LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder(s) of IL&FS Engineering and Construction Company Limited (formerly known as Maytas infra Limited) ("**Shareholders**"). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager/Registrar to the Offer. In case you have recently sold your shares in IL&FS Engineering and Construction Company Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deeds to the member of the stock exchange through whom the said sale was effected.

CASH OFFER BY

SBG PROJECTS INVESTMENTS LIMITED (the "Acquirer")

Registered Office : SBG Projects Investments Limited, c/o Multiconsult Limited, Rogers House, 5 President John Kennedy Street, Port-Louis, Mauritius (Tel : +230 405 2000; Fax : +230 212 5265 / +230 208 0572)

along with

Skylight Investments (Mauritius) Limited ("Skylight")	Infrastructure Leasing & Financial Services Limited ("IL&FS")	IL&FS Financial Services Limited ("IFIN")
Registered Office: c/o Multiconsult Limited, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius (Tel: +230 405 2000; Fax +230 212 5265 / +230 208 0572)	Registered Office: 'The IL&FS Financial Centre', Plot No C 22, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India (Tel: +91-22-2659 3800; Fax: +91-22-2653 3042)	(Registered Office: 'The IL&FS Financial Centre', Plot No C 22, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India (Tel: +91-22-2659 3800; Fax: +91-22-2653 3149)

(collectively referred to as the persons acting in concert ("**PAC**")

TO ACQUIRE UP TO 1,55,33,168 FULLY PAID UP EQUITY SHARES REPRESENTING 20% OF THE EMERGING VOTING CAPITAL ("OFFER") OF

IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED (FORMERLY KNOWN AS MAYTAS INFRA LIMITED) ("TARGET COMPANY")

Registered office: 6-3-1186/5/A, III Floor, Amogh Plaza, Begumpet, Hyderabad – 500 016, India.–Tel: +91-40-4040 9333; Fax: +91-40-2340 1107, +91-40-2341 8501

AT Rs 195.72 (RUPEES ONE HUNDRED NINETY FIVE AND SEVENTY TWO PAISE ONLY) PLUS INTEREST OF RS 12.34 (CALCULATED AT THE RATE OF 10% P.A. FROM 15 SEPTEMBER 2010 TO 3 MAY 2011 I.E. THE LATEST SCHEDULED DATE OF PAYMENT OF CONSIDERATION) PER FULLY PAID UP EQUITY SHARE OF FACE VALUE OF RS 10 ("**SHARE**") PURSUANT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THERETO (THE "**SEBI (SAST) REGULATIONS**")

(THE INTEREST AMOUNT IS SUBJECT TO CHANGE DEPENDING ON ACTUAL DATE OF DISPATCH OF PAYMENT TO SHAREHOLDERS)

ATTENTION:

1. This Offer is being made by the Acquirer along with the PAC pursuant to and in accordance with the provisions of Regulations 10 and 11(1) and other applicable provisions of the SEBI (SAST) Regulations.
2. This Offer is not a conditional offer and is not subject to a minimum level of acceptance by the Shareholders of the Target Company.
3. This Offer is not a competitive bid.
4. The Offer is subject to receipt of the approval of the Reserve Bank of India ("**RBI**") under the Foreign Exchange Management Act, 1999 and/or the rules and regulations framed thereunder. The RBI has, vide letter dated 24 January 2011 communicated it's 'no-objection' for such acquisition subject to certain conditions. For further details on the same, please refer to paragraph 8.1.1 and 8.1.2 of the LOF. As of the date of this Letter of Offer, there are no other statutory approvals required for the Offer. The Offer would be subject to all other statutory approvals that may become applicable at a later date before the closure of the Offer.
5. **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 3 working days prior to the date of closure of the Offer. Requests for such withdrawals should reach the Registrar to the Offer or their collection centres on or before 5 pm on Monday, 11 April 2011.**
6. Acquirer, IL&FS and IFIN are permitted to increase the Offer Price and/ or the number of Shares proposed to be acquired by the Acquirer, IL&FS and IFIN. Such upward revision made in accordance with Regulation 26 of the SEBI (SAST) Regulations in the Offer Price will not be later than Tuesday, 5 April 2011, which is 7 working days prior to the date of closure of the Offer (i.e. Monday, 18 April 2011). If the Offer Price is revised upward, such revised price will be payable to all the Shareholders of the Target Company who have accepted the Offer and submitted their Shares at any time during the Offer period to the extent their Shares have been verified and accepted by the Acquirer. In the event of such revision a public announcement will be made in the same newspapers mentioned in paragraph 2.2.1 of this Letter of Offer where the original Public Announcement appeared.
7. The Acquirer, IL&FS and IFIN may not be able to purchase any Shares tendered in the Offer if any statutory approval required to purchase such Shares are not received and the Acquirer, IL&FS and IFIN will be deemed to have no obligation to acquire such Shares even if tendered in such circumstances. In terms of Regulation 27 of the SEBI (SAST) Regulations, the Offer maybe withdrawn in case statutory approval(s) required have been refused or in the opinion of SEBI, circumstances merit withdrawal of the Offer. In the event of such withdrawal the same would be notified by way of a public announcement in the same newspapers in which the Public Announcement was published.
8. **There has been no competitive bid.**
9. **The Public Announcement, this Letter of Offer, Form of Acceptance and Form of Withdrawal is also available on the website of the Securities and Exchange Board of India ("SEBI") www.sebi.gov.in**. A copy of the Form of Acceptance cum Acknowledgment can also be obtained from the Registrar to the Offer commencing on the date of the dispatch of this Letter of Offer. All future correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned below.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Edelweiss Ideas create, values protect	KARVY Karvy Computershare Private Limited
Edelweiss Capital Limited 14th Floor, Express Towers Nariman Point, Mumbai – 400 021, India **Tel**: +91–22– 4086 3535; **Fax**: +91–22– 4086 3610 **E-mail:** project.marsh@edelcap.com **SEBI Regn:** INM0000010650 **Contact Person:** Mr. Sumeet Lath / Mr. Jibi Jacob	Plot nos. 17-24, Vittal Rao Nagar Madhapur, Hyderabad – 500 081. **Tel**: +91-040-44655000 | **Toll Free no.** 1-800-3454001 **Fax**: +91-040-2343 1551 | **E-mail**: murali@karvy.com |Website: http://karisma.karvy.com **SEBI Registration Number**: INR000000221 **Contact Person**: Mr. Murali Krishna

SBI Capital Markets Limited

ADVISOR TO INFRASTRUCTURE LEASING & FINANCIAL SERVICES LIMITED:

SBI Capital Markets Limited | 202 Maker Tower 'E', Cuffe Parade, Mumbai – 400 005 **Tel:** +91-22-2217 8300 **Fax:** +91-22-2218 8332

OFFER OPENING DATE: Wednesday, 30 March 2011	**OFFER CLOSING DATE:** Monday, 18 April 2011

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity^	Original Schedule - Day and Date	Revised Schedule – Day and Date
Public Announcement	Monday, 21 June 2010	Monday, 21 June 2010
Specified Date*	Wednesday, 21 July 2010	Wednesday, 21 July 2010
Last date for a competitive bid	Monday, 12 July 2010	Monday, 12 July 2010
Last date by which Letter of Offer will be dispatched to Shareholders	Monday, 26 July 2010	Monday, 28 March 2011
Date for opening of the Offer	Thursday, 12 August 2010	Wednesday, 30 March 2011
Last date for revising the Offer Price / number of equity shares	Wednesday, 18 August 2010	Tuesday, 5 April 2011
Last date for withdrawing acceptance from the Offer by the Shareholder	Thursday, 26 August 2010	Monday, 11 April 2011
Date of closure of the Offer	Tuesday, 31 August 2010	Monday, 18 April 2011
Date of communicating rejection / acceptance and payment of consideration for accepted applications	Wednesday, 15 September 2010	Tuesday, 3 May 2011

^ As per the SEBI observation letter dated 17 February 2011, corrigendum public announcement is also required to be issued prior to opening of the Offer.

**Specified Date is only for the purpose of determining the names of the public shareholders of the Target Company as on such date to whom this Letter of Offer would be sent. All Shareholders (registered or unregistered), except the Acquirer and PAC, who own the equity shares of the Target Company are eligible to participate in the Offer anytime before the closure of the Offer.*

NOTE: Duly signed Application cum Transfer Deed(s) together with share certificate(s) should be dispatched by registered post/courier or hand delivered to the Registrar to the Offer or their collection centres so as to reach not later than 5:00 pm on Monday, 18 April 2011.

RISK FACTORS

I. *Risk Factors relating to the Acquirer*

(i) The Acquirer and PAC cannot provide any assurance with respect to the market price of the Shares of the Target Company before, during or after the Offer and each of them expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

(ii) The Acquirer and PAC make no assurance with respect to the financial performance of the Target Company.

II. *Risk Factors associated with the Offer*

(i) As of the date of this Letter of Offer, there are no statutory approvals required for the Offer. The Offer would be subject to all other statutory approvals, such as RBI etc, that may become applicable at a later date before the completion of the Offer. In the event of regulatory approvals not being received in a timely manner or there is any litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders of the Target Company whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer and/or IL&FS and/or IFIN may be delayed.

(ii) In case of delay in receipt of the statutory approval(s) SEBI has the power to grant an extension of time to the Acquirer, IL&FS and IFIN for payment of consideration to the Shareholders of the Target Company, subject to the Acquirer and PAC agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

(iii) Further, Shareholders should note that after the last date of withdrawal i.e. Monday, 11 April 2011, Shareholders who have lodged their Shares would not be able to withdraw their Shares 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 the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Shares which are in the custody of the Registrar to the Offer.

(iv) In the event of oversubscription in the Offer, the acceptance of the Shares tendered will be on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations and will be contingent on the level of subscription and hence there is no certainty that all the Shares tendered by the Shareholders in the Offer will be accepted.

(v) The Acquirer, PAC and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Public Announcement or this Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer, PAC and the Manger to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.

III. ***Risks related to the transaction***

(i) The Offer is subject to completion risks as would be applicable to similar transactions.

(ii) The transaction is subject to the terms of the SSA (as defined in paragraph 2.1.2 below) entered into between the Target Company, the Acquirer, IL&FS and IFIN. In accordance with the SSA, the transaction shall be completed upon fulfillment of certain conditions precedent agreed between the Acquirer, IL&FS and IFIN.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer and PAC, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "USD" or "$" is to the USD Dollar and all references to "GBP" is to Great Britain Pounds. Unless otherwise stated, the Rupee equivalent quoted in each case is calculated in accordance with the Reserve Bank of India rate as on the reference date. In this Letter of Offer, any discrepancy in any table between the total and sums of amounts listed are due to rounding off.

Exchange rate: 1 USD = Rs 48.45 (as of 31 December 2008), 1 USD = Rs 46.68 (as of 31 December 2009), 1 USD = Rs 44.81 (as of 31 December 2010) and 1 GBP = Rs 68.25 (as of 31 March, 2010)

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DEFINITIONS

Acquirer	SBG Projects Investments Limited a company incorporated under the laws of Mauritius
Act	Companies Act, 1956
BSE	Bombay Stock Exchange Limited
CDSL	Central Depositary Services (India) Limited
DC	Direct Credit
DP	Depository Participant
NECS	National Electronic Clearing Services
Emerging Voting Capital	Shall have the meaning assigned to it in paragraph 2.2.3
Escrow Account	Shall have the meaning assigned to it in paragraph 7.2.4
Escrow Agreement	Shall have the meaning assigned to it in paragraph 7.2.4
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance / FOA	Form of Acceptance cum Acknowledgement
Letter of Offer	This Letter of Offer dated 25 March 2011
Manager/ Manager to the Offer / Merchant Banker	Edelweiss Capital Limited
NEFT	National Electronic Funds Transfer
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NRI	Non-Resident Indians
OCB	Overseas Corporate Bodies
Offer	This mandatory offer being made by the Acquirer along with Skylight, IL&FS and IFIN to acquire up to 1,55,33,168 Shares, representing up to 20% of the Emerging Voting Capital of the Target Company at Offer Price payable in cash, as set out in this Letter of Offer
Offer Consideration	Shall have the meaning given to it in paragraph 7.2.2
Offer Price	Rs. 195.72 (Rupees One hundred ninety five and seventy two paise only) plus interest of Rs 12.34 (calculated at the rate of 10% p.a. from 15 September 2010 to 3 May 2011, i.e. the latest scheduled date of payment of consideration) per fully paid up Share. The interest amount is subject to change depending on actual date of dispatch of payment to Shareholders.
Offer Shares	Up to 1,55,33,168 fully paid up Shares of Rs. 10/- each, representing 20% of the Emerging Voting capital of the Target Company to be acquired from the public Shareholders of the Target Company at the Offer Price, payable in cash
PAC	Skylight Investments (Mauritius) Limited, a company registered under the laws of the Republic of Mauritius, Infrastructure Leasing & Financial Services

	Limited, a company registered under the Companies Act, 1956 and IL&FS Financial Services Limited, a company registered under the Companies Act, 1956
Persons eligible to participate in Offer	All Shareholders (except parties to the SSA), whose names appear in the register of Shareholders on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered Shareholders, are eligible to participate in the Offer
Public Announcement	Public Announcement of the Offer by the Acquirer and PAC made by the Manager to the Offer on behalf of the Acquirer and PAC on June 21 2010 which was published in the Financial Express, Jansatta, Vartha and Navshakti
RBI	The Reserve Bank of India
Registrar / Registrar to the Offer	Karvy Computershare Private Limited
RTGS	Real Time Gross Settlement
SEBI	The Securities and Exchange Board of India
SEBI (SAST) Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto
SEBI Act	The Securities and Exchange Board of India Act, 1992
Share(s)	Fully paid up equity share(s) of the Target Company, having a face value of Rs. 10/- each
Shareholder(s)	All owners (registered or unregistered) of Shares eligible to participate in the Offer
SBG	Saudi Binladin Group
SSA	Shall have the meaning given to it in paragraph 2.1.2
SHA	Shall have the meaning given to it in paragraph 2.1.3
Specified Date	21 July 2010
Target Company	IL&FS Engineering and Construction Company Limited (formerly known as Maytas Infra Limited)
TCC	Tax Clearance Certificate

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 (SAST) Regulation and the Public Announcement.*

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 SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THE TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR PAC OR THE TARGET COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND THE PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, EDELWEISS CAPITAL LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 5 JULY 2010 TO SEBI IN ACCORDANCE WITH SEBI (SAST) REGULATIONS AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND PAC 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 pursuant to and in compliance with Regulation 10 and 11(1) of the SEBI (SAST) Regulations by the Acquirer along with the PAC, to the Shareholders of the Target Company to acquire the Offer Shares, for the substantial acquisition and consolidation of Shares of the Target Company as more particularly described in paragraphs 2.1.2 to 2.1.9 below, payable in cash and subject to the terms and conditions mentioned hereinafter and in the Public Announcement. For the purpose of this Offer, Skylight, IL&FS and IFIN are acting as PAC with the Acquirer to the Offer within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations. Assuming full acceptance of the offer, IL&FS and IFIN would consolidate their holdings and their equity stake would increase beyond the threshold limit of 5% of the present paid up capital of the Target Company.

