEBI Takeover Regulations.

3.1.9 The brief audited financial details / financial results certified by Statutory Auditors for a period of last three years, and six month ended September 30, 2007 are as below:

(Rs. in lacs)

PROFIT AND LOSS STATEMENT	**Half Year ended September 30, 2007 (Unaudited)**	**F.Y. 2006- 07 (Audited)**	**F.Y. 2005- 06 (Audited)**	**F.Y. 2004- 05 (Audited)**
Income from operations	238.54	263.60	140.00	54.21
Other Income	4.52	30.20	7.39	16.71
Total Income	243.07	293.81	147.39	70.93
Total Expenditure	34.68	77.68	48.43	86.36
Profit before depreciation, interest & tax	208.39	216.13	98.96	(15.42)
Depreciation	15.10	30.35	32.74	36.81
Interest	0.24	Nil	Nil	Nil
Profit before Tax & Extra Ordinary Items	193.05	185.78	66.22	(52.23)
Extra Ordinary items	Nil	Nil	Nil	Nil
Profit Before Tax	193.05	185.78	66.22	(52.23)
Provision for Tax	65.80	58.02	29.14	4.15
Profit After Tax	127.25	127.75	37.08	(56.39)

(Rs. in lacs)

BALANCE SHEET STATEMENT	**Half Year ended September 30, 2007 (Unaudited)**	**F.Y. 2006- 07 (Audited)**	**F.Y. 2005- 06 (Audited)**	**F.Y. 2004- 05 (Audited)**
Sources Of Funds				
Paid Up Share Capital	218.38	218.38	218.38	218.38
Reserves and Surplus (net of miscellaneous expenses & excluding revaluation reserves)	289.52	160.87	33.24	16.09
Networth	507.90	379.25	251.62	234.46

Net Deferred Liabilities	31.79	31.79	31.64	34.24
Secured Loans	6.88	Nil	Nil	Nil
Total	**546.57**	**411.04**	**283.26**	**268.72**
Uses Of Funds				
Net Fixed Assets	381.40	375	382.51	405.71
Investments	Nil	Nil	2.50	0.93
Net Current Assets	165.17	36.04	(101.75)	(137.93)
Total	**546.57**	**411.04**	**283.26**	**268.72**
OTHER FINANCIAL DATA	**Half Year ended September 30, 2007 (Unaudited)**	**F.Y. 2006- 07 (Audited)**	**F.Y. 2005- 06 (Audited)**	**F.Y. 2004- 05 (Audited)**
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (Rs.)	5.83	5.84	1.69	(2.58)
Return On Networth (%)	25.05	33.68	14.74	24.05
Book Value Per Share (Rs.)	23.26	17.36	11.52	10.74

Reasons for fall/rise in total income and Profit after Tax

Financial Year 2006-07 vis-à-vis Financial Year 2005-06

The total income has increased from 99.34% due to increase in substantial increase in rent income and dividend income. Due to increase in total income coupled with the increase in net margin from 44.94% to 63.20%, Profit after tax has increase by 245%.

Financial Year 2005-06 vis-à-vis Financial Year 2004-05

The total income has increased from 158.30% due to increase in substantial increase in rent income. Due to increase in total income coupled with the savings in administrative expenses resulting into turnaround from loss of Rs. 52.23 Lacs to Profit of Rs.66.21 Lacs.

3.1.10 **Significant Accounting Policies**

1. **Accounting Conventions**

    a) The Financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles (“GAAP’) & the provisions of the companies Act, 1956.

    b) The Company generally follows mercantile system of accounting & recognizes significant items of income and expenditure on accrual basis.

2. **Fixed Assets**

    Fixed Assets are stated at cost less Accumulated Depreciation. Cost includes expenses incidental to acquisition and installation.

3. **Depreciation**

The Company Provides depreciation on written down value basis as per the rates prescribed in Schedule XIV to the Companies Act,1956.

4. **Revenue Recognition**

The Company receives the License Fees for granting License to utilize its ownership commercial premises, receives income from consultancy service & manpower recruitment service.

5. **Retirement Benefit**

The company will provide a liability for gratuity as per Accounting Standard 15 issued by Institute of Chartered Accountants of India. Liability for leave encasement will be provided on actual payment.

6. **Investments**

Investments are valued at cost of acquisition.

7. **Taxes On Income**

The Company has adopted Accounting Standard 22 (AS22): “Accounting for Taxation which is mandatory with effect from April 1,2002.

3.1.11 **Details of the Compliance Officer:**

Mr. Devichand Nimbade
8 J North Stand, Vinno Mankand Gate,
Wankhede Stadium, Churchgate, Mumbai – 400 020
Tel. No.: +91 022 -2281 36 21/ Fax No.: +91 022 2281 1956
Mobile No. 98200 62343

3.1.12 As per the last audited financial statements i.e. for the finaicial year ending March 31, 2007, there are no contingent liabilities of the Acquirer.

3.1.13 The Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.

3.1.14 The Acquirer proposes to reconstitute the board of directors of the Target Company upon completion of Open Offer formalities and the Acquirer or their authorized representatives, who will be in control of the management of the Target Company, will take decisions regarding the future course of the Target Company.

3.1.15 The Acquirer has an intention to diversify into property development/management and infrastructure related projects.

3.1.16 Disclosures in terms of Regulation 16(ix) of the SEBI Takeover Regulations and Acquirer’ future plans for KCSL

The Acquirer in consultation with the Board of Directors of KCSL will work towards enhancement of shareholder value and this could entail a restructuring exercise. The restructuring may also involve rationalization of assets, investments, liabilities, business of KCSL by way of arrangement/ reconstruction, mergers / demergers, at a later date, which would be subject to the approvals of Board of Directors and Shareholders of KCSL as required and other relevant statutory approvals.

The Acquirer do not propose to, dispose of or otherwise encumber any assets of the Target Company in the succeeding two years, except such disposals or encumbrances are in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring, rationalizing and/ or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company which will be done subject to the approval of the Board of Directors of KCSL and Shareholders of KCSL, where required.

Except with the prior approval of KCSL's Shareholders, the Acquirer undertakes that they shall not sell, dispose of or otherwise encumber any substantial assets of KCSL.

The present area of operations of KCSL is investment and financing. The Acquirer propose to reconstitute the board of directors of the Target Company upon completion of Open Offer formalities and the Acquirer or their authorized representatives, who will be in control of the management of the Target Company, will take decisions regarding the future course of the Target Company.

The Acquirer has an intention to diversify into property development/management and infrastructure related projects.

3.1.17 Option in terms of Regulation 21(2)

The minimum public shareholding required for continuous listing of the equity shares of the Target Company is 25% (twenty five) of the total issued equity share capital. The Acquirer entered into a SPA with the existing promoters of the Target Company to acquire their entire shareholding i.e. 49.36% of the current paid-up equity share capital and making this offer to acquire upto 20% of the paid up equity share capital. Post Open Offer, if the public shareholding falls to a level below the minimum public holding required for continuous listing, the Acquirer have undertaken to take necessary steps to facilitate compliance of KCSL with the relevant provisions thereof in terms of the provisions of regulation 21(2) of SEBI Takeover Regulations and clause 40A of Listing Agreement (i.e., to enable KCSL to raise the level of public shareholding, to the levels specified for continuous listing specified in the listing agreement with the BSE, within the prescribed period).

3.1.18 Acquirer intends to maintain the listing status of Target Company on the Stock Exchange in future after the offer, more specifically, in the next 3 years.

3.1.19 Acquirer has not promoted any company till now.

4. Background of the Target Company

4.1 KLG Capital Services Limited was incorporated as a Public Limited Company under the Companies Act, 1956 vide Certificate of Incorporation dated February 15, 1994 issued by Registrar of Companies, Delhi, and obtained certificate of commencement of business on March 22, 1994.

4.2 Registered Office of KCSL is at 204, Deep Market, 32, Wazirpur Community Centre, Delhi – 110052. Tel. No.: +91 011-27377110, 27377111, Fax No.: +91 011 27377112.

4.3 KCSL was promoted by Mr. K. L. Garg, who is fellow member of the Institute of Chartered Accounts of India and has over 19 years of experience in the areas of auditing, taxation, company law matters and corporate financing.

4.4 The Equity shares of KCSL are listed on the BSE. The Equity Shares were also listed on the Delhi Stock Exchange Association Limited **("DSE")**. Pursuant to approval of its shareholders, vide a special resolution, for delisting of its Equity Shares from the DSE, KCSL has received delisting approval from DSE (with effect from January 23, 2004).

4.5 KCSL was incorporated for the purpose of sale of securities, and is registered with Reserve Bank of India (**"RBI"**) as a Non-Banking Finance Corporation (**"NBFC"**) without accepting public deposits under section 45IA of the Reserve Bank of India Act, 1934 vide RBI Certificate number (No.B-14.00140) dated October 16, 2002. The Target Company has been mainly doing the business of trading/investing in shares and securities till now.