2.1.2 As on date of the Public Announcement, the issued and paid up equity share capital of the Target Company consists of 5,88,50,856 Shares. As on date of the Letter of Offer, the issued and paid up equity share capital of the Target Company consists of 7,73,70,025 Shares. On 19 June 2010, IL&FS and IFIN entered into a Share Subscription Agreement (the "**SSA**") with the Acquirer and the Target Company, pursuant to which 1,54,59,133 fully paid up equity shares of the Target Company aggregating 19.98% of the current equity share capital (after considering the preferential allotment and the issue of Shares under the CDR Scheme) of the Target Company have been issued through preferential allotment to the Acquirer for cash at a price of Rs 195.30 (Rupees One hundred and ninety five and thirty paise only) per Share, in accordance with provisions of, amongst others, Securities and

Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, resulting in substantial acquisition of shares of the Target Company (as described in paragraphs 2.1.3 to 2.1.9 below) as per the SEBI (SAST) Regulations.

2.1.3 In addition to the SSA, the Acquirer, IL&FS, IFIN and the Target Company have entered into a shareholders agreement dated 19 June 2010 ("**SHA**"). The SHA primarily governs the *inter se* relationship between the Acquirer and IL&FS / IFIN with regard to transfer of their respective shares (lock-in right of first offer, tag-along right etc.), non-compete and certain obligations in respect of certain business opportunities. In addition, the SHA also provides certain protective rights to the Acquirer.

2.1.4 Salient features of the SSA are as follows:

(a) The obligation of the Acquirer to proceed to subscribe to the Shares under the SSA is subject to satisfaction / fulfillment (or waiver) of conditions precedent set forth in the SSA.

(b) The Acquirer, IL&FS and IFIN have agreed and undertaken to initiate an Offer under the SEBI (SAST) Regulations within 4 (four) working days of the execution of the SSA.

(c) IL&FS and IFIN shall be disclosed as a "person acting in concert" along with the Acquirer for and only in relation to the Offer.

(d) The Target Company has agreed and undertaken to extend such co-operation as may be required by the Acquirer, IL&FS and IFIN in the Offer, including but not limited to, provision of such information as may be required.

(e) The Acquirer shall acquire up to 6% (six percent) of the Fully Diluted Share Capital (as defined in the SSA) of the Target Company such that the shareholding of the Acquirer post the issue and allotment of Shares under the SSA and acquisition of the Investor Open Offer Shares shall be 26% (twenty six percent) of the Fully Diluted Share Capital of the Target Company ("**Investor Open Offer Shares**").

(f) Any equity shares tendered in the open offer in excess of the Investor Open Offer Shares shall be acquired by the Acquirer, IL&FS and IFIN in the ratio of 50:50.

(g) The Acquirer shall pay the subscription amount towards the Shares under the SSA, inter-alia, subject to fulfilment / satisfaction or waiver, as applicable, of conditions precedent by the Target Company and/or IL&FS and IFIN, to the satisfaction of the Acquirer as set out in the SSA, which amongst others, include:

(i) the shareholders of the Target Company passing a resolution in accordance with section 81(1A) of the Companies Act, 1956, authorizing issuance and allotment of Shares to the Acquirer;

(ii) receipt of the approval from the Company Law Board for appointment of the Acquirer's nominee on the board of the Target Company in terms of the SSA and SHA;

(iii) receipt of approval of the lenders of the Target Company for change in composition of the board of the Target Company as well as change of capital structure of the Target Company;

(iv) adoption of restated articles of association of the Target Company by the board of directors including all approvals for such an adoption;

(h) In the event the Conditions Precedents set out in the SSA (including those set out above) are not fulfilled or waived on or before the Cut-Off Date (i.e. 19 August 2010), the Acquirer, IL&FS, IFIN and the Target Company have agreed that the Acquirer shall be entitled to not proceed with the transaction and IL&FS and IFIN shall be, notwithstanding 2.1.4(e) and (f) above, obliged to acquire all Shares tendered in the Offer, replace the funds deposited by the Acquirer in escrow opened for the Offer and undertake all costs relating to the Offer. In this context, it may be noted that the Acquirer had waived the condition precedent regarding the CLB approval for appointment of its nominees on the board of the Target Company and such appointment was deferred pending receipt of the applicable CLB order.

2.1.5 The summary of the key terms of the SHA entered in to by the Acquirer, PAC and the Target Company is provided as under:

(a) The parties to the SHA have the right to appoint equal number of directors. The chairman of the board of the Target Company will be appointed by IL&FS/ IFIN.

(b) The Acquirer, IL&FS and IFIN have agreed to certain rights relating to the shares held by each of them in the Target Company. Neither the Acquirer nor IL&FS and/or IFIN shall transfer their Shares such that pursuant to the transfer their respective shareholding shall be less than 13% of the share capital of the Target Company for a period of five years. In addition to the aforesaid, subject to applicable law and regulatory requirements, IL&FS and/or IFIN shall not, for a period up to 29 September 2011 transfer any shares held by them such that pursuant to such transfer the aggregate equity shares held by them is less than 26% of the share capital. Further, if either Shareholder (as defined in the SHA) wants to sell its shares, the Shareholder has to give a right of first offer to the other Shareholder giving the other Shareholder a right to quote a price. If the Shareholder rejects the price then it can sell the shares to a third party for a price above 150% of the quoted price and has to grant the other Shareholder a matching right up to 150% of the quoted price.

(c) The Acquirer, IL&FS and IFIN have agreed not to compete with each other or with the Target Company in India.

(d) The Acquirer, IL&FS and IFIN have agreed to set up a subsidiary of the Target

Company (in joint venture with the Acquirer or its affiliates) for accessing business opportunities in Saudi Arabia. The terms and conditions of the joint venture would be agreed in due course.

(e) The Acquirer, IL&FS and IFIN have agreed to certain affirmative voting rights at both the director and shareholder level accompanied by standard quorum and notice requirements. The consent of a) at least one director appointed by IL&FS and IFIN and b) at least one director appointed by the Acquirer would be required in respect of certain affirmative voting items including matters pertaining to:

(i) mergers, demergers, spin-offs, amalgamation, consolidations and other forms of corporate restructuring or sale/acquisition of business;

(ii) modification of share capital and delisting of securities;

(iii) special resolutions under the Act;

(iv) borrowing of funds in any form;

(v) appointment or removal of senior members of the management or change in compensation.

2.1.6 On 19 June 2010 ("**Board Meeting Date**"), the board of directors of the Target Company passed appropriate resolutions for approving, inter alia, (a) the issue of 1,54,59,133 Shares of the Target Company; (b) for convening an extra-ordinary general meeting on 19 July 2010 to obtain approval of shareholders in terms of section 81(1A) of the Companies Act, 1956; (c) to authorize the board of directors of the Target Company to allot the abovementioned equity shares to the Acquirer; and (d) approve the change of promoters as defined in regulation 2(1)(h) of the SEBI (SAST) Regulations pursuant to the inclusion of the Acquirer as a co-promoter of the Target Company.

2.1.7 The Company Law Board ("**CLB**") had *vide* order dated 31 August 2009 provided that IL&FS shall for a period of 2 years (from date of the order) retain the management control of the Target Company. As a part of fulfilling the conditions precedent under the SSA, the Target Company had approached the CLB for permission to appoint 4 nominee directors of the Acquirer on the board of the Target Company. The CLB vide order dated 10 August 2010, refused such permission on the grounds of (a) prior approval of the CLB was not obtained by the Target Company for entering into the SSA; and (b) appointment of directors by the Acquirer would wrest sole management control of the Target Company away from IL&FS, which would be a violation of CLB's order dated 31 August 2009. Subsequently, pursuant to the submissions made by the Target Company, the CLB, accepting that the SSA was in no way intended to by-pass its order dated 31 August 2009, vide its order dated 4 November 2010 has permitted the appointment of four of the Acquirer's nominees on the board of the Target Company subject to the management of the Target Company resting solely with IL&FS. Hence, based on the above, the current Offer is being made by the Acquirer along with Skylight, IL&FS and IFIN as PAC under Regulation 10 and 11(1) of the SAST Regulations and other applicable provisions of the SEBI (SAST) Regulations.

2.1.8 At an extra-ordinary general meeting dated 19 July 2010, the shareholders of the Target Company approved the issue of 1,54,59,133 Shares to the Acquirer. The board of directors of the Target Company, vide meeting dated 30 July 2010, allotted the aforementioned shares to the Acquirer.

2.1.9 Pursuant to (a) the preferential allotment of 1,54,59,133 Shares, constituting 19.98% of the current equity share capital (after considering the preferential allotment and issue of Shares under the CDR Scheme) of the Target Company, to the Acquirer; and (b) acquisition of Shares by IL&FS and IFIN (assuming full acceptance of the offer) would result in consolidation of their holdings beyond the threshold limit of 5%; the Offer is being made in compliance with Regulations 10 and 11(1) and other applicable provisions of SEBI (SAST) Regulations, for the purpose of substantial acquisition and consolidation of shares and voting rights, of the Target Company.

2.1.10 Save and except Skylight, IL&FS and IFIN, no other person is acting in concert with the Acquirer for the purpose of the Offer. The Acquirer, Skylight, IL&FS and IFIN have not been prohibited from dealing in securities in terms of directions issued under Section 11B of the SEBI Act or under any other applicable law.

2.1.11 The Target Company has not been prohibited from dealing in securities in terms of directions issued under Section 11B of the SEBI Act or under any other applicable law.

2.1.12 As on the date of the Public Announcement, the Acquirer and Skylight do not hold any Shares in the Target Company. IL&FS and IFIN hold 1,32,45,250 Shares representing 17.12% and 85,34,374 Shares representing 11.03% respectively, of the current equity share capital of the Target Company. IL&FS had acquired 1,32,45,126 Shares from IFIN on 31 August 2009 for a consideration of Rs 14,940.5 lakhs at a price of Rs 112.80 per Share. Further, IL&FS acquired 124 shares in the resultant open offer at a price of Rs 112.80 per Share. Other than above, the Acquirer and PAC have not acquired any equity share of the Target Company during 12 months preceding the date of the Public Announcement.

2.1.13 As on date of the Public Announcement and this Letter of Offer, the Acquirer and Skylight do not have any representative on the board of directors of the Target Company. However, Mr Ravi Parthasarathy and Mr Arun Saha are directors on the board of IL&FS, IFIN as well as the Target Company. The above mentioned directors have recused themselves and not participated in any matter(s) concerning or relating to the offer including any preparatory steps leading to the offer in terms of Regulation 22(9) of the SEBI (SAST) Regulations.

2.1.14 The Acquirer has contemplated a reconstitution of the board of directors of the Target Company after completion of the Offer. The Acquirer intends to appoint Mr Akberali Moawalla and Mr Mu'taz Sawwaf and two other nominee directors on the board of the Target Company.

2.2 **Details of the Offer**

2.2.1 The Public Announcement dated 21 June 2010 as per Regulation 15(1) of the SEBI

(SAST) Regulations was made in the following newspapers on 21 June 2010:

Newspaper	Language	Editions
Financial Express	English	All
Jansatta	Hindi	All
Vaartha	Telegu	Hyderabad
Navshakti	Marathi	Mumbai

(A copy of the Public Announcement is available on SEBI's website: www.sebi.gov.in)

2.2.2 The Acquirer along with PAC hereby makes this Offer to the Shareholders of the Target Company (except parties to the SSA) to acquire up to 1,55,33,168 Shares, representing 20% of the Emerging Voting Capital of the Target Company, from the Shareholders of the Target Company, at a price of Rs. 195.72 (Rupees One hundred ninety five and seventy two paise only) plus interest of Rs 12.34 (calculated at the rate of 10% p.a. from 15 September 2010 to 3 May 2011, i.e. the latest scheduled date of payment of consideration) per fully paid up Share payable in cash subject to the terms and conditions set out in this Letter of Offer in accordance with the SEBI (SAST) Regulations. **(Please note that the interest amount is subject to change depending on actual date of dispatch of payment to Shareholders.)**

2.2.3 The Target Company was in the process of restructuring its debt obligations and had received a final letter of approval dated 26 June 2010 from the Corporate Debt Restructuring ("**CDR**") Empowered Group under the CDR mechanism describing the key commercial terms of the restructuring. Further, pursuant to the CDR the Target Company has entered into a Master Restructuring Agreement dated 27 September 2010 ("**MRA**") with its lenders. As part of the CDR process, 30,60,036 equity shares have been issued ("**CDR Issue**") to the lenders (at a conversion price of Rs 187.89 per share). Further, pursuant to the options granted by the Target Company under the employee stock option scheme in 2007 and 2009 ("**ESOP**"), 2,95,814 options have been vested but the options have not exercised as on date of this Letter of Offer. Therefore, in terms of Regulation 21 (5) of the SEBI (SAST) Regulations, the voting rights at the expiration of 15 days after the closure of the Offer would be 7,76,65,839 Shares ("**Emerging Voting Capital**").

2.2.4 There are no partly paid up Shares in the Target as on date of this Letter of Offer.

2.2.5 This is not a competitive bid. As of the date of this Letter of Offer, there have been no competitive bids.

2.2.6 Subject to the receipt of regulatory approvals as set out in this Letter of Offer, the Acquirer, IL&FS and IFIN will acquire Shares up to the extent mentioned in this Letter of Offer.