4.6 The Acquirer, the Sellers and KCSL have collectively/ jointly published on March 3, 2008, public notices in Financial Express (English Language - all editions), Jansatta (Hindi - all editions) ("**Public Notice**"). The Public Notices have been published by the Acquirer, the Sellers and KCSL in terms of the conditions stipulated by the Reserve Bank of India in its Company Circular DNBS (PD) C.C. No. 82/03.02.02/2006-07, dated October 27, 2006, read with paragraph 2(2)(b)of the Company Circular DNBS (PD) CC. 11/02.01/1999-2000 dated November 15, 1999; paragraph A(5), (iii)(a) of the Company Circular DNBS (PD) CC. No.12/02.01/1999-2000, dated January 13, 2000; and paragraph 2 (II) of Company Circular DNBS (PD) CC. No. 63/02.02/2005-2006 dated January 24, 2006.

4.7 Further, by its letter dated March 11, 2008, the Target Company has intimated to RBI, Delhi about the Public Notice as well as about the change in control and management of NBFC. The Reserve Bank of India vide Letter number 5401/MSB/05.11.82/2007-08 dated April 04, 2008 advised to file certain documents. The target company filed the reply for the same vide letter dated April 30, 2008.

4.8 Presently, the Target Company is engaged in the business of investments and inter corporate deposits. The investment activities of the Target Company have been major source of income of the company. The investment activities relates mainly to primary market i.e. investment in new issues and giving loans and advances.

4.9 KCSL came out with its maiden public issue of 1,920,000 equity shares in 1995.

4.10 The Authorised Share Capital of KCSL as on the date of Public Announcement as well as of this Offer is Rs. 35 million, comprising of 3,500,000 equity shares of Rs. 10/- (Rupees Ten Only) each. The issued, subscribed and paid-up equity share capital as on date of Public Announcement as well as this Offer stood at Rs. 32,024,000/- comprising of 3,202,400 equity shares of Rs. 10/- (Rupees Ten Only) each.

4.11 The Board of Directors of KCSL includes Mr. Kundan Lal Garg, Mrs. Sushila Garg, Mr. Narinder Pal and Mr. Pawan Aggarwal.

4.12 As on the date of this Offer, KCSL has no subsidiary.

4.13 **Share Capital Structure of KCSL as on date of PA and this Offer**

Paid up Equity Shares	No. of Shares / voting rights	% of shares / voting rights
Fully paid up equity shares	3202400	100
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	3202400	100
Total voting rights	3202400	100

4.14 **Built up of the current Capital structure of KCSL since inception is as under:**

Date of Allotment	No. & % of Shares Issued		Cumulative Paid up Capital (Shares)	Issue Price	Cumulative Paid-up Capital (Rs.)	Mode of Allotment	Identity of Allottees	Status of Compliance
	Number	%						
22/03/1994	70	0.00	70	10	700	In consideration for cash	Promoters	Complied
30/03/1994	49700	1.55	49770	10	497700	In consideration for cash	Promoters	Complied
28/09/1994	168000	5.25	217770	10	2177700	In consideration for cash	Promoters	Complied
15/12/1994	309000	9.65	526770	10	5267700	In consideration for cash	Promoters	Complied
30/01/1995	496500	15.50	1023270	10	10232700	In consideration for cash	Promoters	Complied
16/06/1995	256730	8.02	1280000	10	12800000	In consideration for cash	Promoters	Complied
16/06/1995	1922400	60.03	3202400	10	32024000	In consideration for cash	Others	Complied

4.15 There has been no suspension of trading in Shares of the Target Company.

4.16 There are no outstanding warrants or options or similar instruments convertible into Equity Shares at a later stage.

4.17 The Acquirer and the Sellers are in compliance of the applicable provisions of Chapter II of the SEBI Takeover Regulations. The Target Company has complied with provisions of Chapter II of the SEBI Takeover Regulations within the stipulated time except the disclosure made by Target Company under SEBI Regularisation Scheme, 2002 and KCSL has paid lump-sum amount of Rs. 20,000 vide Demand draft no 456703 dated February 27, 2003 drawn in favour of “Securities Exchange Board of India”.

4.18 The Company has complied with the various requirements of the Listing Agreement with the Stock Exchange from time to time. As per the undertaking given by the Target Company, it has confirmed that no penal action has been initiated by the Stock Exchange(s) in past for non compliance by the Target Company.

4.19 **Details of Board of Directors**

Name of the Directors & designation	Date of appointment	Residential Address	Qualification and Experience
Mr. K.L. Garg Director (Non-Executive)	February 15, 1994	81, Raj Nagar, Pitampura, Delhi 110 034	He is a qualified Chartered Accountant. He is associated with the Target Company since it its incorporation as a core promoter. To the active role in society as member of may religious charitable organizations.
Mrs. Sushila Garg Director (Non-Executive)	February 15, 1994	81, Raj Nagar, Pitampura, Delhi 110 034	She is qualified as a graduate from Kurukshetra university (Haryana). Her experience is of 20 years in the capital markets.
Mr. Narinder Pal Independent Director (Non-Executive)	October 25, 1994	Pushpanjali Enclave, Pitampura, Delhi 110034	He is a Company Secretary and a lawyer by profession since last 20 years. He is a notable in his profession and acting as an independent director of the Target Company.
Mr. Pawan Aggarwal Independent Director (Non-Executive)	March 31, 2006	109, Rajnagar, Pitampura, Delhi-110034	He is an independent director of the Target Company since last two years. He is a commerce graduate doing his own business.

The Acquirer has confirmed that Awaita has not nominated any director to represent APPL on the board of directors of KLG Capital Services Limited as on the date of Letter of Offer.

4.20 There were no mergers, de-mergers and /or spin-offs involving the Target Company during the last three years. The Target Company has not changed its name since listing.

4.21 **The brief audited financial details / financial results certified by Statutory Auditors for a period of last three years, and six month ended September 30, 2007 are as below**

				(Rs. in Lacs)
PROFIT AND LOSS STATEMENT	**Half Year ended September 30, 2007 (Unaudited)**	**F.Y. 2006- 07 (Audited)**	**F.Y. 2005- 06 (Audited)**	**F.Y. 2004- 05 (Audited)**
Income from Operations	7.01	3.10	28.79	8.08
Other Income	0.11	3.11	0.40	0.21
Total Income	7.12	6.21	29.19	8.29
Total Expenditure	1.94	3.88	3.94	4.38
Profit before depreciation, interest and tax	5.18	2.33	25.25	3.91
Depreciation	0.01	0.02	0.02	0.03
Interest	-	-	-	-
Profit Before Tax	5.17	2.31	25.23	3.88
Provision for Tax	1.74	0.54	1.22	1.56
Extraordinary items / Prior Period adjustments	-	-	-	-
Net Profit	3.43	1.77	24.01	2.32

BALANCE SHEET STATEMENT	Half Year ended September 30, 2007 (Unaudited)	F.Y. 2006- 07 (Audited)	F.Y. 2005- 06 (Audited)	F.Y. 2004- 05 (Audited)
Sources of Funds				
Paid Up Share Capital	320.24	320.24	320.24	320.24
Reserves & Surplus (excluding Revaluation Reserve)	54.51	50.61	48.83	24.82
Networth	374.28	370.85	369.07	345.06
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred Tax	0.00	0.00	0.00	0.00
Total	**374.28**	**370.85**	**369.07**	**345.06**
Uses of Funds				
Net Fixed Assets	0.09	0.10	0.11	0.13
Investments	0.00	0.00	0.00	41.29
Net Current Assets	374.19	370.75	368.96	303.64
Total	**374.28**	**370.85**	**369.07**	**345.06**
OTHER FINANCIAL DATA				
Dividend (%)	0.00	0.00	0.00	0.00
Earning Per Share (Rs.)	0.00	0.06	0.75	0.07
Return On Networth (%)	0.00	0.00	0.06	0.01
Book Value Per Share (Rs.)	11.68	11.58	11.57	10.77

Reasons for Fall / Rise in Total income and Profit after Tax

Financial Year 2006-07 vis-à-vis Financial Year 2005-06

The total income has decreased by 78.87% due to decrease in Income from shares & securities, Income from Investments and Dividend Incomes. Due to decrease in Total Income, Profit after Tax has decreased by 92.63%.

Financial Year 2005-06 vis-à-vis Financial Year 2004-05

The total income has increased by 252.11% due to substantial increase in profit on sale of investment, interest income, and Dividend income. Due to increase in total income coupled with the savings in miscellaneous expenses resulting to increase in Profit After tax by 934.91%.

4.22 **Pre and post Offer Shareholding Pattern of the Target Company is as follows:**

I. Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and offer		Shares/voting rights agreed to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Shareholding/ voting rights after the acquisition and offer i.e.	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group								
(a) Parties to agreement, if any	15,80,607	49.36	NIL	NIL	NIL	NIL	NIL	NIL
(b) Promoters other than (a) above	NA	NA	NA	NA	NA	NA	NA	NA
Total 1(a+b)	15,80,607	49.36	NIL	NIL	NIL	NIL	NIL	NIL
(2) Acquirers								
(a) Main Acquirer	NIL	NIL	19,36,075 *	60.45 *	640480	20	2576555	80.45
(b) PACs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total 2(a+b)	NIL	NIL	19,36,075	60.45	640480	20		
(3) Parties to agreement other than (1)(a) & (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(4) Public (other than parties to agreement, acquirers & PACs)								
(a) FIs/MFs/FIIs/Banks, SFIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Others	16,21,793	50.64	1266325	39.54	(640480)	(20)	625845	19.54
Total (4)(a+b)	16,21,793	50.64	1266325	39.55	(640480)	(20)	625845	19.54
Grand Total (1+2+3+4)	**32,02,400**	**100**	**32,02,400**	**100**	**NA**	**NA**	**32,02,400**	**100**

Notes:

(a) No Equity Shares of the Target Company have been purchased by the Acquirer after the date of PA till the date of letter of Offer.

(b) The detail of Shareholding as given above is as on December 31, 2007 as per the details provided by the Target Company.

(c) As on the December 31, 2007, the total number of Shareholders of the Target Company in 'Public Category' is 394.

(d) * Includes the purchase of 355,468 shares from non promoter shareholders of the Target Company i.e. from open market.

4.23 Changes in Shareholding of Promoter Group in the Target Company since inception have been summaries in the following table:

Date	No. of	Cumulative	% of	Change	Details of	Status of

	Shares	no. of shares	Shares			change	compliance
22/03/1994	70	70	0.00%	N.A	N.A.	Allotment to promoter for cash	Complied
30/03/1994	49,700	49,770	1.55%	49,700	1.55%	Allotment to promoter for cash	Complied
28/09/1994	1,68,000	217,770	6.80%	1,68,000	5.25%	Allotment to promoter for cash	Complied
15/12/1994	3,09,000	526,770	16.45%	3,09,000	9.65%	Allotment to promoter for cash	Complied
30/01/1995	4,96,500	10,23,270	31.95%	4,96,500	15.50%	Allotment to promoter for cash	Complied
16/06/1995	2,56,730	12,80,000	39.97%	2,56,730	8.02%	Allotment to promoter for cash	Complied
26/09/1995	1,85,900	14,65,900	45.78%	1,85,900	5.80%	Off Market Purchase	Complied
30/03/1996	1,48,170	16,14,070	50.40%	1,48,170	4.63%	Off Market Purchase	Complied
16/08/1996	2,19,000	1833070	57.24%	2,19,000	6.84%	Off Market Purchase	Complied
08/11/1996	76,900	1909970	59.64%	76,900	2.40%	Off Market Purchase	Complied
25/02/2002	75,310	19,85,280	61.99%	75,310	2.36%	Off Market Purchase	Complied
30/09/2002	92	19,85,372	62.00%	92	0.00%	Market Purchase	Complied
22/03/2005	50,000	19,35,372	60.44%	50,000	1.56%	Market Sale	Complied
23/03/2005	26,365	19,09,007	59.61%	26,365	0.82%	Market Sale	Complied
10/02/2006	1,900	19,07,107	59.55%	1900	0.06%	Market Sale	Complied
14/02/2006	7,000	19,00,107	59.33%	7000	0.22%	Market Sale	Complied
15/02/2006	18000	18,82,107	58.77%	18000	0.56%	Market Sale	Complied
17/02/2006	22000	18,60,107	58.08%	22000	0.69%	Market Sale	Complied
20/02/2006	27000	18,33,107	57.24%	27000	0.84%	Market Sale	Complied
22/02/2006	39000	17,94,107	56.02%	39000	1.22%	Market Sale	Complied
23/02/2006	31300	17,62,807	55.05%	31300	0.98%	Market Sale	Complied
27/02/2006	19500	17,43,307	54.44%	19500	0.61%	Market Sale	Complied
28/02/2006	15000	17,28,307	53.97%	15000	0.47%	Market Sale	Complied
01/03/2006	16800	17,11,507	53.44%	16800	0.52%	Market Sale	Complied
02/03/2006	15800	16,95,707	52.95%	15800	0.49%	Market Sale	Complied
03/03/2006	15700	16,80,007	52.46%	15700	0.49%	Market Sale	Complied
06/03/2006	27800	16,52,207	51.59%	27800	0.87%	Market Sale	Complied
07/03/2006	32000	16,20,207	50.59%	32000	1.00%	Market Sale	Complied
08/03/2006	30100	15,90,107	49.65%	30100	0.94%	Market Sale	Complied
21/07/2007	9500	15,80,607	49.36%	9500	0.30%	Market Sale	Complied

The Promoter Group has complied with the applicable provisions of Chapter II of the said SEBI Takeover Regulations.

4.24 Corporate Governance: KCSL has duly complied with the various requirements of Clause 49 relating to Corporate Governance under the Listing Agreement with the Stock Exchange(s) from time to time.

4.25 **Pending Litigations**

There are no pending litigations pending against the Target Company.

4.26 **Details of the Compliance Officer:**

Mr. Kundan Lal Garg
204, Deep Market, 32, Wazirpur Community Centre,
Ring Road. Delhi – 110052.
Tel. No.: +91 011-27377110, 27377111
Fax No.: +91 011 27377112

5. Offer Price

Justification of Offer Price

5.1 The shares of "KCSL" are at present listed on BSE. The shares of KCSL have been traded frequently on BSE where they are listed/ permitted to be traded during the preceding six calendar months prior to the month of the Public Announcement within the meaning of explanation (i) to Regulation 20(5) of the SEBI Takeover Regulations.

5.2 The Acquirer has issued a PA on March 3, 2008. The Annualized Trading turnover based on the trading volume in the shares of the Target Company on BSE during the period September, 2007 to February, 2008, i.e. the six calendar months preceding the date of PA is as follows:

Name of the Stock Exchange	Total number of shares traded during September, 2007 to February, 2008	Total number of listed shares	Annualized trading turnover (as % of total number of listed shares)
BSE	27,00,164	32,02,400	168.63%

(Source: www.bseindia.com)

5.3 As the annualized trading turnover (by number of Shares) on BSE is more than 5% of the total number of Listed Shares of the Target Company, the Shares of the Target Company are deemed to be frequently traded as per the Regulation 20(5) of the SEBI Takeover Regulations.

5.4 The Offer Price of Rs. 37.50/- (Rupees Thirty Seven and Fifty Paisa only) per fully paid up Equity Share Offered by the Acquirer to the Shareholders of KCSL under the proposed Open Offer is justified in terms of Regulation 20(4) as it is higher than:

1.	The negotiated price under the agreement referred to in sub-regulation (1) of regulation 14	Not Applicable
2.	Highest price paid by the Acquirer or the PACs for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks period preceding the date of PA.	Rs. 37.17/- per share
3.	The average of the weekly high and low of the closing prices of the Equity Shares of KCSL for the 26 weeks period ended on February 29, 2008 i.e., preceding the date of Public Announcement on the stock exchange, where the shares are most frequently traded i.e. BSE	Rs. 22.66/- per share
4.	The average of the daily high and low of the prices of the Equity Shares of KCSL for the 2 weeks period ended on February 29, 2008 preceding the date of the Public Announcement where shares are most frequently traded i.e. BSE.	Rs. 34.66/- per share

(Source: www.bseindia.com)

5.5 The details of the High and Low prices and volume on BSE for the 26 weeks period prior to the date of the Public Announcement i.e. March 3, 2008 are as under:

Week No.	From – To	Weekly High	Weekly Low	Average	Volume
1	1/09/07 – 7/09/07	15.80	11.28	13.54	6362
2	8/09/07 - 14/09/07	21.69	15.15	18.42	82908
3	15/09/07 - 21/09/07	20.97	14.27	17.62	9199
4	22/09/07 - 28/09/07	18.00	16.05	17.03	3933
5	29/09/07 - 5/10/07	17.50	15.85	16.68	1430
6	6/10/07 - 12/10/07	15.20	13.30	14.25	14930
7	13/10/07 - 19/10/07	16.85	14.60	15.73	19183
8	20/10/07 - 26/10/07	17.25	14.70	15.98	4091
9	27/10/07 - 02/11/07	16.55	14.95	15.75	4058
10	03/11/07 - 09/11/07	15.60	14.85	15.23	600
11	10/11/07 - 16/11/07	16.80	14.85	15.83	4150
12	17/11/07 - 23/11/07	16.75	15.00	15.88	4316
13	24/11/07 - 30/11/07	16.30	15.25	15.78	5348
14	1/12/07- 7/12/07	17.65	15.50	16.58	19717
15	8/12/2007 - 14/12/07	22.40	18.40	20.40	18776
16	15/12/07 - 21/12/07	27.10	23.50	25.30	12582
17	22/12/07 - 28/12/07	32.85	28.45	30.65	11250
18	29/12/07- 4/01/08	40.75	34.35	37.55	50042
19	5/01/08 - 11/01/08	41.00	33.20	37.10	11057
20	12/01/08 - 18/01/08	33.10	27.60	30.35	15899
21	19/01/08 - 25/01/08	31.95	29.00	30.48	1570
22	26/01/08 - 1/02/08	29.05	26.25	27.65	5516
23	2/02/08 – 8/02/08	30.85	25.30	28.08	5137
24	9/02/2008 - 15/02/08	28.80	26.00	27.40	8019
25	16/02/08 - 22/02/08	36.60	30.20	33.40	354122
26	23/02/08 - 29/02/08	37.85	35.00	36.43	2011720
AVERAGE				**22.66**	