2.2.7 This Offer is not a conditional offer and is not subject to a minimum level of acceptance by the Shareholders of the Target Company i.e. subject to the terms of the Offer, the Acquirer, IL&FS and IFIN will acquire all Shares of the Target Company that are validly tendered by the Shareholders. In case the number of Shares validly tendered in the Offer is more than the Shares to be acquired in the Offer, the acquisition of Shares from each Shareholder will be, as per the provisions of Regulation 21(6) of the SEBI (SAST) Regulations, on a proportionate basis. Further, there is no differential pricing.

2.2.8 Excluding 1,54,59,133 Shares allotted to the Acquirer by way of preferential allotment on 30 July 2010, there have been no further acquisition(s) of Shares of the Target Company by the Acquirer, or the PAC after the date of the Public Announcement till the date of Letter of Offer.

2.2.9 The Shares to be acquired under this Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights of offer declared thereof. The Acquirer, IL&FS and IFIN shall accept locked-in shares, if any, under the Offer subject to the continuation of the residual lock-in period in the hands of the Acquirer/IL&FS/IFIN.

2.2.10 The Acquirer and /or PAC may purchase additional Shares of the Target Company from the open market or through negotiations or otherwise, after the date of Public Announcement in accordance with the Regulation 20 (7) of SEBI (SAST) Regulations and the details of such acquisition will be disclosed by the Acquirer and PAC within 24 hours of such acquisition to the stock exchanges where the equity shares of the Target Company are listed and to the Manager to the Offer in terms of Regulation 22(17) of the SEBI (SAST) Regulations. Acquirer, IL&FS and IFIN are permitted to increase the Offer Price and/ or the number of Shares proposed to be acquired by the Acquirer, IL&FS and IFIN. Such upward revision in accordance with Regulation 26 of the SEBI (SAST) Regulations will be made, no later than Tuesday, 5 April 2011, which is 7 working days prior to the date of closure of the Offer (i.e. Monday, 18 April 2011). If the Offer Price is revised upward, such revised price will be payable to all the Shareholders of the Target Company who have accepted the Offer and submitted their Shares at any time during the Offer period to the extent their Shares have been verified and accepted by the Acquirer.

2.2.11 This letter of offer specifying the detailed terms and conditions of this Offer together with the Form of Acceptance cum Acknowledgement and Form of Withdrawal will be mailed to the Shareholders of the Target Company (other than the Acquirer and the PAC) whose names appear on the register of members of the Target Company, at the close of business hours on Wednesday, 21 July 2010 (referred to as "**the Specified Date**"). The offer is made to (i) all the Shareholders whose names appeared in the register of members on the Specified Date, (ii) the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories at the close of business hours on the Specified Date, and (iii) those persons who own the Shares any time prior to the closure of the Offer, but are not the registered Shareholder(s).

2.2.12 The Manager to the Offer does not hold any Shares in the Target Company as at the date of Public Announcement. The Manager to the Offer will not deal with the Shares of the Target Company until the expiry of fifteen days from the date of closure of the Offer i.e. 3 May 2011.

2.3 Object of the Offer

2.3.1 Pursuant to (a) the preferential allotment of 1,54,59,133 Shares, constituting 19.98% of the equity share capital (after considering the preferential allotment and issue of Shares under the CDR Scheme) of the Target Company, to the Acquirer; and (b) acquisition of Shares by IL&FS and IFIN (assuming full acceptance of the offer) would result in consolidation of their holdings beyond the threshold limit of 5%; the Offer is being made in compliance with Regulations 10 and 11(1) and other applicable provisions of SEBI (SAST) Regulations, for the purpose of substantial acquisition and consolidation of shares and voting rights, of the Target Company, as described in paragraphs 2.1.2 to 2.1.9 above.

2.3.2 The Acquirer would support the existing business of the Target Company and also support the Target Company's board of directors in their endeavour to develop the business. The Target Company proposes to use the proceeds of the preferential issue to (i) fund ongoing expansion projects of the Target Company as may be agreed between the Acquirer, IL&FS and IFIN; and (ii) repay existing debt of the Target Company of Rs 11,000 lakhs (Rupees Eleven thousand lakhs only) or such other amount as may agreed between IL&FS, IFIN and the Acquirer, subject to the condition that IL&FS and IFIN shall ensure that said amount of Rs. 11,000 lakhs (Rupees Eleven thousand lakhs only) or such other amount agreed between IL&FS, IFIN and the Acquirer which is used for the repayment of existing debt of the Target Company is made available for liquidity requirements and funding expansion projects of the Target Company. The Acquirer intends to help grow the existing business of the Target Company and strengthen its position in the industry.

2.3.3 The Acquirer does not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business of the Target Company. Further, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company.

2.3.4 Target Company is an infrastructure development, construction and project management company. It executes projects under various domains such as buildings and structures, transportation, water, energy, infrastructure facilities including but not limited to irrigation projects, power projects, roads, ports, airports and railways and housing/ township projects. The Acquirer belongs to Saudi Binladin Group ("**SBG**") which is a multinational construction conglomerate based in Jeddah, Kingdom of Saudi Arabia. The Acquirer has acquired shares in the Target Company to participate in the infrastructure growth in India. With the entry of SBG, the Target Company is well poised to systematically exploit the niche segment of engineering, procurement and construction business and should be in a position to diversify its geographical and sectoral mix and introduce newer and more efficient processes and solutions to its customers.

3 BACKGROUND OF THE ACQUIRER AND PAC

3.1 Acquirer

3.1.1 SBG Projects Investments Limited is an unlisted company incorporated on 14 May 2010 under the laws of the Republic of Mauritius and has its registered and corporate office at SBG Projects Investments Limited, c/o Multiconsult Limited Rogers House, 5 President John Kennedy Street, Port-Louis, Mauritius (Tel: +230 405

2000; Fax : +230 212 5265 / +230 208 0572). The registration number of the Acquirer is 095192 C2/GBL.

3.1.2 The authorized, issued and paid up capital of the Acquirer consists of 1 ordinary share of USD 1. The shareholding pattern of the Acquirer is as follows:

Name of shareholder	Number of shares	Percentage of voting rights
Skylight Investment (Mauritius) Limited	1 (face value USD 1)	100%

Since the Acquirer was incorporated on 14 May 2010 and its first financial year end on 31 March 2011, the net worth cannot be determined. The Share Capital of the Acquirer is USD 1 (as certified by Moore Stephens, Chartered Accountants vide its certificate dated 23 March, 2011).

3.1.3 The Acquirer is an investment holding company promoted by Skylight Investments (Mauritius) Limited which belongs to the Saudi Binladin Group Limited which is a multinational construction conglomerate. SBG, based in Jeddah, Kingdom of Saudi Arabia is one of the largest contractors, developer and diversified conglomerates in the Middle East. For the financial year ended 31 December 2008, SBG achieved a turnover of about USD 4.36 billion. Currently, it employs around 90,000 employees, of which around 6,830 are professional engineers in various disciplines.

3.1.4 Prior to and as on date of the Public Announcement, the Acquirer did not hold any shares in the Target Company. 1,54,59,133 Shares have been allotted to the Acquirer by way of preferential allotment on 30 July 2010. The Acquirer is compliant with the provisions of chapter II of the SEBI (SAST) Regulations.

3.1.5 As on date of the Public Announcement, the board of directors of the Acquirer consisted of Minimax Limited. The board of directors of the Acquirer has undergone certain changes post the date of the Public Announcement and prior to the date of this Letter of Offer. As on date of the Letter of Offer, the board of directors of the Acquirer comprises of Shammeemkhan Abdoolakhan, Madhvi Narain, Akberali Mohemadali Moawalla and Riyad Kamal Mohamed Daud. The relevant details of the current directors are as under:

Name	Residential Address	Qualifications	Date of Appointment
Akberali Mohemadali Moawalla	15 Woodharn Waye, Surrey Woking, GU215 SW, UK	B.B.A. and M.B.A., University of Massachusetts, USA,	25 June 2010
Riyad Kamal Mohamed Daud	42 Burton Court, Franklin's Row, London SW34 SZ, UK	Masters in International Business from Columbia University, New York, USA Bachelors in Economics from Brown University, Rhode Island, USA	25 June 2010

Name	Residential Address	Qualifications	Date of Appointment
Shammeemkhan Abdoolakhan	74 Etienne Pellereau Street, Port Louis, Mauritius	Member of Professional bodies such as International Fiscal Association, Mauritius Institute of Directors and the Islamic Institute of Banking and Finance of UK.	25 June 2010
Madhvi Narain	14 Avenue Des Orchidees, Quatre Bornes, Mauritius	Fellow member of the Association of Chartered Certified Accountants ("FCCA") and is also a member of the Mauritius Institute of Directors, the Mauritius Institute of Professional Accountants and of the International Fiscal Association.	25 June 2010

3.1.6 Currently none of the directors of the Acquirer are on the board of directors of the Target Company. The Acquirer does not intend to nominate directors on the board of directors of the Target Company during the Offer period.

3.1.7 None of the directors of the Acquirer have acquired any Shares of the Target Company during the 12 months prior to the date of the Public Announcement and from the date of Public Announcement till the date of this Letter of Offer.

3.1.8 The Acquirer was incorporated on 14 May 2010 and its first financial year ending is on 31 March 2011. Hence significant accounting policies are not available.

3.1.9 The Acquirer does not have any contingent liabilities as on date of Letter of Offer.

3.1.10 The Acquirer has not promoted any companies in India as on date of the Letter of Offer.

3.1.11 For details regarding the arrangement between the Acquirer and PAC with regard to acquisition of Shares under the Offer, please refer to paragraph 2.1.4 of the Letter of Offer.

3.2 **Skylight**

3.2.1 Skylight, an unlisted company was incorporated on 27 March 2007 in Mauritius and has its registered office and corporate office at Skylight Investments Mauritius Limited, C/o Multiconsult Limited, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius (Tel: +230 405 2000; Fax: +230 212 5265, +230 208 0572). It is the holding company of the Acquirer. Its registration number is 069895 C1/GBL.

3.2.2 The paid up share capital of Skylight, comprises of 1,000 ordinary shares of USD 1 each as on the date of the Public Announcement. Shareholding pattern of Skylight as on date of Public Announcement is as follows:

Name of shareholder	Number of shares	Percentage of voting rights
Limehouse Investments Limited	1,000	100%

3.2.3 Skylight is an investment holding company. Skylight was established with the purpose of making investments in India and elsewhere within the Asia region.

3.2.4 Skylight is the promoter of Preferred Engineering Private Limited, a company incorporated on 4 April 2008 and carrying on the business of civil, mechanical, structural and electrical engineers, architects and related consultancy services. Skylight holds 99.999% shares in Preferred Engineering Private Limited. Preferred Engineering Private Limited is not a sick company. Relevant information of Preferred Engineering Private Limited has been provided in the table below:

Sr. No.	Particulars	Audited Figures as on 31 March 2009 (Rs in lakhs)	Audited Figures as on 31 March 2010 (Rs in lakhs)
1	Equity capital, Reserves (excluding revaluation reserves)	116.66	116.66
2	Share application money	251.90	378.07
	TOTAL	368.57	494.73
3	Total income	4.10	193.76
4	Profit after tax (PAT)	(23.22)	(53.14)
5	Earning per share (EPS)	(232.20)	(531.37)
6	Net assets value (Rs)	13.66	10.85

3.2.5 The promoter of Skylight is Limehouse Investments Limited which is beneficially owned by the SBG. As Skylight does not hold Shares of the Target Company and has never held Shares of the Target Company in the past, the provisions of chapter II of the SEBI (SAST) Regulations are not applicable to Skylight.

3.2.6 The board of directors of Skylight as on date of the date of the Public Announcement and their relevant details are as listed below:

Name and Designation	Residential Address	Qualifications	Date of Appointment
Ashwin Aukhjee	Sottise Road Grand Bay, Mauritius	Associate Member of Institute of Chartered Secretaries and Administrators, UK, Member of the Society of Trust and Estate Practitioners (STEP), UK,	31 October 2007

Name and Designation	Residential Address	Qualifications	Date of Appointment
		MBA (Finance), University of Leicester, UK, BSc (Hons) Economics, London School of Economics and Political Science, UK	
Madhvi Narain	14 Avenue Des Orchidees, Quatre Bornes, Mauritius	Fellow member of the Association of Chartered Certified Accountants ("FCCA") and is also a member of the Mauritius Institute of Directors, the Mauritius Institute of Professional Accountants and of the International Fiscal Association.	27 March 2007

3.2.7 Currently none of the directors of Skylight are on the board of the Target Company.

3.2.8 None of the directors of Skylight have acquired any Shares of the Target Company during the 12 months prior to the date of the Public Announcement and from the date of Public Announcement till the date of this Letter of Offer.