(Source: www.bseindia.com)

5.6 The details of the daily high and low prices and volume on BSE for the 2 weeks period prior to the date of Public Announcement i.e. March 3, 2008 are as under:

Day	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	February 18, 2008	30.20	30.20	30.20	1505
2	February 19, 2008	31.70	31.70	31.70	1200
3	February 20, 2008	33.25	31.70	32.48	1020
4	February 21, 2008	34.50	32.00	33.25	2225
5	February 22, 2008	36.60	32.65	34.63	348172
6	February 25, 2008	34.55	34.30	34.43	129773
7	February 26, 2008	36.25	35.00	35.63	29310
8	February 27, 2008	37.00	35.00	36.00	1830118
9	February 28, 2008	37.00	35.20	36.10	10265
10	February 29, 2008	37.85	36.50	37.18	12254
AVERAGE				**34.16**	

(Source: www.bseindia.com)

5.7 There is no non-compete fees agreement between the Acquirer and any other entity as envisaged under Regulation 20(8) of SEBI Takeover Regulations. No additional payment by way of non-compete fees are being made by the Acquirer.

5.8 The Offer Price of Rs. 37.50/- (Rupees Thirty Seven and Fifty Paisa Only) per Share offered by the Acquirer to the Shareholders of KCSL under the proposed Open Offer is justified in terms of Regulation 20(4) of the SEBI Takeover Regulations read with Regulation 20(11) of SEBI Takeover Regulations. In the opinion of the Manager to the Offer and Acquirer, the Offer Price is justified.

5.9 As per the SEBI Takeover Regulations, the Acquirer can revise the Offer Price upwards at any time up to seven working days prior to the closure of this Offer i.e. Friday, May 16, 2008 and the revision, if any, in the Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all Offer Shares acquired pursuant to this Offer.

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

6. Financial Arrangements

6.1.1 The maximum purchase consideration payable by the Acquirer in case of full acceptance of the Offer would be Rs. 24,018,000/- (Rupees Twenty Four Million Eighteen Thousand Only), for the acquisition of 640,800 shares at the offer price of Rs. 37.50/- (Rupees Thirty Seven and paisa fifty only) per share.

6.1.2 The Acquirer has opened a cash escrow account with Standard Chartered Bank, in their capacity as the Escrow Banker , having their office at , 270, D.N. Road, Fort, Mumbai under the name and style of "NSBL-Escrow-KCSL-Open Offer" and bearing No. 22205371287 and deposited Rs. 6,005,000/- (Rupees Six Million and Five Thousand Only) being more than 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid offer price in accordance with Regulation 28 of the SEBI Takeover Regulations. The Acquirer has confirmed that the funds lying in the above mentioned cash escrow account will be utilized exclusively for the purpose of the Offer. The Manager to the Offer has been empowered to operate the Escrow Account, and a lien on the account is marked in favour of Networth Stock Broking Limited., Manager to the Offer, by the Acquirer, in terms of regulation 28(4) (a) of the SEBI Takeover Regulations.

The Acquirer has adequate resources to meet the financial requirements of the Offer and made firm financial arrangements for the Offer through internal accruals as well as realization of Loans & Advances and other receivables as per the provisional un audited Financial statement for the half year ended September 30, 2007.

Particulars	Amount (Rs.In Lacs)
Current Assets, Loans & Advances	
Sundry Debtors	195.33
Cash & Bank Balances	10.99
Loans & Advances	1779.11
Sub Total (A)	**1985.44**
Current Liabilities *	1665.52
Provisions	154.74
Sub Total (B)	**1820.27**
Net Current Assets (A-B)	**165.17**

* Out of the current liabilities of Rs. 1665.52 lacs, Rs. 1631.00 Lacs not repayable in full in near future. This will be utilized to meet the obligations under open offer.

Mr. Bharat Shah (Partner: B. G. Shah and Associates, Chartered Accountants, Membership no. 32281, having its office at 512, Vyapar Bhavan, 49 P D'Mello Road, Carnac Bunder, Mumbai-400 009. Phone no. 022 2373 3536, fax no. 022 2371 1027) have confirmed vide their certificate dated February 29, 2008, that the Acquirer has adequate financial resources available for meeting its obligations under the SEBI Takeover Regulations for a value upto the maximum consideration.

Resources utilized to meet the fund requirement for Open Market Purchase (including SPA) – Rs. 7.13 Crores

The acquirer has arranged funds for acquiring shares from open market (including SPA) to the tune of Rs. 7,13,08,916 through realisation of Loans & Advances recoverable in cash or kind (outstanding balance under the head as on September 30, 2007 was Rs.17.79 Crores) which was receivable by the Acquirer.

Resources for meeting the fund requirement for 20% Open Offer - Rs, 2.41 crores

The required funds for acquiring shares under open offer will be funded from the realisation of Debtors, as on September 30, 2007 amounting to Rs.1.95 Crores and partly from the internal accruals, Loans & Advances to the extent required.

6.1.3 Networth Stock Broking Limited, on the basis of the above, has satisfied itself that the Acquirer has firm financial arrangements to implement the Offer in accordance with the SEBI Takeover Regulations.

6.1.4 The Manager to the Offer is empowered to realise the value of the securities by sale or otherwise, provided if there is any deficit on realisation of the value of the securities, such deficit, if any, shall be made good by the Manager to the Offer in terms of Regulation 28(7) of SEBI Takeover Regulations. In terms of Regulation 28(8), the Manager to the Offer will not return the securities to the Acquirer till the completion of all obligations under the SEBI Takeover Regulations. The Manager to the Offer is authorized to realise the value of the escrow in terms of the SEBI Takeover Regulations.

7. Terms and Conditions of the Offer

7.1 The Acquirer made a Public Announcement on March 3, 2008 for the Offer. This Offer is being made to all the shareholders of the Target Company (other than the Acquirer), and the Letter of Offer together with the Form of Acceptance, Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) is being mailed to those shareholders of the Target Company, whose names appear on the Register of Members of KCSL and to the beneficial owners of the equity shares of KCSL whose names appear as beneficiaries on the records of the respective Depositories, at the close of business hours on March 28, 2008, (the "**Specified Date**"). Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.

7.2 All owners (other than Acquirer) of equity shares, registered or unregistered, are eligible to participate in the Offer anytime before closure of the Offer.

7.3 The Offer will open on Thursday May 08, 2008, and close on Tuesday, May 27, 2008.

7.4 The shareholders of KCSL are eligible to participate in the Offer anytime before the closure of the offer by sending their Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and Transfer Deed(s) duly signed, to the Registrar to the Offer viz. Intime Spectrum Registry Limited having its office is at C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai-400 078 or their authorized bidding centres to be specified in Letter of Offer either by Registered Post, Courier or Hand Delivery (Between 10.00 a.m to 5.00 p.m on all working days), on or before the date of closure of the offer i.e. Tuesday, May 27, 2008 in accordance with the instructions specified in the paragraph 9 & Application Form (the "**Registrar**").

7.5 There has been no competitive bid.

7.6 As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer i.e. prior to Friday, May 16, 2008, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

7.7 The Manager to the Offer shall within a period of forty five days of the closure of the Offer inform BSE and SEBI as to level of acceptance received thereof.

7.8 The Offer is not subject to any minimum level of acceptance and the Acquirer will be obliged to acquire up to a maximum of 640,800 Shares of KCSL that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer. The Shares of KCSL that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer proportionately or in the ratio to be decided by them upon the closure of the open offer.

7.9 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgment constitute an integral part of the terms of this Offer.

7.10 Each Shareholder of KCSL to whom this Offer is being made is free to offer his/her Shareholding in KCSL in whole or in part while accepting the Offer. However, (i) the Acquirer and (ii) the Sellers are not eligible to tender their Shares under the Offer.

7.11 The acceptance of the Offer of the Acquirer is entirely at the discretion of the Equity Shareholders of KCSL. The Acquirer will not be responsible for any loss of share certificate(s) and Offer acceptance documents during transit and the Shareholders of KCSL are advised to adequately safeguard their interests in this regard.

7.12 The Acquirer will proceed with the Offer even if they are unable to obtain acceptance to the extent of 640,480 fully paid-up Shares of face value of Rs. 10/- (Rupees Ten only) each of KCSL.

7.13 The shares that are tendered in the Offer may be those held by Non-Resident Indians or persons resident outside India who are not Non-Resident Indians, including Overseas Corporate Bodies, if any, holding shares in the Company who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. The Offer is therefore subject to the receipt of the approval, if any, of the RBI under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for the acquisition of equity shares by the Acquirer from the aforesaid category of shareholders under the Offer and other related matters. Manager to the Offer, vide their letter dated March 10, 2008 filed an application with RBI for approval to the Acquirer to acquire equity shares of KCSL through open offer from the eligible non resident shareholders. Reserve Bank of India vide letter having reference FE.CO.FID 24118/10.21.094/2007-08 dated April 11 2008 has approved the aforesaid application & has advised for remittance of sale proceeds to Non Residence Shareholders who may tender their shares pursuant to open offer..

In case of delay in receipt of statutory approvals, as explained above, SEBI has power to grant extension of time to the Acquirer for payment of purchase consideration to eligible shareholders of the Company, subject to the Acquirer agreeing to pay interest as directed by SEBI, for the delayed period in terms of Regulation 22(12) of the SEBI Takeover Regulations. If the delay occurs due to wilful default of the Acquirer in obtaining requisite approvals, Regulation 22(13) of the SEBI Takeover Regulations will become applicable.

7.14 In the case of Shares acquired from non resident Shareholders, the Acquirer will not be responsible for any fall in the value of the rupee due to any fluctuation in the foreign exchange market on account of delay in the approval.

7.15 All expenses relating to the Offer will be borne by the Acquirer.

7.16 The Acquirer reserve the right of upward revision of price at any time up to seven working days prior to the closure of the Offer as per regulation 26 of the SEBI Takeover Regulations. The same price would be paid by the Acquirer for all the Shares tendered any time during the Offer and accepted under the Offer. The information about such revision(s), if any, would appear in the same newspapers in which PA has appeared.

7.17 Beneficial owners and shareholders who hold Shares in the physical form and wish to offer the Shares for sale pursuant to the Offer shall be required to send the Form of Acceptance-cum Acknowledgement, original share certificate(s) and transfer deed(s) and other documents as may be specified in the paragraph 9.6 duly signed to the Registrar to the Offer viz. Intime Spectrum Registry Limited having its office is at C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai-400 078 or their authorized bidding centres to be specified in Letter of Offer either by Registered Post, Courier or Hand Delivery (Between 10.00 a.m to 5.00 p.m on all working days), on or before the date of closure of the offer i.e. Tuesday, May 27, 2008 in accordance with the instructions specified in the paragraph 9.6 & Application Form.

7.18 The Registrar to the Offer has opened a special depository account with Central Depository Services (India) Limited ("**CDSL**") for receiving equity shares during the Offer from eligible shareholders who hold equity shares in demat form.

7.19 All owners (registered or unregistered) of shares of KCSL except the parties to SPA viz (i) the Acquirer and (ii) the Sellers who own/hold equity shares at any time before the date of closure of the Offer are eligible to participate in the Offer.

7.20 There are no locked in shares in the Target Company.

8. Statutory Approvals

8.1 The Offer is subject to the approval of RBI, if any, under the Reserve Bank of India Act, 1934 and under the Foreign Exchange Management Act, 1999, and subsequent amendments thereto, for acquiring Equity Shares tendered by non resident shareholders, if any. Reserve Bank of India vide letter reference FE.CO.FID 24118/10.21.094/2007-08 dated April 11 2008 has approved the aforesaid application & has advised for remittance of sale proceeds to Non Residence Shareholders who may tender their shares pursuant to open offer.

8.2 In terms of the conditions stipulated by the Reserve Bank of India in its Company Circular,notices in Financial Express (English Language - all editions), Jansatta (Hindi - all editions) ("Public Notice") on March 3, 2008 for Change in control of management of KLG Capital Services Limited have been published. Subsequently it was communicated to Reserve Bank of India by Target Company vide letter dated March 11, 2008.The Reserve Bank of India vide Letter number 5401/MSB/05.11.82/2007-08 dated April 04, 2008 advised to file certain documents. The target company filed the reply for the same vide letter dated April 30, 2008.

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8.3 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer.

8.4 No other statutory approvals are required to be obtained for the purpose of this Offer. However, the Offer would be subject to all statutory approvals as may be required and/or may subsequently become necessary, to acquire Equity Shares at a later date, before completion of the Offer.

8.5 (a) No approval from banks / financial institutions of the Company is required for the Acquirer to make this Offer and (b) other than the approvals mentioned aforesaid, no other statutory or regulatory approval is required for the Acquirer to proceed with the offer. If any other approvals are required or become applicable subsequently, the Offer would be subject to such approvals. The Acquirer will have a right not to proceed with the Offer in the event the approvals are refused, in terms of Regulation 27(1) (b) of the SEBI Takeover Regulations.

8.6 In case of delay in receipt of statutory approvals, as explained above, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to eligible shareholders of the Target Company, provided the Acquirer agrees to pay interest to the shareholders beyond 15 days. If the Acquirer fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on his part, the amount lying in the escrow account shall be forfeited in the manner provided in regulation 28 (12) (e) of the SEBI Takeover Regulations.

8.7 The Acquirer shall withdraw this offer if the statutory approval(s) required as above is refused as provided in Regulation 27 of the SEBI Takeover Regulations. In the event of withdrawal, a Public Announcement will be made in the same newspapers in which this original Public Announcement is being made.

9. Procedure for Acceptance and Settlement of the Offer

9.1 The Shareholders of the Target Company, who wish to avail of and accept this Offer should forward the under mentioned documents by hand delivery or by registered post or by speed post or by courier to the Registrar to the Offer at the addresses mentioned in this Letter of Offer before 5:00 pm Indian Standard Time on or before Tuesday May 27, 2008 or such other extended date in case there is any competitive bid. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement (FOA) and other documents are complete in all respect; otherwise the same is liable to be rejected. In the case of dematerialized Shares, the Shareholders are advised to ensure that their Shares are credited in favour of the special depository account, before the close of the Offer. The FOA of such dematerialized Shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected. No documents for tendering the Shares should be sent either to the Acquirer or Manager to the Offer or KCSL.

9.2 Documents to be delivered by all Shareholders:

9.2.1 **For Shares held in the DEMATERIALIZED FORM**

(i) FOA duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").

(ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP and filled with the details of the special depository account given below:

DP Name	Stock Holding Corporation of India Limited
DP ID	16010100
ISIN	INE929C01018
Account Name	Escrow Account -KCSL - Open Offer
Client ID	00361751
Depository	Central Depository Services (India) Limited

(iii) Beneficiaries holding Shares with NSDL will have to use Inter-Depository Delivery Instruction Slip for the above purpose.

9.3 In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) FOA duly completed and signed in accordance with the instructions contained therein, by all Shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;

(ii) Original Equity Share certificate(s); and

(iii) Valid share transfer deed(s) duly signed as transferors by all Shareholders (in case of joint holdings) in the same order and as per the specimen signatures lodged with KCSL and duly witnessed at the appropriate place(s).

In case of non-receipt of some of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the FOA along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the Shareholder should be received on or before the close of the Offer i.e. Tuesday May 27, 2008, else the application will be rejected.

In case the present signature of the Shareholder(s) differ from the specimen signatures lodged with KCSL, transfer deeds should be duly attested at the appropriate place by a notary or bank manager or member of stock exchange under their seal of office and membership number. In each case, the name and address of the attesting authority, attesting authority's seal and registration number (if the authority is a notary public/member of stock exchange) or the name and address of the bank (if the authority is a bank manager) should appear. Further, all attestations should be unconditional, i.e. the authority attesting should not deny the responsibility of identifying the person and the signature by qualifying the attestation. If the said guidelines are not followed, the Acquirer reserve the right to reject the transfer deed along with the application.

Notwithstanding that the signature(s) of the transferor(s) has/ have been attested as aforesaid, if the signature(s) of the transferor(s) differ(s) from the specimen signature(s) recorded with KCSL or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bonafide owner of such Shares.

9.4 In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS

(i) FOA duly completed and signed in accordance with the instructions contained therein,

(ii) Original Equity Share certificate(s) accompanied by valid Share transfer forms as received from the market wherein the name of the transferee has not been filled in;

(iii) Original Broker contract note of a registered Broker of a recognized Stock Exchange in relation to the purchase of the Shares being tendered in this case.

(iv) In case the Share Certificate(s) and the Share transfer deed are lodged with the Target Company/ its Transfer Agents for transfer, then the acceptance shall be accompanied by the acknowledgement of lodgment thereof with, or receipt by, the Company or its transfer agents, of the Share Certificate(s) and the transfer deed(s).

(v) No indemnity is required from persons not registered as Shareholders.

9.5 Non-resident Shareholders should, in addition to above, enclose a copy of the permission received from RBI, if any, for the Shares held by them in the Target Company.

9.6 If required, Shareholders may download the Acceptance Form from SEBI's website (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED EXCEPT NAME, SIGNATURE AND WITNESS.