3.2.9 Selected standalone financial data (as audited) from Skylight financial statements for the last three years is provided below:

Profit & Loss Statement

	31 December 2008		31 December 2009		31 December 2010	
	USD	Rs (in lakh)	USD	Rs (in lakh)	USD	Rs (in lakh)
Income from operations	-	-	-	-	-	-
Other Income	2.0	0.00	-	-	-	-
Total Income	**2.0**	**0.00**	**-**	**-**	**-**	**-**
Total Expenditure.	8,274.0	4.01	8,545.0	4.0	7,940	3.56
Profit Before Depreciation Interest and Tax	**(8,272.0)**	**(4.01)**	**(8,545.0)**	**(4.0)**	**(7,940)**	(3.56)
Depreciation	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Profit Before Tax before extraordinary item	**(8,272.0)**	**(4.01)**	**(8,545.0)**	**(4.0)**	**(7,940)**	(3.56)
Extraordinary items	-	-	-	-	-	-
Profit before tax after extraordinary items	(8,272.0)	(4.01)	(8,545.0)	(4.0)	**(7,940)**	(3.56)
Provision for Tax	-	-	-	-	-	-
Profit After Tax	**(8,272.0)**	**(4.01)**	**(8,545.0)**	**(4.0)**	**(7,940)**	(3.56)

Balance Sheet Statement

	31 December 2008		31 December 2009		31 December 2010	
Sources of funds	**USD**	**Rs (in lakh)**	**USD**	**Rs (in lakh)**	**USD**	**Rs (in lakh)**
Share capital	1,000	0.5	1,000	0.5	1,000	0.45
Reserves and Surplus (excluding revaluation reserves)	(17,063)	(8.3)	(25,608)	(12.0)	(33,548)	(15.03)
Networth	**(16,063)**	**(7.8)**	**(24,608)**	**(11.5)**	**(32,548)**	**(14.58)**
Loans & Borrowings	180,665	87.5	187,150	87.4	965,122	432.47
Total	**164,602**	**79.7**	**162,542**	**75.9**	**932,574**	**4,17.89**
Uses of funds						
Net fixed assets (inc rev reserve)	-	-	-	-	-	-
Less Revaluation reserve	-	-	-	-	-	-
Net Fixed Assets (excluding rev. reserve)	-	-	-	-	-	-
Investments	164,855	79.9	164,855	77.0	136,765	61.28
Net current assets	**(253)**	(0.1)	**(2,313)**	(1.1)	795,809	356.60
Total miscellaneous expenditure not written off	-	-	-	-	-	-
Total	**164,602**	**79.7**	**162,542**	**75.9**	**(32,548)**	**(14.58)**

Other Financial Data	**December-08**		**December-09**		**December-10**	
	USD	**Rs**	**USD**	**Rs**	**USD**	**Rs**
Dividend (%)	-	-	-	-	-	-
Earning Per Share	(8.3)	(400.8)	(8.5)	(398.9)	(7.9)	(370.6)
Return on Networth	NA	NA	NA	NA	NA	NA
Book Value Per Share	(16.1)	(778.3)	(24.6)	(1,148.7)	(32.5)	(1,519.3)

(Source: Annual Reports)
Exchange rate: 1 USD = Rs 48.45 (as of 31 December 2008), 1 USD = Rs 46.68 (as of 31 December 2009), 1 USD = Rs 44.81 (as of 31 December 2010)
NA = Not Applicable

The networth of Skylight as on December 31, 2010 is USD (32,548). (certified by Moore Stephens, Chartered Accountants vide its certificate dated 23 March, 2011).

3.2.10 For all the three years there was negligible income and the losses for each of the years was on account of the set up and administrative expenses.

3.2.11 Significant accounting policies of Skylight are listed below:

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) ***Foreign currency transactions***

Transactions in currencies other than the USD are translated at the foreign exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into USD at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into USD at foreign exchange rates ruling at the dates the fair value was determined.

(b) ***Revenue***

No revenue was earned during the year under review.

(c) ***Expenses***

All expenses are accounted for on an accruals basis through profit or loss.

(d) ***Taxation***

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Under this method the Company is required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. However as the directors expect that the Company will continue to make losses in the forseeable future, no deferred tax asset has been recognised.

(e) ***Related parties***

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

All transactions undertaken with related parties are at commercial terms and conditions.

(f) ***Financial instruments***

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company offsets financial assets and liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(i) ***Subsidiaries***

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity. The Company has not prepared consolidated financial statements as the Directors are of the opinion that presenting consolidated financial statements would not add value to the Company.

(ii) ***Impairment of financial assets***

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such condition exists, the assets recoverable amount is estimated. Any excess of the carrying amount over the recoverable amount is recognised in the statement of comprehensive income in the period in which the impairment is identified.

(iii) ***Cash and cash equivalents***

Cash and cash equivalents consist of cash at bank.

(iv) ***Other receivables***

Other receivables represent prepayments. They are stated at cost.

(v) ***Trade payables***

Other payables relate to accruals. They are stated at cost.

(vi) ***Financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity instruments are recorded at the proceeds received, net of issue costs.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: long term borrowings and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(g) ***Provisions***

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(g) ***Assets held for sale***

Non-current assets comprising assets that are expected to be recovered primarily through sale rather than continuing use, are classified as held for sale. This condition is regarded as met only when sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a complete sale within one year from the date of classification. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies.

(i) ***Stated capital and equity***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

3.2.12 As on 31 December 2010, there are no contingent liabilities of Skylight.

3.3 **IL&FS**

3.3.1 IL&FS is an unlisted company incorporated on 3 September 1987 under the Act. The registered office of IL&FS is situated at 'The IL&FS Financial Centre', Plot No C 22, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India (Tel: +91 22 2659 3800, Fax: +91 22 2653 3042).

3.3.2 As on 31 March 2010, the authorized capital of IL&FS is Rs 30,000 lakhs consisting of Rs 15,000 lakhs equity share capital (consisting of 1,500 lakhs equity shares having a face value of Rs 10 per share) and Rs 15,000 lakhs preference share capital (consisting of 150 lakh redeemable cumulative preference shares having a face value of Rs 100 per share). The issued capital of IL&FS as on date of the Public Announcement is Rs 11,397.1 lakhs consisting of 1,139.7 lakhs equity shares each of a value of Rs 10 per equity share. The paid up capital of IL&FS consists of (a) Rs 11,260.8 lakhs consisting of 1,126.0 lakhs fully paid up shares of a value of Rs 10 per equity share and (b) Rs 13.6 lakhs consisting of 13.6 lakhs partly paid up shares of a value of Rs 10 per equity share, of which Rs 1 per equity share has been paid up

3.3.3 IL&FS is engaged in the business of commercialization of infrastructure projects and providing a wide range of financial solutions to the private, public and joint sectors. In the infrastructure space, IL&FS has significant experience and expertise in the area of project development, project structuring, project monitoring & construction, administration and operations. In the financial services space, IL&FS provides a wide spectrum of services including corporate finance, investment banking, asset management, security trustee services and depository services. IL&FS has been in this business since the past two decades.

3.3.4 IL&FS was initially promoted by the Central Bank of India, Housing Development Finance Corporation Limited and erstwhile Unit Trust of India. Over the years, IL&FS has broad-based its shareholding and the current institutional shareholders include Life Insurance Corporation of India, State Bank of India, ORIX Corporation, Japan, Abu Dhabi Investment Authority. IL&FS is a professionally managed company.

3.3.5 As on date of the Public Announcement, IL&FS holds 1,32,45,250 Shares of the Target Company. IL&FS had acquired 13,245,126 Shares from IFIN on 31 August 2009 for a total consideration of Rs 14,940.5 lakhs at a price of Rs 112.80 per Share. Further, IL&FS acquired 124 shares in the resultant open offer at a price of Rs 112.80 per Share.

3.3.6 The shareholding pattern of IL&FS as on 4 June 2010 was as follows:

(A) For fully paid-up equity shares

Sl. No.	Name of shareholder	No. of shares (of Rs. 10 each)	% shareholding
1	Life Insurance Corporation of India	27,986,818	24.85
2	ORIX Corporation, Japan	25,542,452	22.68
3	Housing Development Finance Corporation Limited	14,049,500	12.48
4	Abu Dhabi Investment Authority	13,653,417	12.13
5	Central Bank of India	9,843,386	8.74
6	State Bank of India	8,237,967	7.32

Sl. No.	Name of shareholder	No. of shares (of Rs. 10 each)	% shareholding
7	IL&FS Employees' Welfare Trust & Others	12,096091	10.74
8	UTI-Unit Linked Insurance Plan – UTI Asset Management Co Pvt Ltd	946,000	0.84
9	Envision Capital Advisors Private Limited – A/c PMS Client Account	252,208	0.22
	Total	**112,607,839**	**100.00**

(B) <u>For partly paid-up equity shares</u>

Sr No.	Name of shareholder	No. of shares (of Rs. 10 each)	%
1	IL&FS Employees Welfare Trust*	1,362,912	100.00

*Equity shares of Rs. 10 each were allotted on June 30, 2009 at a premium of Rs. 191.44 per shares to IL&FS Employees' Welfare Trust of which Re. 1 per share has been paid on first call in respect of these shares.

3.3.7 The board of directors of IL&FS as on date of the Public Announcement and their other details are as listed below:

Name	Residential Address	Date of Appointment	Qualifications
Mr Ravi Parthasarathy	1201/1202 Vinayak Angan Old Prabhadevi Road Prabhadevi, Mumbai – 400 025	July 6, 1989	B.Sc., MBA
Mr Hari Sankaran	29B Carter Road Bandra (West) Mumbai – 400 050	June 16, 1998	M.A., M.Sc.
Mr Arun K Saha	601/602 Green Acres 61-B, Pali Hill, Nargis Dutt Road, Bandra (West), Mumbai–400050	February 1, 1995	M.Com., FCA, ACS
Mr D K Mehrotra	A-1, Jeevan Jyot Setalwad Lane, Nepeansea Road, Mumbai – 400 006	May 2, 2006	B.Sc (Honours)
Mr Sushobhan Sarkar	61 Jeevan Akash Forjet Hill, Tardeo Mumbai – 400 036	January 31, 2007	B.Sc (Hons), Diploma in Management Studies, MFM
Mr Yoshihiko Miyauchi	5-5-7, Higashigotanda Shinagawa ku, Tokyo Japan – 1410022	March 23, 1993	Bachelor of Commerce & MBA
Mr Makoto	2-12-27-502	April 22, 2009	Bachelor of Law

Name	Residential Address	Date of Appointment	Qualifications
Inoue	Shimotoda, Toda-shi Saitama 335-0011, Japan		
Mr KM Mistry	Hasmukh Mansion Flat No. 702/703, 7th floor 39, Chitrakar Dhurandar Marg, 14th Road Junction, Khar (West), Mumbai–400052	February 1, 2001	B.Com, CA
Mr Ramnath Pradeep	163-A, Jolly Maker Apartment-1 16th Floor, Cuffe Parade, Colaba, Mumbai – 400 005	April 22, 2009	M.A. (Econ), LLB
Mr Santosh B Nayar	C-7, Kinellan Tower 100-A, Napean Sea Road, Malabar Hill Mumbai – 400 006	May 5, 2008	B.Com (Hon), CAIIB
Mr Sanjeev Doshi	P.O.Box : 3600, AUH Abu Dhabi United Arab Emirates	July 11, 2008	CFA
Mr R C Bhargava	220, Sector 15-A Noida, Dist : Ghaziabad UP – 201301	August 20, 1990	M.Sc., MA (Dev. Economics), IAS
Mr S B Mathur	A 10/10 Vasant Vihar Off – Poorvi Marg New Delhi – 110 057	January 30, 2005	B.Com, FCA, ICWA
Mr Michael Pinto	405, Shalaka Maharshi Karve Road Opp. Cooperage Football Ground, Mumbai 400 021	July 7, 2004	BA, MA, Master of Public Admn., IAS
Mr Hideo Ichida	3-45 #B-1415, Kasama, Sakae-Ku, Yokohama-shi Kanagawa–247-0006, Japan	April 22, 2009	Bachelor of Commerce
Mr Makoto Shioda Sr Vice President, IL&FS	Grand Hyatt Service Apartment, Off. Western Express Highway, Santacruz (East), Mumbai – 400 055	April 22, 2009	B.A

3.3.8 Currently, other than Mr Ravi Parthasarathy and Mr Arun Saha, none of the directors of IL&FS are on the board of the Target Company. Mr Ravi Parthasarathy and Mr Arun Saha have recused themselves and not participated in any matter(s) concerning or relating to the offer including any preparatory steps leading to the offer in terms of Regulation 22(9) of the SEBI (SAST) Regulations.

3.3.9 The equity shares of IL&FS are not listed on any stock exchanges.

3.3.10 Other than 10,000 shares of the Target Company held by Mr R C Bhargava since 8 July 2009, none of the directors of IL&FS have acquired any Shares of the Target

Company during the 12 months prior to the date of the Public Announcement and from the date of Public Announcement till the date of this Letter of Offer.

3.3.11 IL&FS holds Shares of the Target Company and is compliant with the provisions of chapter II of the SEBI (SAST) Regulations.

3.3.12 The brief audited standalone financials for IL&FS for the last three years and 6 month period ended 30 September 2010 are as follows:

Profit & Loss Statement

Rs in Lakhs

	31 March 2008	31 March 2009	31 March 2010	30 September 2010
Income from operations	77,187.00	65,958.40	57,362.60	64,753.90
Other Income	10,933.40	26,455.00	11,046.30	7,291.30
Total Income	**88,120.40**	**92,413.40**	**68,408.90**	**72,045.20**
Total Expenditure (including Provision for General Contingency)	13,325.90	20,847.70	15,145.10	14,188.90
Profit Before Depreciation Interest and Tax	**74,794.50**	**71,565.70**	**53,263.80**	**57,856.30**
Depreciation	1,239.90	1,423.50	1,340.40	584.10
Interest	20,599.70	32,535.10	33,073.20	17,877.20
Profit Before Tax before extraordinary item	**52,954.90**	**37,607.10**	**18,850.20**	**39,395.00**
Extraordinary items	-	-	-	-
Profit before tax after extraordinary items	52,954.90	37,607.10	18,850.20	39,395.00
Provision for Tax	4,990.00	6,139.00	(594.00)	2,421.00
Profit After Tax	**47,964.90**	**31,468.10**	**19,444.20**	**36,974.00**

Balance Sheet Statement

Rs in Lakhs

	31 March 2008	31 March 2009	31 March 2010	30 September 2010
Sources of funds				
Share capital Including Share Warrants	10,939.00	11,099.90	11,274.40	11,288.10
Reserves and Surplus (excluding Revaluation Reserve)	144,622.10	171,772.30	186,269.00	224,272.90
Networth	**155,561.10**	**182,872.20**	**197,543.40**	**235,561.00**
Secured loans	177,165.60	200,746.00	243,157.20	287,428.60
Unsecured loans	92,341.60	142,504.10	143,749.10	142,579.50
Deferred Tax Liability	-	3,069.00	2,040.00	536.00
Total	**425,068.30**	**529,191.30**	**586,489.70**	**666,105.10**
Uses of funds				
Net fixed assets (inc Revaluation Reserve)	88,863.40	96,401.40	96,435.40	43,625.40
Less Revaluation reserve	53,175.70	52,240.10	51,306.50	-
Net Fixed Assets (excluding Revaluation Reserve)	35,687.70	44,161.30	45,128.90	43,625.40
Investments	160,167.90	290,376.40	326,579.00	300,044.60
Deferred Tax Asset	4,778.00	-	-	-

	31 March 2008	31 March 2009	31 March 2010	30 September 2010
Net current assets	**224,434.70**	**194,653.60**	**214,781.80**	**322,435.10**
Total miscellaneous expenditure not written off	-	-	-	-
Total	**425,068.30**	**529,191.30**	**586,489.70**	**666,105.10**

Other Financial Data	**31 March 2008**	**31 March 2009**	**31 March 2010**	**30 September 2010**
Dividend (%)	85%	50%	55%	-
Earning Per Share (Rs) – Basic Diluted	44.72 43.23	28.86 28.54	17.53 16.63	32.77 31.58
Return on Networth #	35.22%	18.60%	10.22%	17.08%**
Book Value Per Share (Rs)	142.64	165.00	175.21	208.68

Return on Networth is calculated on Average Networth
Source: Annual Report/Audit Report
** Non-annualised basis

3.3.13 Significant accounting policies of IL&FS are listed below:

(1) Basis for preparation of Financial Statements :

The Financial Statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India including the applicable Accounting Standards issued pursuant to the Companies (Accounting Standards) Rules, 2006. All income and expenditure having a material bearing on the Financial Statements are recognised on an accrual basis.

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the Financial Statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates

(2) Fixed Assets:

(a) Leased Assets:

Type of Lease	Capitalisation	Depreciation Policy
Operating Lease	At Cost including incidental expenses to bring the asset to its working condition	Straight Line Method at the rates provided under Schedule XIV to the Companies Act, 1956
Capital Expenditure on renovation / Improvements to Lease-hold Premises	At Cost	Amortised over the primary period of the lease

(b) Other Fixed Assets:

(i) Fixed Assets including Intangible Assets have been capitalised at cost of acquisition and other incidental expenses

(ii) Leasehold land is depreciated over the period of lease on a pro-rata basis

(iii) Depreciation on Premises has been computed on the Straight Line Method at the rates provided under Schedule XIV to the Companies Act, 1956. Where premises are revalued, depreciation is provided on the revalued amount and the additional depreciation on accretion to assets on revaluation is adjusted from revaluation reserve

(iv) The following assets are depreciated based on the estimated useful life as given below:

Asset Type	**Useful Life**
Internally Developed Software	Over a period of 4 years or the useful life of the software, whichever is shorter
Data Processing Equipments	4 years
Specialised Office Equipment	3 years
Assets Provided to Employees	3 Years
Licensed Software	Over the license period
Mobile Phones and Soft Furnishing	In the year of capitalization

(v) Depreciation on fixed assets, other than on assets specified in Notes (b) - (ii) to (iv) above, has been provided for on the Written Down Value Method at the rates provided in Schedule XIV to the Companies Act, 1956.

(3) Investments :

(a) Investments are capitalised at actual cost including costs incidental to acquisition

(b) Long term investments are individually valued at cost less provision for diminution, other than temporary

(4) Foreign Currency Transactions :

Foreign currency transactions are recorded at the rate prevailing on the date of transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are restated at the closing rate. The premia or discount arising at the inception of a Forward Contract is amortised as income or expense over the life of such contract.

(5) Derivative Transactions :

The Company enters into derivative contracts to hedge its assets and liabilities

(a) Derivatives transactions (other than forward contracts), which are closely linked to the underlying transaction and are intended to be held-to-maturity, are recognised in the books in accordance with the derivative contract. All other contracts are marked-to-market based on the category of the contract and losses if any, are recognised in the Profit and Loss Account. Gains arising on the same are not recognised on grounds of prudence

(b) Premium received upfront on equity options written by the Company is accounted as a liability. Losses, if any due to change in the fair value of the underlying share is accounted through the Profit and Loss Account

(6) Revenue Recognition :

(a) Income other than mentioned in clause (b), (c) and (d) below is recognised on an accrual basis, except income relating to Non-Performing Assets (NPAs), which is recognised on a cash basis, in accordance with the Guidelines issued by the Reserve Bank of India

(b) Management fee on Infrastructure projects is recognised when specified project progress milestones as defined in the project contract mandates are achieved

(c) Dividend income is recognised once the unconditional right to receive the dividend is established

(d) Income from investment in units of Private Equity Funds (PEF) is recognised on the basis of the income distributed by the funds

(7) Employee Benefits :

(a) Contributions to Provident Fund and Superannuation Fund are charged to the Profit and Loss Account as per applicable law/ rules

(b) The Company has taken group gratuity cum life assurance scheme of Insurance Company for gratuity payable to the employees. Incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Profit and Loss Account

(c) The leave balance is classified as short term and long term based on the best estimates after considering the past trends. The short term leave encashment liability for the expected leave to be encashed has been measured on actual components eligible for leave encashment and expected short term leave to be availed is valued based on the total cost to the Company and Long term leave have been valued on actuarial basis

(8) Borrowing Cost :

Borrowing costs attributable to the acquisition of qualifying assets are capitalised as part of the cost of that asset. Other borrowing costs are recognised as expense in the period in which these are incurred

(9) Taxation :

Income Tax comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income Tax Act, 1961.

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of timing differences between the book profit and tax profit. Deferred Tax Assets and Liabilities other than on carry forward losses and unabsorbed depreciation under tax laws are recognised when it is reasonably certain that there will be future taxable income. Deferred Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit. Deferred tax assets and liabilities are measured using substantively enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss Account in the period of substantive enactment of the change.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in the future period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company

(10) Provisioning for Non-Performing Assets (NPAs) :

(a) NPAs are identified and categorized according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions / write offs are made against sub standard and doubtful assets at the rates prescribed in the RBI guidelines, unless an accelerated provision/ write-off is warranted on a case to case basis

(b) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. Loans are considered as secured where the Company has valid recourse to assets / recovery by:

(i) equitable mortgage of property and / or
(ii) pledge of shares, units, other securities, and / or
(iii) hypothecation of assets and / or
(iv) bank guarantees, company guarantees supported by assets

and / or

(v) decretal debts where Courts have attached property

(c) Impairment in the investment portfolio is provided / written-off, as per the Guidelines issued by the RBI unless an accelerated provision / write-off is warranted on a case to case basis.

(d) The Company carries a significant quantum of long tenor project finance and infrastructure assets on its books. Given the risk profile attendant to such assets, the Company has created a Provision for General Contingency to cover adverse events that may affect the quality of the Company's Assets.

(e) With regard to restructured credit facilities, the Company has been following RBI Circular No. DBS.FID No. C-19 dated March 28, 2001 applicable to All India Term Lending & Refinancing Institutions. Income recognition on such restructured credits is as per the foregoing Circular.

3.3.14 Reasons for rise/fall in total income and profit after tax is as follows:

<u>FY 2010</u>

Reason for change in Total Income

Total Income has gone down due to decrease in Profit on sale of Investment as compared to FY 2009.

Reason for change in PAT

PAT has gone down due to decrease in line with above decrease in Income.

<u>FY 2009</u>

Reason for change in Total Income

Total Income has gone up in FY 09 due to increase in interest income and profit on sale of investments.

Reason for change in PAT

PAT has gone down due to higher interest cost on account of increase in rates as well as borrowings for financing the additional lending and borrowings and due to higher provision for general contingency as a safeguard against weak domestic and global scenario.

<u>FY 2008</u>

Reason for change in Total Income

Total income has gone down in FY 08 due to de-merger of financial services business to 100% subsidiary IL&FS Financial Services Ltd in line with scheme of re-organisation approved by High Court.

Reason for change in PAT

PAT has gone up in FY 08 even after de-merger of financial services business as mentioned above due to share in net income of SEZ development project.

3.3.15 The contingent liabilities of IL&FS as on 31 March 2010 are as follows:

Sr No	Particulars	Rs (in lakhs)
1.	Bank Guarantees issued on behalf of Company	13,382.30
2.	Guarantees issued on behalf of third parties	12,215.00
3.	Uncalled liability on partly paid Equity Shares	13,369.50

Source: Annual Report

IL&FS has granted a put option exercisable on 23 December 2010 to the holders of Pass Through Certificates (PTCs) issued by IL&FS Investment Trust – I (IIT-I) towards securitisation of future income receivables for an amount upto Rs 4,495 lacs. Future loss, if any is currently not ascertainable.

IL&FS had sold certain Debt Securities and Pass Through Certificates aggregating to Rs 4,500.20 Lacs, respectively, in respect of which the company has guaranteed the return to the purchasers over the maturity of these securities, in the event of default by original issuer. As at 31 March 2010 no such default has occurred.

3.3.16 In the financial year 2008, IL&FS de-merged its financial services business, securities services business and portfolio management services to its subsidiaries IFIN, IL&FS Securities Services Limited and IL&FS Portfolio Management Services Limited respectively in line with schemes of re-organisation approved by High Court of Bombay.

3.3.17 Details of companies which are direct subsidiaries and direct associates of IL&FS as on March 31 2010 and the relevant information for the last three financial years are as follows:

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
							Basic	Diluted	
	Subsidiaries - Direct	**(M/D/Y)**							
1	Andhra Pradesh Expressway Ltd	11/11/2005	Infrastructure						
	2010			1,660	5,708	(1,710)	-	-	4.93
	2009			3,370	-	-	-	-	10.00
	2008			3,370	-	-	-	-	10.00
2	Chattisgarh Highway Development Co Ltd	3/12/2007	Infrastructure						
	2010			928	1	(12)	-	-	9.28
	2009			940	10	(60)	-	-	9.40

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
	2008			992	-	-	-	-	9.92
3	IL&FS Ecosmart Ltd	10/17/2000	Waste management, Energy Conservation, Counseling, Advisory Services related to environment protection						
	2010			745	1,959	33	0.67	0.67	15.20
	2009			712	1,854	155	3.15	3.15	14.53
	2008			557	915	41	0.83	0.83	11.37
4	IL&FS Energy Development Company Ltd	5/21/2007	Energy Development Services						
	2010			736	2,805	750	37.52	10.11	36.80
	2009			335	875	140	18.72	18.72	16.77
	2008			20	-	(5)	-	-	7.97
5	IL&FS Financial Services Ltd	9/29/1995	Financial Services						
	2010			144,974	103,413	31,461	11.84	11.84	54.57
	2009			129,623	109,871	12,340	4.64	4.64	48.79
	2008			26,082	96,308	16,840	26.67	6.40	39.72
6	IL&FS Infrastructure Development Corp Ltd	12/7/1999	Infrastructure						
	2010			3,663	6,517	377	3.77	3.77	36.63
	2009			2,869	8,876	216	2.16	2.16	28.69
	2008			2,829	8,250	1,387	13.87	13.87	28.29
7	IL&FS Investment Managers Limited	2/10/1986	Fund Management						
	2010			7,269	9,571	3,929	1.96	1.92	3.58

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
	2009			6,256	10,094	3,664	9.21	9.01	15.72
	2008			5,851	8,255	2,803	10.82	10.52	22.06
8	IL&FS Maritime Infrastructure Co Ltd **	11/27/2006	Maritime Infrastructure						
	2010			5,743	4,549	139	0.25	0.25	10.43
	2009			5,604	2,441	95	0.33	0.33	10.18
	2008			1,008	249	3	0.11	0.11	10.03
9	IL&FS Portfolio Management Services Ltd	11/3/2006	PMS Services						
	2010			425	569	60	2.39	2.39	17.00
	2009			365	456	18	0.70	0.70	14.61
	2008			348	375	100	3.99	3.99	13.91
10	IL&FS Property Management & Services Ltd	11/26/1991	Property Management and Allied Services						
	2010			706	9,867	(216)	-	-	5.65
	2009			933	12,273	(188)	-	-	7.46
	2008			121	11,371	(927)	-	-	1.21
11	IL&FS Securities Services Ltd	7/27/2006	Securities Services, Depository Participants, Professional Clearing Members on various stock exchanges etc						
	2010			24,490	40,198	22,052	92.72	92.72	102.97
	2009			20,841	13,193	2,971	12.97	12.97	87.63
	2008			14,615	12,739	3,054	14.30	14.30	64.68
12	IL&FS Transportation Networks Ltd	11/29/2000	Infrastructure						

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
	2010			157,575	94,154	32,473	18.93	18.93	81.11
	2009			76,654	22,768	4,042	2.36	2.36	44.72
	2008			73,782	24,987	7,800	4.80	4.80	43.04
13	IL&FS Trust Company Ltd	12/19/1995	Trustee Activities						
	2010			1,303	2,206	684	272.87	272.87	519.64
	2009			838	1,777	511	203.78	203.78	334.22
	2008			503	1,415	332	5,819.00	5,819.00	8,828.15
14	IL&FS Waste Mgmt & Urban Services Ltd	8/2/2007	Waste Management						
	2010			(16)	457	(844)	-	-	-
	2009			829	144	(904)	-	-	6.06
	2008			237	875	(567)	-	-	2.94
15	IL&FS Water Ltd	6/14/2007	Infrastructure						
	2010			454	1,318	33	0.33	0.33	4.54
	2009			421	199	(592)	-	-	4.21
	2008			218	541	13	2.61	2.61	10.64
16	IL&FS Windfarm Ltd	1/22/1997	Wind Energy						
	2010			1,986	434	29	0.17	0.17	11.48
	2009			1,956	404	11	0.06	0.06	11.31
	2008			1,946	416	14	0.08	0.08	11.25
17	IL&FS Paradip Refinery Water Limited	11/6/2009	Infrastructure						
	2010			6,199	-	-	0.00	0.00	10.00
18	Jharkhand Accelerated Road Development	3/12/2008	Infrastructure						

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
	Co Ltd								
	2010			977	36	(18)	-	-	9.77
	2009			995	48	(5)	-	-	9.95
19	Khambhat Port Ltd	5/21/2008	Infrastructure						
	2010 @			(4)	-	(155)	-	-	-
	2009			26	-	(16)	-	-	6.16
20	M P Toll Roads Ltd	1/22/1996	Infrastructure						
	2010 @			(1,375)	-	(1)	-	-	-
	2009			(1,374)	-	(41)	-	-	-
	2008			(1,333)	-	(68)	-	-	-
21	Tamil Nadu Water Investment Co Ltd	1/22/2000	Financial						
	2010			9,527	1,620	(395)	-	-	14.66
	2009			9,922	1,410	(508)	-	-	15.26
	2008			10,430	2,007	2	0.00	0.00	16.05
22	West Gujarat Expressway Ltd	3/14/2005	Infrastructure						
	2010			1,732	3,871	(1,661)	-	-	8.66
	2009			3,383	3,989	(854)	-	-	17.09
	2008			3,929	1,306	239	1.02	1.02	19.64
Associates - Direct									
1.	AIG Indian Equity Advisors LLC	13/12/1995	Investment Advisor to AIG Indian Sectrol Equity Fund LLC						
	2010			171	-	4	10.08	10.08	426.81
	2009			188	200	176	439.29	439.29	470.37
	2008			10	1,042	1,003	10,033.51	10,033.51	97.53