9.7 The beneficiary owners/ registered demat Shareholders who have not received Letter of Offer:

These Shareholders can apply on a plain piece of paper giving details like the name, address, number of shares held, number of Shares offered, depository details i.e. DP name, DP ID and Client ID along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account. Alternatively, they may download the Acceptance Form from SEBI's site www.sebi.gov.in or may request for the Acceptance Form from the Registrar to the Offer. All other requirements for valid transfer (including matching of signatures) will be a precondition for acceptance.Intime Spectrum Registry Limited, the Registrar to the Offer have opened an escrow depository account. The details are as under:

Depository	Central Depository Services (India) Limited
DP Name	Stock Holding Corporation of India Limited
DP ID Number	16010100
ISIN	INE929C01018
Mode	Off Market
Client ID Number	00361751

Shareholders having their beneficiary account in National Securities Depository Limited ("**NSDL**") have to use inter depository delivery instructions slip for the purpose of crediting their equity shares in favour of the special depository account with CDSL. The Shareholders may note that the credit for the Shares tendered must be received in the escrow depository account, as specified above, on or before 5.00 p.m. IST on Tuesday May 27, 2008.

For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.

9.8 Unregistered owners of shares of KCSL can send their applications in writing to the Registrar on a plain paper stating (i) the name, address, number of shares held, number of shares offered, distinctive numbers and folio number(s), together with the original share certificate(s), and valid transfer deeds in the case of equity shares held in physical form or (ii) DP name, DP ID and client ID together with photocopy or counterfoil of the delivery instruction slip in “off-market” mode in the case of equity shares held in dematerialized form (iii) and the original contract note issued by the broker through whom they acquired their shares.

9.9 PROCEDURE FOR SHARES HELD IN DEMATERIALIZED FORM - REGISTERED BENEFICIARY OWNERS:

9.9.1 The beneficiary owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in “off-market” mode or counterfoil of the delivery instruction in “off-market” mode, duly acknowledged by the DP in favor of the escrow depository account.

9.9.2 Owners of shares who have sent their equity shares for transfer should enclose Form of Acceptance-cum-Acknowledgement duly completed and signed copy of the letter sent to KCSL for transfer of shares, acknowledgement received thereon and valid share transfer form(s). Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the aforesaid special depository account should be received on or before 5.00 P.M up to the date of Closure of the Offer, i.e. Tuesday May 27, 2008 else the application would be rejected.

9.9.3 Shareholders of KCSL who have lodged equity shares for transfer may either download the LOF and Acceptance Form from the SEBI's site www.sebi.gov.in or request for the Acceptance Form from the Registrar. The Acceptance Form, duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper stating the name, address, number of equity shares held, number of equity shares offered, distinctive numbers and folio number shall be sent to the Registrar along with the acknowledgement, if any, received from KCSL for having lodged the equity shares for transfer. Shareholders of KCSL who are attaching the acknowledgment are requested to direct KCSL in writing to retain the share certificates for onward submission to the Registrar.

9.9.4 In case of non-receipt of the form of withdrawal, the above withdrawal application can be made on a plain paper.

9.9.5 The Letter of Offer along with Form of Acceptance cum acknowledgement/ withdrawal would also be available at SEBI's website http://www.sebi.gov.in/ and shareholders can also apply by downloading such forms from the website.

9.10 In case of non-receipt of the Letter of Offer, the eligible Shareholders may obtain a copy of the Letter of Offer from the SEBI website www.sebi.gov.in or obtain a copy of the same form the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively, those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:

a. In case Shares are held in the dematerialized form, by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 5:00 p.m. Indian Standard Time Tuesday May 27, 2008, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the

Delivery Instruction in "Off-market" mode, duly acknowledged by the DP, in favour of "Escrow Account - KCSL Open Offer " filled.

b. In case of Shares held in the physical mode, by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no., the original contract note (for unregistered Shareholders) issued by a registered Share Broker of a recognized Stock Exchange through whom such Shares were acquired, along with the original Share Certificate(s) and transfer deed(s) duly signed, either by hand delivery or by Registered Post, such that these are received by the Registrar to the Offer before 5:00 p.m. Indian Standard Time on Tuesday May 27, 2008

9.11 All the Shareholders should provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

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

b. Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).

c. No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

d. In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

e. Any other relevant documents, as deemed necessary.

In case of non-receipt of the aforesaid documents, but receipt of Shares in the escrow depository account on or before 5.00 pm IST on Tuesday May 27, 2008, the Offer shall be deemed to be accepted provided subsequent receipt of all the relevant documents.

The Shareholders of KCSL who wish to avail of the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the addresses given below (on all days except holidays and Sundays) in accordance with the instructions specified in the Letter of Offer.

The collection centre mentioned below would remain open on Monday to Friday from 10.00 am to 5.00 pm and on Saturdays from 10.00 am to 1.00 pm.

Name & Address	Intime Spectrum Registry Limited
Contact Person	Ms. Awani Thakkar
Contact Number	022- 25960320
Fax Number	022- 25960329
E-mail	klg.openoffer@intimespectrum.com

The documents sent by registered post/ speed post/ courier or through any other means will be at the applicant's own risk and cost.

All owners (registered or unregistered) of Shares of KCSL except the parties to SPA viz (i) the Acquirer and (ii) the Sellers, anytime before closure of the Offer are eligible to participate in the Offer.

9.12 In case the number of Shares validly tendered in the Offer by the Shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be, as per the provisions of Regulation 21(6) of the SEBI Takeover Regulations on a proportional basis in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE, the minimum marketable lot for the Shares is 1 (one).

9.13 As of the date of the PA, and this LOO, the paid up equity share capital of KCSL is 32,024,000/- comprising of 3,202,400 equity shares of Rs. 10/- each. Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 32,024,000/- comprising of 3,202,400 equity shares of Rs. 10/- each is considered in terms of Regulation 21(5) of SEBI Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned. There are no partly paid up equity shares in the books of KCSL.

9.14 The Shares, if any that are the subject matter of litigation wherein the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case of directions/orders from competent authority regarding these shares are not received together with the shares tendered under the Offer. The LOO, in such cases, would be forwarded to the concerned competent authority for further action at their end. In case the equity shares are in the name of tainted persons or the transfer of the equity shares was kept in abeyance due to the inclusion of the tainted persons as declared by the Special Custodian under the Special Act, such shares will not be accepted until the equity shares are cleared by the Special Court appointed for this purpose.

9.15 The Registrar will hold, in trust, the share certificates, equity shares lying to the credit of the special depository account, the Acceptance Form, if any and the transfer form/s on behalf of the shareholders of KCSL who have accepted the Offer, till the cheques/drafts for the consideration and/or the unaccepted equity shares/share certificates are dispatched/returned.

9.16 In the case of dematerialized Shares, the Shares would reside in the escrow depository account as mentioned above. The Registrar to the Offer will debit the escrow depository account to the extent of payment of consideration made by the Acquirer. The Shares held in dematerialized form to the extent not accepted as a result of non-payment / part payment of consideration by the Acquirer will be released to the beneficial owner's depository account with the respective beneficial owner's depository participant as per details furnished by the beneficial owner in the Acceptance Form, at the sole risk of the beneficial owner.

9.17 In terms of Regulation 22(5A), the Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. on or up to Thursday, May 22, 2008 The withdrawal option can also be exercised by submitting the documents as per the instructions given below so as to reach the Registrar at the collection centre mentioned above as per the mode of delivery indicated therein on or before Tuesday May 27, 2008.

9.18 The withdrawal option can be exercised on submitting (a) the form of withdrawal which will be sent to shareholders of KCSL along with the LOF and (b) the copy of the acknowledgment received from the Registrar to the Offer while tendering the acceptances together with (c) in respect of physical Shares-name, address, distinctive numbers, folio number, and number of equity shares tendered and in respect of dematerialized shares-name, address, number of equity shares tendered, DP name, DP ID, beneficiary account number i.e., client ID and photocopy of the delivery instruction in "off market" mode duly acknowledged by DP, in respect of dematerialized equity shares. In case of non-receipt of Form of Withdrawal, the above application can be made on a plain paper.

9.19 In case of partial withdrawal of the Offer or rejection of Shares:

9.20 Shareholders who have tendered shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e. shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with KCSL and duly witnessed at the appropriate place.

9.21 The withdrawal of shares will be available only for the share certificates/ shares that have been received by the Registrar to the Offer/ credited to the special depository account.

9.22 The intimation of returned shares to the shareholders will be at the address as per the records of KCSL or the Depositories as the case may be.

9.23 The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centre mentioned in paragraph 9.11.

9.24 In case of partial withdrawal of shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from KCSL.

9.25 In case of partial withdrawal of Shares / rejection of Shares tendered in demat form, the Shares withdrawn /rejected will be credited to the beneficial owner's depository account with the respective DP as furnished in the Acceptance-cum-Acknowledgment form. It is the responsibility of the Shareholder to ensure that the withdrawn Shares / unaccepted Shares are accepted by their respective DP when transferred by the Registrar to the Offer.

9.26 The Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.

9.27 Partial withdrawal of tendered shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier FOA will stand revised to that effect.

9.28 Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP accounts.

9.29 Transfers not lodged: In case any person has lodged Shares of KCSL for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in paragraph 9.3 above together with the acknowledgement of the lodgement of Shares for transfer. Such persons should also instruct KCSL to send the transferred share certificate(s) directly to Intime Spectrum Registry Limited. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date, else the Offer will be deemed invalid.