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
2.	Avash Logistic Park Pvt Ltd	11/27/2007	Logistics & Infrastructure						
	2010			7,956	-	(12)	-	-	19.89
	2009			6,685	24	(15)	-	-	18.86
	2008			1	-	(0)	-	-	6.51
3.	Bihar e-Governance Services & Tech Ltd	9/22/2006	e-Governance Services						
	2010			153	117	39	38.67	38.67	153.24
	2009			114	142	63	63.04	63.04	114.62
	2008			51	81	43	859.06	859.06	1,021.55
4.	Delhi Mumbai Industrial Corridor Dev Co Ltd	1/7/2008	Infrastructure						
	2010 @			991	228	101	1.68	1.68	9.91
	2009			216	131	56	0.57	0.57	10.86
	2008			1	10	4	8.17	8.17	1.37
5.	Dighi Port Ltd	7/27/2000	Infrastructure						
	2010								
	2009			18,070	187	(114)	-	-	10.02
	2008			17,705	403	142	0.08	0.08	10.00
6.	Dighi Project Development Co Ltd	1/5/2006	Infrastructure						
	2010								
	2009								
	2008			1,390	-	-	-	-	9.69
7.	Gorakhpur Express Way Ltd %	11/11/2005	Infrastructure						
	2010			6,661	1,064	422	2.13	2.13	13.32
	2009			6,239	2,005	471	4.01	4.01	12.47
	2008			5,769	9,543	7,643	15.27	15.27	11.53

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
8.	Greater Noida Integrated Warehousing Pvt Ltd	8/29/2005	Infrastructure						
	2010 @			1	-	(0)	-	-	7.67
	2009			1	-	(0)	-	-	7.73
	2008			1	-	-	-	-	7.73
9.	Gujarat International Finance Tec-city Co Ltd	6/21/2007	Development of International Financial Services City						
	2010			500	-	-	-	-	10.00
	2009			500	-	-	-	-	10.00
	2008			500	-	-	-	-	10.00
10.	Haldia Integrated Dev Agrency Ltd	3/2/2005	Infrastructure						
	2010			3,491	207	18	0.51	0.51	98.34
	2009			3,356	203	8	0.23	0.23	94.54
	2008			2,900	71	7	0.21	0.21	81.70
11.	IL&FS Technologies Ltd	2/9/1993	IT Services, ERP Implementation, GIS, Software Development, Software Integration						
	2010			8,875	8,454	2,608	36.63	36.63	124.65
	2009			2,601	5,851	913	13.79	13.79	36.54
	2008			1,768	3,312	764	12.49	12.49	28.89
12.	India Telecom Infra Limited	9/4/2007	Infrastructure						
	2010								
	2009			(1,044)	2,280	(5,183)	(6,348.87)	(6,348.87)	-
	2008								

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
				(855)	486	(906)	-	-	-
13.	Karnataka Enterprise Solution Ltd	6/22/2007	E-Governance, Information Technology						
	2010			8	30	5	5.32	5.32	8.42
	2009			3	10	(4)	-	-	3.10
	2008			2	-	(3)	-	-	4.06
14.	Mangalore SEZ Ltd	2/24/2006	Social Infrastructure						
	2010			5,313	65	55	0.11	0.11	10.63
	2009			5,258	277	259	0.52	0.52	10.52
	2008			98	-	-	-	-	9.82
15.	MPPL Enterprises Pvt Ltd	1/14/1969	Advisory						
	2010			(1,254)	913	539	224.48	224.48	-
	2009			(1,792)	10	(224)	-	-	-
	2008			(1,569)	628	349	145.25	145.25	-
16.	ONGC Tripura Power Co Ltd	9/27/2004	Infrastructure						
	2010			27,319	181	116	0.04	0.03	5.06
	2009			27,203	282	184	4.73	4.73	5.04
	2008			23	2	1	0.46	0.46	11.25
17.	Orissa e-Governance Services Ltd	2/13/2008	e-Governance services						
	2010			39	1,798	30	29.85	29.85	38.87
	2009			16	209	7	6.95	6.95	16.95
18.	Orix Auto Infrastructure Services Ltd	3/2/1995	Auto Infra Services						
	2010 @			13,941	23,129	(434)	-	-	21.69
	2009			9,376	24,410	(235)	-	-	18.75
	2008			9,610	19,383	1,019	2.04	2.04	19.22

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
19.	Ovira Logistics Pvt Ltd	3/19/1997	Advisory						
	2010			(685)	3,010	1,885	5,347.39	5,347.39	-
	2009			(2,574)	1,799	1,098	10,979.00	10,979.00	-
	2008			(3,672)	1,427	717	7,167.00	7,167.00	-
20.	Road Infrastructure Development Co of Rajasthan Ltd	10/29/2004	Infrastructure						
	2010			(22,529)	8,948	(15,361)	-	-	-
	2009			(7,168)	5,724	(14,492)	-	-	-
	2008			2,325	929	(2,781)	-	-	4.65
21.	Sail Salem SEZ Pvt Ltd	10/5/2007	Infrastructure						
	2010			1	0	0	1.54	1.54	0.00
	2009			0	0	(1)	-	-	3.62
	2008			0	-	-	-	-	3.21
22.	Sealand Ports Pvt Ltd	2/28/2008	Infrastructure						
	2010			10,431	1	(17)	-	-	33.11
	2009			9,429	-	(35)	-	-	31.43
	2008			1	-	(0)	-	-	6.32
23.	Sealand Warehousing Private Ltd	12/3/2007	Infrastructure						
	2010			935	25	1	0.01	0.01	10.00
	2009			(0)	-	(1)	-	-	-
	Urban Mass Transit Co Ltd	4/13/1993	Infrastructure						
	2010			1,028	1,496	246	205.34	205.34	856.56
	2009			789	1,463	177	294.49	294.49	1,314.10

Sr. No	Name of the Company	Date of Incorporation	Nature of Business	Networth * (Rs lakhs)	Total Income (Rs lakhs)	PAT (Rs lakhs)	EPS (Rs)		Net Asset Value (NAV)*
	2008			612	128	(13)	-	-	1,019.60
24.	Jharkhand e-Governance Solutions & Services Ltd	5/6/2008	e-Governance Services						
	2010			15	19	6	6.25	6.25	15.50
25.	IL&FS Engineering and Construction Company Limited	5/6/1988	Infrastructure						
	2010			26,804	100,576	(24,965)	-	-	45.55

Notes :

* Networth & Net Assets Value per share excludes Revaluation Reserve

** Finanacial Year 2008 figures are based on financials received for the period ended on December 31, 2007

@ Figures are based on Unaudited financial statements

None of the direct subsidiaries and direct associates mentioned are sick industrial companies as defined under the clause (o) of Subsection (1) of Section (3) of Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986) or any statutory reenactment thereof.

3.4 **IFIN**

3.4.1 IFIN is an unlisted company incorporated on 29 September 1995 under the Companies Act, 1956 and has obtained the certificate for commencement of business on January 24, 1996. The registered office of IFIN is situated at 'The IL&FS Financial Centre', Plot C 22, G-Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051, India (Tel: +91 22 2659 3800; Fax: +91 22 2653 3042).

3.4.2 As on date of the Public Announcement, the authorized capital of IFIN is Rs 30,000 lakhs consisting of 3,000 lakhs equity shares each of a value of Rs 10 per equity share. The issued and paid up capital of IFIN is Rs 26,570 lakhs consisting of 2,657 lakhs equity shares each of a value of Rs 10 per equity share.

3.4.3 IFIN is engaged in the business of financing of large projects in the public and private sector and also provides a range of investment banking and advisory services.

3.4.4 IL&FS is the promoter of IFIN and holds 99.99% of the fully paid-up equity capital of IFIN. The shareholding pattern of IFIN as on date is as follows:

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
IL&FS	265,666,855	100.00
IL&FS and Mr Avinash Bagul	200	Negligible

Name of shareholder	Number of equity shares of Rs. 10 each	% of issued capital
IL&FS and Mr. Ravi Parthasarathy	100	Negligible
IL&FS and Mr. Vibhav Kapoor	100	Negligible
IL&FS and Mr. Manu Kochhar	100	Negligible
IL&FS and Mr. Shahzaad Dalal	100	Negligible
IL&FS and Mr. Arun K Saha	100	Negligible
Total	**265,667,555**	**100.00**

3.4.5 IFIN holds Shares of the Target Company and is compliant with the provisions of chapter II of the SEBI (SAST) Regulations.

3.4.6 The board of directors of IFIN and their other details as on date of Public Announcement are as listed below:

Name	Residential Address	Qualifications	Date of Appointment
Mr Ravi Parthasarathy	1201/1202, Vinayak Angan, Old Prabahdevi Road, Mumbai – 400025	B.Sc., M.B.A	26-Oct-2006
Mr Ramesh C Bawa	W-78, Greater Kailash, Part I, New Delhi - 110048	B.A., M.A.	01-May-2008
Mr Hari Sankaran	29 –B, Carter Road, Bandra (W), Mumbai – 400050	M.A. , M.Sc.	26-Oct-2006
Mr Arun K Saha	601-602, Green Acres CHS, Pali Hill, Bandra (W), Mumbai – 400050	ACS, FCA, M. Com.,	26-Oct-2006
Mr Shahzaad Dalal	902,Crescent Heights, Vinay Shendulkar Naik Road, Forjett Street, Mumbai – 400007	M.B.A	15-Feb-1999
Mr Vibhav Kapoor	1A, Woodlands, Peddar Road, Mumbai – 400026	M.B.A	29-Sept-1995
Mr Manu Kochhar	B-91, Cozi Home, Pali Hill, Bandra West, Mumbai – 400050	M.A. , FCA	20-Sept-2004
Mr Milind Patel	13 –A, Vaibhav, 80, Bhulabhai	B.Com, AICWA, MMS	26-Oct-2006

Name	Residential Address	Qualifications	Date of Appointment
	Desai Road, Mumbai – 400026		
Mr Rajesh Kotian	101, Bldg No. 5 Meridian Apartments, Veera Desai Road, Andheri(W), Mumbai-400058	B.Com., FCA	25 July 2008

3.4.7 Currently, other than Mr Ravi Parthasarathy and Mr Arun Saha, none of the directors of IFIN are on the board of the Target Company. Mr Ravi Parthasarathy and Mr Arun Saha have recused themselves and not participated in any matter(s) concerning or relating to the offer including any preparatory steps leading to the offer in terms of Regulation 22(9) of the SEBI (SAST) Regulations.

3.4.8 None of the directors of IFIN have acquired any Shares of the Target Company during the 12 months prior to the date of the Public Announcement and from the date of Public Announcement till the date of the Letter of Offer.

3.4.9 The brief audited financial details for a period of last three years and 6 month period ended 30 September 2010 of IFIN is as follows:

Profit & Loss Statement

(Rs in lakhs)

	Mar-08	Mar-09	Mar-10	30 Sep-10
Income from operations	96,285	109,767	103,067	44,056
Other Income	23	103	345	5
Total Income	**96,308**	**109,871**	**103,412**	**44,061**
Total Expenditure	67,641	79,034	51,334	25,689
Profit Before Depreciation and Tax	**28,667**	**30,836**	**52,079**	**18,372**
Depreciation & Amortisation	(847)	(722)	(699)	(293)
Provisions*	(3,236)	(12,018)	(4,637)	(2,492)
Profit Before Tax before extraordinary item	**24,584**	**18,097**	**46,743**	**15,588**
Extraordinary items	-	-	-	-
Profit before tax after extraordinary items	24,584	18,097	46,743	15,588
Provision for Tax	(7,744)	(5,757)	(15,282)	(5,239)
Profit After Tax	**16,840**	**12,340**	**31,460**	**10,349**

* Provisions include Amount set aside / Written off for Non- Performing Assets + Amount set aside for Investment Valuation +Provision for General Contingency

Balance Sheet Statement

(Rs in lakhs)

	Mar-08	Mar-09	Mar-10	30 Sep-10

Sources of funds				
Share capital including Share application money	26,567	26,567	26,567	26,567
Reserves and Surplus (excluding revaluation reserves)	99,515	103,056	118,407	128,756
Networth	**126,082**	**129,623**	**144,974**	**155,323**
Secured loans	328,247	336,474	382,488	332,573
Unsecured loans	323,100	149,144	83,488	177,178
Payable pursuant to the scheme of arrangement	26,528	-	-	-
Total	**803,956**	**615,241**	**610,949**	**665,074**
Uses of funds				
Net fixed assets (inc rev reserve)	3,427	2,768	2,256	11,139
Less Revaluation reserve	-	-	-	-
Net Fixed Assets (excluding rev. reserve)	3,427	2,768	2,256	11,139
Investments	131,814	177,595	142,598	202,714
Net current assets**	668,715	434,878	466,096	451,221
Total miscellaneous expenditure not written off	-	-	-	-
Total	**803,956**	**615,241**	**610,949**	**665,074**

** Net Current Assets include Loans & Advances, Deferred Tax Assets + (Current Assets - Current Liabilities)

Other Financial Data	Mar-08	Mar-09	Mar-10	30 Sep-10
Dividend (%)	11.29	27.52	51.98	-
Earning Per Share (Rs)	6.40	4.64	11.84	7.79
Return on Networth (%)	13.36	9.52	21.70	13.33
Book Value Per Share (Rs)	47.46	48.79	54.57	58.47

Source: Annual Report

3.4.10 Significant accounting policies of IFIN are listed below:

(I) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India including the applicable Accounting Standards issued pursuant to Companies (Accounting Standards) Rules, 2006 and Guidelines issued by the Reserve Bank of India. All income and expenditure having a material bearing on the Financial Statements are recognized on an accrual basis

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

(II) FIXED ASSETS

(a) **Leased Assets**

Sr No	Type of lease	Capitalisation	Depreciation Policy
1.	Operating Lease	At Cost, including incidental expenses to bring the asset to its working condition	Straight Line Method at the rates and in the manner provided under Schedule XIV of the Companies Act, 1956
2.	Finance Lease (entered into before April 1, 2001)	At Cost, including incidental expenses to bring the asset to its working condition	Over the primary lease period under the Straight Line Method at the rates and in the manner provided under Schedule XIV of the Companies Act, 1956
3.	Capital Expenditure on renovation / improvements of lease-hold premises	At Cost	Amortised over the primary period of the lease

(i) In respect of Finance Leases, the residual value of leased assets is amortized over the secondary lease period, wherever specified in the lease agreement. In respect of assets where the secondary period is not specified, the residual value is amortized over a period of five years.