9.30 The consideration for equity shares accepted by the Acquirer will be paid by crossed account payee cheques/demand drafts. Such payments and documents i.e., share certificates etc. The unaccepted Share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the FOA. In case of withdrawal of Physical Shares by the Shareholders, the Physical Share certificates withdrawn by the Shareholders would be returned by Registered Post.

9.31 Consideration up to Rs. 1,500/- will be dispatched "Under Certificate of Posting". Equity shares held in dematerialized form to the extent not accepted will be credited back to the account of the beneficial owner specified in the Acceptance Form. The payment of consideration for the accepted equity shares will be made by the Acquirer by cheque/demand draft to the shareholders of the accepted equity shares within 15 days from the date of closure of the Offer i.e. Tuesday, May 27, 2008.

9.31 Payment to those Shareholders whose Share certificates and/or other documents are found valid and in order and are approved by the Acquirer will be by way of a crossed account payee cheque/demand draft/pay order. All cheques/demand drafts/pay orders will be drawn in the name of the first holders, 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 FOA for incorporation in the cheque/demand draft/pay order.

9.32 While tendering Shares under the Offer, non resident Shareholders (NRI/FII etc.) will be required to submit the previous RBI / GOI approvals, if any, which they would have obtained for acquiring the Shares of KCSL and Tax Clearance Certificate ("**TCC**") from the Income Tax authorities under the Income Tax Act, 1961 ("**Income Tax Act**") indicating the rate at which the tax is required to be deducted by the Acquirer before remitting the consideration. In case previous approvals as explained above are not submitted, the Acquirer reserve the right to reject the Shares tendered in the Offer. In case the aforesaid TCC is not submitted, the Acquirer will deduct the tax at the current prevailing rates as applicable to the category of the Shareholder under the Income Tax Act on the entire consideration payable to such shareholder.

9.33 As per the provisions of Section 196 D(2) of the Income Tax Act, 1961, no deduction of tax at source shall be made from any income by way of Capital gains arising from the transfer of securities referred to in Section 115AD of the Income-tax Act, 1961, payable to a Foreign Institutional Investor. However the Interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their TCC, indicating the amount of tax to be deducted. In absence of the same, the Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of Shareholder under the Income Tax Act.

9.34 In the case of resident Shareholders, the Acquirer will deduct the tax on the interest component exceeding Rs. 5,000/- at the current prevailing rates as applicable, if applicable. 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, he will be required to submit NoC from the Income Tax authorities or a self declaration in Form 15H as may be applicable indicating the rate at which tax is to be deducted by the Acquirer. The Shareholders eligible to receive interest component exceeding Rs. 5,000/- would be required to give their Permanent Account Number ("PAN") for income-tax purposes.

9.35 The securities transaction tax will not be applicable to the Shares accepted in this Offer.

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

9.37 A copy of this Letter of Offer (including the FOA and FOW) would be available on SEBI's web-site www.sebi.gov.in during the period the Offer is open. Eligible Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

9.38 Name and Address of the Collection Centers of the Registrar to the Offer: [Working Days & Timings: Monday to Friday - between 10:00 a.m. – 4:00 p.m. and on Saturdays between 10:00 a.m. – 1:00 p.m.]

Name and address of collection centre	**Contact Person and e-mail address**	**Mode of Delivery**	**Tel. No.:**	**Fax No.:**
Intime Spectrum Registry Limited, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W),Mumbai -400078.	Awani Thakkar awani.punjani@intimespectrum.com	Hand Delivery & Registered Post	022-25960320	022-25960328/29
Intime Spectrum Registry Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028	Swapan Naskar delhi@intimespectrum.com	Hand Delivery	011-41410592 / 93/ 94	011-41410591

10. Documents for Inspection

Copies/certified copies of the following documents will be available for inspection at the office of the Manager to the Offer - Networth Stock Broking Limited at Merchant Banking Division, 143 – B, Mittal Court, 14th Floor, 224, Nariman Point, Mumbai – 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 a.m. to 4:00 p.m. from the date of opening of the Offer upto the closure of this Offer.

- Copy of Public Announcement as published in newspapers on March 3, 2008;
- Certified true copies of Certificate of Incorporation, and the Memorandum and Articles of Association of Awaita Properties Private Limited;
- Certified true copies certificate of Incorporation, and the Memorandum and Articles of Association of KLG Capital Services Limited;
- Audited financial statements of Awaita Properties Private Limited for the last three financials years ended March 31, 2007, March 31, 2006, March 31, 2005 and un audited financials for Six Months ended 30th September, 2007;
- Audited financial statements of KLG Capital Services Limited for the last three financials years ended March 31, 2007, March 31, 2006 and March 31, 2005 and un audited financials for Six Months ended September 30, 2007;
- Copy of Share Purchase Agreement between Awaita Properties Private Limited, Promoter and Promoter Group Entities of KLG Capital Services Limited and KLG Capital Services Limited dated February 27, 2008 as well as copy of the Supplement Agreement between Awaita Properties Private Limited, Promoter and Promoter Group Entities of KLG Capital Services Limited and KLG Capital Services Limited;
- Copy of Deed of Indemnity dated February 27, 2008 by the Sellers in favour of Acquirer;
- Certificate from Mr. Bharat Shah (Partner: B. G. Shah and Associates, Chartered Accountants, Membership no. 32281, having its office at 512, Vyapar Bhavan, 49 P D'Mello Road, Carnac Bunder, Mumbai-400 009. Phone no. 022 2373 3536, fax no. 022 2371 1027), Chartered Accountants dated March 1, 2008 certifying the networth of the Acquirer as on March 31, 2007;
- Certificate from Mr. Bharat Shah (Partner: B. G. Shah and Associates, Chartered Accountants, Membership no. 32281, having its office at 512, Vyapar Bhavan, 49 P D'Mello Road, Carnac Bunder, Mumbai-400 009. Phone no. 022 2373 3536, fax no. 022 2371 1027), Chartered Accountants dated March 1, 2008, Chartered Accountants dated March 1, 2008 stating that sufficient resources in liquid form can be made available by the Acquirer for fulfilling the obligations under the Offer for a value upto Maximum Consideration;
- Copy of Escrow Agreement dated February 28, 2008 entered between Awaita Properties Private Ltd (Acquirer), Networth Stock Broking Ltd (Manager to the offer) and Standard Chartered Bank Limited;
- A letter dated March 5, 2008 from Standard Chartered Bank Limited confirming the amount kept in the escrow account and a lien in favour of the Manager to the Offer;
- Details of securities (details including name, quantity, on the date of creation of escrow, etc) pledged with the Managers to the Offer along with a confirmation dated March 1, 2008 from Networth Stock Broking Limited, DP Cell, confirming the pledge of the securities kept in escrow;
- Certified true copy of the board resolution of Awaita Properties Private Limited dated February 26, 2008 proposing the Acquisition of Equity Shares in KLG Capital Services Limited;
- Account details regarding the special depository account opened with Stock Holding Corporation of India Limited, DP Cell, Mumbai;
- Copy of MOU dated February 8, 2008 entered into between the Acquirer Company and the Manger to the

Offer;

- Copy of the Public Notice dated March 3, 2008 for change in control and management of KCSL, as NBFC; and

- Copy of due diligence certificate dated March 12, 2008 issued by Networth Stock Broking Limited.

11. Declaration by the Acquirer

The Acquirer accepts responsibility for the information (except for the information relating to the Target Company, which has been compiled from publicly available sources) contained in this Letter of Offer and for their obligations under SEBI Takeover Regulations and subsequent amendments made thereto. The Acquirer are severally and jointly responsible for fulfillment of their obligations in terms of SEBI Takeover Regulations.

Shri Nikhil Gandhi has been authorised by the Acquirer to sign the Letter of Offer on their behalf.

For and On behalf of Acquirer

s/d

(**Mr. Nikhil Gandhi**)

Dated: April 30, 2008

Place: Mumbai

Encl. : Form of Acceptance cum Acknowledgment
Form of Withdrawal
Transfer Deed for Shareholders holding Shares in Physical From.

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

- *Please submit this Form with enclosures to the Registrar to the Offer at their address given overleaf.*
- *Please read the enclosed Letter of Offer dated April 30, 2008 carefully before filling this Acceptance Form.*
- *All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.*
- *Each Shareholder of KCSL to whom this Offer is being made, is free to offer his Shareholding in KCSL in whole or in part while accepting the Offer.*

Offer opens on	**Thursday, May 08, 2008**
Offer closes on	**Tuesday, May 27, 2008**

From:

Folio No./ DP No. ________ Client ID No : ________
Name: ________________________________

Address : ________________________________
____

Tel No. : ____________ Fax No. : ____________
Email : ________________________________

To:

The Acquirer – Awaita Properties Private Limited
c/o Intime Spectrum Registry Limited
having its office is at
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West),
Mumbai-400 078

Dear Sir,

Sub: Open Offer to acquire 6,40,480 Equity Shares representing 20% of the Issued, Subscribed and paid up Equity Capital of KLG Capital Services Limited at a price of Rs. 37.50/- (Rupees Thirty Seven and Fifty Paisa only) per fully paid up Equity Share by Awaita Properties Private Limited

I/We refer to the Public Announcement dated Monday, March 3, 2008 and the Letter of Offer dated April 30, 2008 for acquiring the Equity Shares held by me/us in KLG Capital Services Limited.

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

- **FOR SHARES IN PHYSICAL FORM**

I/We, hold Equity Shares of KLG Capital Services Limited in physical form, accept the offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

(In the case of Shares in Physical Form)

Sr. No	Ledger Folio No.	Share Certificate Nos.	No. of Share Certificates	Distinctive Numbers		No. of fully paid Shares
				From	To	
					Total number of shares	

(*In case of insufficient space, please attach a separate sheet and authenticate the same.*)

I/We confirm that the Equity Shares of KLG Capital Services Limited which are being tendered herewith by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original Share certificate(s) and valid Share transfer deed(s) will be held in trust for me/us by the Registrars to the Offer until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

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

- **SHARES IN DEMATERIALIZED FORM**

I/We hold the following Equity Shares of KLG Capital Services Limited in Dematerialized Form and accept the Offer and enclose a photocopy of the Depository Delivery instruction(s) in "off-market" mode, duly acknowledged by the DP in respect of my /our Equity Shares, details of which are given below:

Sr. No.	DP Name.	DP ID	Client ID	Name of beneficiary	No. of Shares

I/We have done an off market transaction for crediting the Shares to the Special Depository Account opened by Intime Spectrum Registry Limited with Central Depository Services (India) Limited in favour of “Escrow Account - KCSL Open Offer " noted below:

DP Name	Stock Holding Corporation of India Limited
DP ID	16010100
Client ID	00361751
ISIN	INE 929 C0 1018

☐ via a delivery instruction from my account with CDSL ☐ via a delivery instruction from my account with NSDL

I/We note and understand that the Shares transferred to the above Special Depository Account i.e. “Escrow Account - KCSL Open Offer " will be held in trust for me/us by the Registrars to the Offer until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer as well as until the time the Acquirer completes the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

I/We confirm that the Equity Shares of KLG Capital Services Ltd which are transferred by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer.

I/We further authorize the Acquirer to return to me/us, Equity Share certificate(s) in respect of which the offer is not found valid /not accepted, specifying the reasons thereof and in the case of dematerialised shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorize the Acquirer or the Manager to the Offer or the Registrars to the Offer to send by registered post/under certificate of posting, the Cheque, in settlement of the amount to the sole/first holder at the address mentioned below.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that it may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/ us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

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

	PAN / GIR No.
1st Shareholder	
2nd Shareholder	
3rd Shareholder	
4th Shareholder	

□ **For NRIs/ FIIs/ Foreign Shareholders [except OCBs]:**

I/We have enclosed the following documents:

□ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities, as applicable.

□ RBI approval(s) for acquiring Shares of KCSL hereby tendered in the Offer.

Following documents should be enclosed wherever applicable

□ Power of attorney

□ Death certificate/ succession certificate/ No objection Certificate/ letters from legal heirs- duly attested

□ Corporate authorization in case of companies along with board/ general meeting resolutions and specimen signatures of authorized signatories

□ Others (please specify)

Yours faithfully

Signed and delivered

	Full Name	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

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

Place: ----------------

Date: ----------------

Bank details: So as to avoid fraudulent encashment in transit, the applicants are requested to provide details of Bank account of the sole/first Shareholder and the consideration Cheque will be drawn accordingly. For Shares that are tendered in electronic form, the bank account as obtained from the beneficiary position download to be provided by the Depositories will be considered and the payment instruments will be issued with those bank particulars only:

Name of the Bank	
Full address of the Branch	
Nature of Account	
Account Number	

---(Tear here)--

Acknowledgement Receipt

Awaita Properties Private Limited
c/o Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078

Received from Mr./Ms./M/s...…..................................... Form of Acceptance-cum-Acknowledgement in connection with Open Offer to Shareholders of KLG Capital Services Limited

Ledger Folio No. ________________ # No. of Share Certificates /# Copy of Delivery instructions to DP for ____________Shares of KLG Capital Services Limited.

Delete whichever is not applicable

Stamp of Registrar	In case of physical Shares, verify the number of Share certificates / number of Shares
	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP and duly acknowledged by the DP is submitted with the tender / offer form.

INSTRUCTIONS

1. PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER.

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

3. Shareholders should enclose the following:-.

   i. For Equity shares held in demat form:-

   <u>Beneficial owners should enclose</u>

   - 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 “Offmarket” mode, duly acknowledged by the DP.

   - For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.

ii. For Equity shares held in physical form:-

Registered Shareholders should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.

- **Original Share Certificate(s).**

- **Valid Share Transfer form(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with "KCSL" and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

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

Unregistered owners should enclose:

- **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein.

- **Original Share Certificate(s)**

- **Original Broker Contract Note**

- **Valid Share Transfer form(s)** as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

4. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or KLG Capital Services Limited.

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

6. In case of shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

7. In case where the signature is subscribed by thumb impression, the same shall be verified and attested 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.

8. All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

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

   b.Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).

c.No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

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

10. **Non resident shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

---(Tear Here)---

Note: All future correspondence, if any, should be addressed to the Registrars to the Offer, at:

INTIME SPECTRUM REGISTRYLIMITED
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West),
Mumbai-400 078
Tel. No. :022- 25960320
Fax No. :022- 25960329
Contact Person :Ms. Awani Thakkar
Email : klg.openoffer@intimespectrum.com

FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrars to the Offer)

From:

Folio No./DP No. _____________ Client ID No : _____________
Name: ____

Address : ____

____

Tel No. : ____________________ Fax No. : ____________________
Email : ____

Offer opens on	Thursday May 08, 2008
Last Date of Withdrawal	Thursday May 22, 2008
Offer closes on	Tuesday May 27, 2008

To

The Acquirer – Awaita Properties Private Limited
c/o Intime Spectrum Registry Limited
having its office is at
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West),
Mumbai - 400 078

Dear Sir,

Sub: Open Offer to acquire 6,40,480 Equity Shares representing 20.00 % of the Issued, Subscribed and paid up Equity Capital of KLG Capital Services Limited at a price of Rs. 37.50/- (Rupees Thirty Seven and Fifty Paisa only) per fully paid up Equity Share by Awaita Properties Private Limited

I/We refer to the Letter of Offer dated April 30, 2008 for acquiring the Equity Shares held by me/us in KLG Capital Services Limited.

I/We, hereby consent to unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorize the Acquirer to return to me/us, the tendered Equity Shares at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay /loss in transit of the Share Certificate(s) due to incomplete or inaccurate particulars.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal i.e, no later than 16.00 hours on. Thursday May 22, 2008.

I/We also note and understand that the Acquirer will return the original Share Certificate(s), Share Transfer Deed(s) or credit back the Shares to my/our Beneficiary Account for Shares held in dematerialized form, only on completion of verification of the documents.

I/ We would like to withdraw my/our acceptance in terms of regulation 22(5A) of the SEBI Takeover Regulations and my/our relevant details are as follows:

(In the case of Shares in physical form)

Name		
Address		
Distinctive Numbers		
Ledger Folio Number		
Share Certificate Numbers	From	
	To	
Number of shares tendered		
Number of shares withdrawn		

Copy of acknowledgment received from the Registrar to the Offer while tendering the acceptance is being attached herewith.

(In the case of demat / electronic Shares)

The particulars of Shares held in Dematerialized Form, which were transferred to Special Depository account noted below:

DP Name	Stock Holding Corporation of India Limited
DP ID	16010100
Client ID	00361751
ISIN	INE 929 C0 1018

The Shares proposed to be withdrawn are as follows. I/we wish to withdraw the under noted Shares so transferred.

Name	
Address	
Number of shares tendered	
Number of shares withdrawn	
DP Name	
DP id	
Beneficiary Account Number	

Photocopy of the delivery instruction slip in off market mode duly acknowledged by DP is attached along with a copy of the acknowledgment received from the Registrar to the Offer while tendering the Shares is being enclosed herewith.

(*In case of insufficient space, please attach a separate sheet and authenticate the same.*)

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the Equity Shares of KLG Capital Services Limited, which were tendered by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

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	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

Place:----------------

Date :----------------

--(Tear here)--

Acknowledgement Receipt

Received from Mr./Ms./M/s...
.... Form of withdrawal.

Ledger Folio No. _______________ No. of Share Certificates /photocopy of delivery instructions to DP for _______________ Shares of KLG Capital Services Limited

Stamp of Registrar	In case of physical Shares, verify the number of Share certificates / number of Shares	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP is submitted with the withdrawal form

Note : All future correspondence, if any, should be addressed to the Registrars to the Offer, at the following address:

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West) ,
Mumbai-400 078
Tel. No. :022- 25960320
Fax No. :022- 25960329
Contact Person :Ms. Awani Thakkar
Email : klg.openoffer@intimespectrum.com