(ii) Finance Leases entered into after April 1, 2001 have been treated as Loans in accordance with Accounting Standard 19 (AS-19) – "Leases"

(b) **Other Fixed Assets**

(i) Fixed Assets including intangible assets have been capitalised at cost of acquisition and other incidental expenses.

(ii) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any

(iii) Fixed Assets are depreciated on the Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except in the case of certain assets, which are depreciated at the rates as indicated below:

Asset Type	Useful Life
Tangible Fixed Assets	
Computers	4 years

Specialized Office Equipment	3 years
Assets Provided to Employees (other than Vehicles)	3 years
Vehicles Provided to Employees	5 years
Mobile Phones and Soft Furnishing	In the year of capitalization
Lease Improvements	Over the lease period
Intangible Assets	
Licensed Software	Over the license period
Web-site and Portals	5 years

(iv) Assets costing Rs 5,000 or less, are fully depreciated in the year of purchase

(v) Depreciation on Furniture & Fixture, Office Equipment and Electrical Installation is provided for on the Written Down Value Method at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956.

(vi) The carrying values of assets of the cash-generating unit at each balance sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value, based on an appropriate discount factor

(III) INVESTMENTS

(a) Investments are capitalized at actual cost, including costs incidental to acquisition

(b) Investments are classified into long term or current investments at the time of acquisition of such investments

(c) Long term investments are individually valued at cost less provisions for diminution, other than temporary

(d) Current investments are valued at lower of cost or fair value of investments on a category basis

(e) Reclassification of investments from the current to the long-term category is made at the lower of cost and fair value either on April 1st or October 1st of the year and the resultant loss, if any, is accounted for in the Profit and Loss Account

(IV) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the rate prevailing on the date of transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are restated at the closing rate. The premium or discount arising at the inception of a forward contract is amortized as income or expense over the life of such contract

(V) DERIVATIVE TRANSACTIONS

(a) All contracts are marked-to-market based on category of contracts and losses are recognized to the Profit and Loss Account. However, gains arising on such derivative products are not recognised on grounds of prudence

(b) Premium received upfront on options written by the Company is accounted as a liability. Losses if any due to change in the fair value of the underlying shares is accounted through the Profit and Loss Account

(VI) REVENUE RECOGNITION

(a) Income is recognized on an accrual basis, except income relating to Non-Performing Assets, which is recognized on cash basis, in accordance with the Guidelines issued by the Reserve Bank of India

(b) Lease income in respect of assets capitalised up to March 31, 2001 is accounted in accordance with the Guidance Note on Accounting for Leases. Lease income in respect of assets capitalised on or after April 1, 2001 is accounted in accordance with Accounting Standard 19 (AS-19) – Leases

(c) Upfront fee/structuring fee on the loans disbursed to the Borrowers is amortised as income on a pro rata basis over the tenor of loan

(d) Income on services provided in the nature of Corporate Advisory, Project Debt Syndication, Project Finance and other fee based income is recognized on an accrual basis on completion of the milestones specified in the relevant mandate letters

(e) Dividend income is recognized once the unconditional right to receive dividend is established

(f) Income from investment in units of Private Equity Funds (PEF) is recognised on the basis of the income distributed by the respective PEF

(VII) AMORTISATION OF EXPENSES

Origination fees, including brokerage payable with respect to funds mobilized by the Company, are amortized over the tenure of such borrowings. Commitment charges paid that are directly attributed to loans disbursed are amortized over the tenor of the specific lending vis-à-vis such borrowings

(VIII) EMPLOYEE BENEFITS

(a) Contributions to Provident Fund and Superannuation Fund are charged to the Profit & Loss Account as per applicable law/ rules

(b) The Company has taken Group Gratuity Scheme for gratuity payable to employees. Incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Profit & Loss Account

(c) In accordance with the Accounting Standard 15 (AS-15) (Revised) Employee Benefit, the leave balance has been classified as short term and long term, based on the best estimates after considering the past trends. The short term leave encashment liability for the expected leave to be encashed is measured on actual component eligible for leave encashment and expected short term leave to be availed is valued at total cost to the company. Long term leave is valued on actuarial basis

(IX) TAXATION

Income Tax comprises of Current tax and net changes in Deferred Tax Assets or Liability during the year. Current tax is determined at the amount of tax payable in respect of taxable income for the year as per the Income Tax Act, 1961 based on the best estimate if the weighted average income tax rate expected for the full financial year.

Deferred tax assets and liabilities are recognised for future tax consequences of timing differences between the book profit and tax profit. Deferred tax assets and liabilities, other than carry forward losses and unabsorbed depreciation as computed under the tax laws, are recognised when it is reasonably certain that there will be future taxable income. Carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit. Deferred tax assets and liabilities are measured using substantively enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Profit and Loss Account in the period of substantive enactment of the change

(X) PROVISION FOR NON-PERFORMING ASSETS (NPAs)

(a) The Company has a policy of periodic review of all credits and investments to assess the quality of the portfolio.

(b) NPAs are identified and categorised according to the Guidelines issued by the Reserve Bank of India (RBI). Provisions / write offs are made against sub-standard and doubtful assets at the rates prescribed in the RBI guidelines, unless an accelerated provision / write-off is warranted on a case to case basis.

(c) Provisioning for NPAs is dependent upon, inter alia, whether the NPA is secured or unsecured. Loans are considered as secured, where the Company has valid recourse to assets / recovery by:

(i) equitable mortgage of property and / or
(ii) pledge of shares, units, other securities, and / or
(iii) hypothecation of assets and / or
(iv) bank guarantees, company guarantees backed by assets and / or
(v) decretal debts where Courts have attached property

(d) Impairment in the investment portfolio is provided / written-off, as per the Guidelines issued by the RBI, unless an accelerated provision / write-off is warranted on a case to case basis

(e) The Company carries a significant quantum of project finance and investment banking assets in its books. Given the risk profile of such assets, the Company creates a provision for general contingency to cover adverse events that may affect the quality of the Company's assets

(f) With regard to restructured credit facilities, the company has been following RBI Circular No.DBS.FID No. C-19 dated March 28,2001 applicable to All India Term Lending and Refinancing Institutions. Income recognition on such restructured facilities is as per the said foregoing circular

(XI) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements

3.4.11 Reasons for rise/fall in the total income and profit after tax is as follows:

FY 2010

IFIN reported increase in Profit After Tax by 155% despite decrease in total income by 5%, mainly due to decrease in interest income from Rs 70,060 lakhs in financial year 2009 to Rs 41,230 lakhs in financial year 2010 because of decrease in interest rate during the year and due to reduction in provision for investment valuation from Rs 6,220 lakhs in financial year 2009 to Rs 3,580 lakhs in financial year 2010.

FY 2009

IFIN reported fall in net profit by 27% despite increase in revenue by 14%, mainly on account of provision for diminution in value of investment to the extent of Rs. 6,215 lakhs and provision for general contingency of Rs. 5,000 lakhs. There is no substantial variance in income except normal business activities.

FY 2008

IFIN had acquired financial services business unit of IL&FS w.e.f 1 April 2007, which has significantly contributed to IFIN's income and profitability in financial year 2008.

3.4.12 The contingent liability of IFIN for financial year ended 2010 is as follows:

CAPITAL COMMITMENT

Estimated amount of contracts remaining to be executed on capital account not provided for in respect of Intangible asset -Software is Rs 77.7 lakhs (Previous year - Nil) (net of advances paid amounting to Rs 22.3 lakhs - Previous year -Nil)

CONTINGENT LIABILITY

As at 31 March 2010	(Rupees in lakhs)
(a) Bank Guarantees issued on behalf of the Company	1,550.00
(b) Guarantees issued on behalf of third parties	1,800.00

CLAIMS AGAINST COMPANY NOT ACKNOWLEDGED AS DEBTS

(a) **Income Tax:**

Demand raised by Income Tax authorities against the company not acknowledged as debts and not provided for in respect of which the company is in appeal at Appellate Tribunal- Rs. Nil (Previous year Rs.8.9 lakhs)

(b) **Sales Tax:**

(i) Demand raised by Sales Tax authorities against the Company Rs 75.5 lakhs for Lease tax dues (Previous year Rs 112.7 lakhs) , against which the Company has preferred appeals with the Appellate Tribunal, High Court

(ii) Demand raised by Sales Tax authorities against the Company for Rs 3,313.4 lakhs for lease tax dues. The Company has disputed the above order issued by the Assessing officer and initiated the process for seeking revocation of the said order by filing an application to the Assessing Officer

3.4.13 The following companies are the subsidiaries of IFIN:

Sr No	Name	Date of Incorporation	Business
1.	IL&FS Global Financial Services Pte. Ltd	14 August 2008	Corporate Financial Advisory Services
2.	IL&FS Global Financial	25 February 2009	Advising on Financial

	Services (UK) Limited		Services Activities in UK

IL&FS Global Financial Services Pte. Limited and IL&FS Global Financial Services (UK) Limited are not sick companies.

(a) IL&FS Global Financial Services Pte. Ltd (Singapore) is a company incorporated on 14 August 2008 under the laws of the Republic of Singapore. Relevant financial information of the company has been provided as under:

Particulars	31-Mar-10		31-Mar-09	
	Rs in lakhs	Singapore Dollar	Rs in lakhs	Singapore Dollar
Equity Capital	50.0	150,001.0	50.0	150,001.0
Reserves & Surplus (excl. revaluation reserve)	(105.9)	(324,102.0)	(15.7)	(49,193.0)
Total Income	33.4	102,782.0	-	-
Profit After Tax (PAT)	(91.0)	(275,080.0)	(15.6)	(49,022.0)
Earnings Per Share	-	-	-	-
Net Asset Value (NAV)	(37.3)	(1.2)	22.9	0.7

(1 Singapore Dollar = Rs 32.15)
Source: Audited Financials

The company was incorporated on 14 August 2008, the first financial year of the company is from 14 August 2008 to 31 March 2009. Hence, data for financial year 2008 is not available.

(b) IL&FS Global Financial Services (UK) Limited is a company incorporated on 25 February 2009 and Registered with Registrar of Companies for England & Wales. Relevant financial information of the company has been provided as under:

Particulars	31-Mar-10		31-Mar-09	
	Rs in lakhs	GBP	Rs in lakhs	GBP
Equity Capital	229.4	300,001.0	Negligible	1
Reserves & Surplus (excl. revaluation reserve)	12.3	20,469.0	NA	NA
Total Income	213.9	290,000.0	NA	NA
Profit After Tax (PAT)	12.3	20,469.0	NA	NA
Earnings Per Share	4.1	0.1	NA	NA

Net Asset Value (NAV)	80.6	1.1	NA	NA

(1 GBP = Rs 68.25)
Source: Audited Financials

As the company was incorporated on 25 February 2009, the first financial year of the company will be from 25 February 2009 to 31 March 2009. Hence, financial data is not available for the financial year 2008.

3.4.14 IL&FS and IFIN hold 1,32,45,250 representing 17.12% and 85,34,374 Shares representing 11.03% respectively, of the equity share capital of the Target Company. IFIN had acquired 1,000 Shares at a price of Rs 123.30 per Share on 15 January 2009 by way of open market purchase and 85,33,374 Shares at a price of Rs 34.4 per Share on 26 March 2009 by way of invocation of a pledge. IL&FS had acquired 1,32,45,126 Shares from IFIN on 31 August 2009 for a consideration of Rs 14,940.5 lakhs at a price of Rs 112.80 per Share. Further, IL&FS acquired 124 shares in the resultant open offer at a price of Rs 112.80 per Share. Other than above, the Acquirer and PAC have not acquired any equity share of the Target Company during 12 months preceding the date of the Public Announcement. Consequent to the previous open offer by IL&FS and IFIN, the change in the shareholding pattern of the Target Company was as follows:

Shareholding	Pre Acquisition	Post Acquisition
Promoter (IL&FS and IFIN)	NIL*	2,17,79,624
Public	2,50,81,356	3,70,71,232^

*Balance Shares were held by the erstwhile promoters of the Target Company
^The erstwhile promoters have been classified as the public shareholders of the Target Company

4 DISCLOSURE IN TERMS OF REGULATION 16(IX) OF THE SEBI (SAST) REGULATIONS

4.1 The Acquirer and PAC do not have any plan to dispose off or otherwise encumber any of the assets of the Target Company in the succeeding 2 years from the date of closure of the Offer except in the ordinary course of business of the Target Company.

4.2 The Acquirer and PAC undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company, other than in ordinary course, except with the prior approval of the Shareholders of the Target Company. For future strategic plans of the Acquirer, please refer to paragraph 2.3.2.

5 OPTION IN TERMS OF REGULATION 21(2)

5.1 Pursuant to the preferential issue to the Acquirer and subsequent acquisition of Shares by the Acquirer in the Target Company from the open market and/or under this Offer, the Acquirer will be classified as a public shareholder. Accordingly, the public shareholding in the Target Company is not expected to fall below the levels stipulated by the equity listing agreement even after, assuming full acceptance of the Offer, acquisition of the Offer Shares by the Acquirer and PAC. In light of the same, the provision of Regulation 21(2) of the Regulations shall not apply.

6 BACKGROUND OF THE TARGET COMPANY

6.1 IL&FS Engineering and Construction Company Limited was incorporated on May 6, 1988 as Satyam Constructions Private Ltd under the Companies Act 1956. It has its registered office at 6-3-1186/5/A, III Floor, Amogh Plaza, Begumpet, Hyderabad – 500 016, India (Tel: +91-40-4040 9333; Fax: +91-40-2340 1107, +91-040-2341 8501). The corporate office of the Target Company is situated at 4th Floor, Paras Down Town Centre, Golf Course Road, Sector 53, Gurgaon – 122 002 (Tel: +91-12-4498 8700; Fax: +91-12-4498 8750).

6.2 The Target Company became a deemed public company with effect from July 1, 1993 under Section 43A(1A) of the Companies Act, 1956 and the word "Private" was deleted from its name. The name of the Company was changed to "Maytas Infra Limited" pursuant to a special resolution of the shareholders of the Company at an extra-ordinary meeting held on May 6, 1998. The Company became a private limited company on May 7, 2002 under Section 43A(2A) of the Companies Act and the word "Private" was added to its name. Subsequently, pursuant to a special resolution of the shareholders of the Company at an EGM held on December 30, 2006, the Company became a public limited company and the word "Private" was deleted from its name. Further, the name of the Target Company was changed from Maytas Infra Limited to IL&FS Engineering and Construction Company Limited with effect from 7 January 2011 by way of a special resolution passed by postal ballot.

6.3 Target Company was promoted by Mr B Teja Raju, SNR Investments Private Limited and Veeyes Investments Private Limited. However, pursuant to the order of the Company Law Board dated August 31, 2009 nominating IL&FS as the new promoter of the Target Company, IL&FS made a Public Announcement dated 2 September 2009 under the SEBI (SAST) Regulations.

6.4 The authorized share capital of the Target Company is Rs. 500 crores, comprising of 15 crore equity shares of Rs 10 each and 3.5 crore preferential shares of Rs 100 each. As on date of the Letter of Offer, the issued and paid up capital is Rs 77,37,00,250 comprising of 7,73,70,025equity shares of Rs 10 each. Further, all the Shares are fully paid and the Target Company does not have any partly paid up issued capital.

6.5 The Target Company is currently engaged in the business of infrastructure development, construction and project management company. It executes projects under various domains such as buildings and structures, transportation, water, energy, infrastructure facilities including but not limited to irrigation projects, power projects, roads, ports, airports and railways and housing/ township projects.

6.6 The equity shares of Target Company are listed on NSE and BSE w.e.f. 25 October 2007.

6.7 Share capital structure and the Emerging Voting Capital of the Target Company as of the date of the Letter of Offer:

Paid up share capital of the Target Company	Issued, subscribed and paid up shares	Voting rights	% of Outstanding shares	% of Voting rights
Fully paid up equity capital	7,73,70,025 (Note 1)	7,73,70,025	100%	100%

Partly paid up share capital	NIL	NIL	NIL	NIL
Total	**7,73,70,025**	**7,73,70,025**	**100%**	**100%**
EMERGING VOTING CAPITAL				
(at the expiry of 15 days from closure of the Offer)				
Fully paid up capital as on date of Letter of Offer	**7,73,70,025**			
Add: options under ESOP which have been vested but not exercised	295,814			
Emerging Voting Capital	**77,665,839**			

Note 1: Includes 30,60,036 shares, which have been issued under the CDR Scheme and 15,459,133 Shares issued to the Acquirer by way of preferential allotment.

6.8 The capital build-up for the Target Company since inception is as given below:

Date of allotment	No of shares issued (%)	Face value (Rs.)	Cumulative paid up capital (Rs)	Mode of allotment	Identity of allottees	Status of compliance
May 6, 1988	250 (100.00%)	100	25,000	Subscription on signing of Memorandum of Association	Promoters & Others	Complied
March 26, 1991	49,750 (99.50%)	100	5,000,000	Further allotment - Cash	Promoters & Others	Complied
March 25, 1992	50,000 (50.00%)	100	10,000,000	Further allotment – Cash	Promoters & Others	Complied
January 11, 1993	50,000 (33.33%)	100	15,000,000	Further allotment – Cash	Promoters & Others	Complied
March 31, 1994	75,000 (33.33%)	100	22,500,000	Further allotment – Cash	Promoters & Others	Complied
October 24, 1994	250,000 (52.63%)	100	47,500,000	Further allotment – Cash	Promoters & Others	Complied
September 30, 1998	100,000 (17.39%)	100	57,500,000	Further allotment – Cash	Promoters & Others	Complied
January 31, 1999	425,000 (42.50%)	100	10,00,00,000	Further allotment – Cash	Promoters & Others	Complied
December 30, 2006	-	10	10,00,00,000	Equity Shares of face value Rs. 100 each were sub-divided into Equity	Promoters & Others	Complied

Date of allotment	No of shares issued (%)	Face value (Rs.)	Cumulative paid up capital (Rs)	Mode of allotment	Identity of allottees	Status of compliance
				Shares of face value Rs. 10 each		
December 31, 2006	40,000,000 (80.00%)	10	50,00,00,000	Bonus	Promoters & Others	Complied
October 17, 2007	88,50,000 (15.04%)	10	58,85,00,000	Public Issue	Others	Complied
April 30, 2008	856 (0.00%)	10	58,85,08,560	ESOP	Others	Complied
July 30, 2010	1,54,59,133 (20.80%)	10	74,30,99,890	Preferential Issue	Others	Complied
September 30, 2010	30,60,036 (3.96%)	10	77,37,00,250	Pursuant to CDR scheme	Others	Complied

6.9 The Shares of the Target Company are listed on BSE and NSE.

6.10 The Target Company, its promoters and major Shareholders have complied with the applicable provisions of chapter II of SEBI Takeover Regulations within the prescribed time except for delays of 12 days and 1 day with respect to filings under Regulations 7(1) and 7(2) of SEBI (SAST) Regulations. Suitable action may be initiated by SEBI against major shareholders for the delays with respect to filings under Regulations 7 (1) and 7(2) of SEBI (SAST) Regulations.

6.11 Target Company has complied with all the provisions of the listing agreements entered into with the NSE and BSE where its Shares are listed and traded, save in the instances listed out below. No actions, penal or otherwise, have been initiated by the stock exchanges against Target Company:

6.11.1 Composition of the audit committee in terms Clause 49 for the period November 2008 to March 2009 was not complied with.

6.11.2 Non-consideration and publication of quarterly financial results in terms of Clause 41 of the listing agreement for the quarters ended December 31, 2008, March 31, 2009 and June 30, 2009.

6.11.3 Non Compliance with reference to advance notice of 7 days to the Stock Exchanges intimating the date of Board Meeting of the Target Company in which audited financials for the year ended 31 March 2009 and unaudited quarterly financial results for the quarter ended 30 June 2009 are considered and approved.

6.11.4 Non compliance relating to non-consideration and publication of quarterly financial results in terms of Clause 41 of the listing agreement for the quarters ended 30 September 2009, 31 December 2009 and 31 March 2010 within the time limits in terms of listing agreement.

6.11.5 Non compliance in respect of composition of Board of Directors of the Company in terms Clause 49(1A) of the listing agreement.

However, the Hon'ble Company Law Board has granted extension of time up to 30 June 2010, for publishing results for the quarters ended 30 September 2009, 31 December 2009 and 31 March 2010.

The composition of the board of directors of the Target Company is controlled and constituted by the Company Law Board vide order dated 31 August 2009.

6.11.6 The Target Company has not been delisted from any of the stock exchanges since listing. There has been no suspension of trading in Shares of the Target Company.

6.12 The Target Company does not have any partly paid up shares, outstanding convertible instruments converted into shares as of the date of the Public Announcement. At the time of Public Announcement, the Target Company was in the process of restructuring its debt obligations and had received a final letter of approval dated 26 June 2010 from the Corporate Debt Restructuring ("**CDR**") Empowered Group under the CDR mechanism describing the key commercial terms of the restructuring. Pursuant to the CDR the Target Company has entered into a MRA with its lenders. As part of the CDR process 30,60,036 equity shares have been issued ("**CDR Issue**") to the lenders (at a conversion price of Rs 187.89 per share). Further, pursuant to the options granted by the Target Company under the employee stock option scheme in 2007 and 2009 ("**ESOP**"), 2,95,814 options have been vested but not exercised as on date of the Letter of Offer. Therefore in terms of Regulation 21 (5), the voting rights at the expiration of 15 days after the closure of the Offer would be 7,76,65,839 Shares.

6.13 The Target Company has not received any directions from SEBI and has not been prohibited from dealing in securities in terms of Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act, or any other applicable law prohibiting it from dealing in securities.

6.14 The board of directors of the Target Company as on the date of the Public Announcement is as listed below:

Sl. No.	Name	Date of appointment	Qualifications	Residential / Mailing Addresses
1.	Mr Ravi Parthasarathy	29.09.2009	B.Sc., M.B.A	1201/1202 Vinayak Angan, Old Prabhadevi Road, Prabhadevi, Mumbai 400 025
2.	Mr Arun K Saha	29.09.2009	ACS, FCA, M. Com.,	601/602, Green Acres, 61-B, Pali Hill, Nargis Dutt Road, Bandra West, Mumbai 400050
3.	Mr K Ramchand	29.09.2009	Civil Engineer, MBA	3rd Floor, Victoria Building, E 23, Gajdhar Scheme, Sarojini Naidu Road, Santacruz, Mumbai 400 054
4.	Mr Vimal Kaushik	08.01.2010	Engineer	S – 27/1-D, DLF Qutub Enclave, Phase 3, Gugaon, Haryana
5.	Mr Ved Jain	19.03.2009	FCA	33 Babar Road, Bengali Market, New Delhi 110 001
6.	Mr Anil Agarwal	17.04.2009	M.Com, M.B.A.	1 Aradhana Colony, Sector – 13, RK Puram, Ring Road, New Delhi 110 066

6.15 As on the date of the Public Announcement, there are no directors representing the Acquirer or Skylight on the board of directors of the Target Company. Mr Ravi Parthasarathy, Mr Vimal Kaushik, Mr K Ramchand and Mr Arun Saha represent IL&FS and IFIN on the board of directors of the Target Company.

6.16 There has been no merger / demerger, spin off during the last 3 years involving the Target Company.

6.17 The audited consolidated financial details for the last three years and limited review for the 6 month period ended 30 September 2010 (on a standalone basis as certified by the auditor)of the Target Company is as follows:

(Rs in lakhs)

Profit & Loss Account	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**	**30-Sep-10 (limited review)**
Income from Operations	163,735.4	133,487.5	95,544.0	35,179.05
Other Income	1,908.0	7,587.6	5,032.0	1,907.86
Total Income	165,643.4	141,075.1	100,576.0	37,086.91
Total Expenditure	141,612.1	155,882.2	105,221.9	39,174.91
Profit before Depreciation, interest & Tax	24,031.3	(14,807.1)	(4,645.9)	(2,088.0)
Depreciation	3,909.1	6,758.8	8,367.3	3,202.49
Interest	6,666.8	18,088.5	15,094.5	4,850.57
Profit before exceptional item	13,455.4	(39,654.4)	(28,107.7)	(10,141.06)
Exceptional item	-	(6,530.0)	3,948.0	655.33
Prior period items	-	2,533.8	805.0	90.15
Profit before tax	13,455.4	(48,718.2)	(24,964.7)	(9575.88)
Provision for Tax	3,491.9	260.4	-	37.13
Profit after Tax	9,963.5	(48,978.6)	(24,964.7)	(9613.01)

Balance Sheet Statement	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**	**30-Sep-10 (limited review)**
Sources of Funds				

Paid up Share Capital	5885	5896	41344.9	43,967.67
Reserves & Surplus (excluding revaluation reserves)	59399.4	28992	28992	57,516.33
Profit and loss - Debit balance	-	-18569	-43533	-53,145.94
Net worth	65,284.40	16,319.00	26,803.90	48,338.06
Secured Loans	75666.6	159061	79374.5	61,006.55
Unsecured Loans	17903.1	7661	10633.3	10,978.98
Total	**158,854.10**	**183,041.00**	**116,811.70**	**1,20,323.59**
Uses of Funds				
Net Fixed assets	42471.7	43144	33535.6	30,301.69
Investments	25623.1	33596	3665.1	831.82
Deferred Tax assets	64.3	-	-	-
Net current assets	90695	106301	79611	89,190.08
Total miscellaneous expenditure not written off	-	-	-	-
Total	**158,854.10**	**183,041.00**	**116,811.70**	**1,20,323.59**

Other Financial data	**31 March 2008**	**31March 2009**	**31 March 2010**	**30 September 2010 (limited review)**
Dividend %	15%	-	-	-
Earning per Share (Rs.)	18.44	(83.23)	(42.42)	(14.98)
Return on Net worth %	15%	-300%	-93%	-20%
Book value Per Share (Rs.)	110.93	59.28	45.55	65.05

Source: *Annual Report, filing to stock exchanges*

6.18 The details of the fall/rise in income and profits of the Target Company are as follows:

FY 2010

The Target Company reported a turnover of Rs 95,544.1 lakhs for the year ended 31 March 2010 as against Rs 1,33,487 lakhs for the previous year, a reduction of 28.42%. The Target Company has reported a net loss of Rs 24,964.1 lakhs as against Rs 48,978.7 lakhs for the previous year thus showing a reduction in the loss by 49%. Pursuant to the irregularities detected at Mahindra Satyam in January 2009, the operations of the Target Company suffered considerably given its imputed association with Satyam. With the freezing of bank lines and cancellation of all lines of credit, the operations of the Target Company ceased entirely in the first quarter of the year. After taking charge of the Target Company, IL&FS arranged for priority debt and non fund based facilities and reactivated work on construction sites all over the country. Steps have been taken to re-strengthen the management team with the induction of top level management professionals. Reduction in loss as compared to the previous year is mainly attributable to the restructuring that has been carried out in the Target Company. This has resulted in lower interest, Gain on settlement with banks and Profit on sale of investments.

FY 2009

The Target Company reported a turnover of Rs. 1,33,488 lacs for the year ended March 31, 2009 as against Rs. 1,63,735 lacs for the previous year, a reduction of 19%. The Target Company has reported a net loss of Rs.48,979 lacs as against net profit of Rs. 9,964 lacs of the previous year. The losses for the year are broadly on account of un-absorbed fixed expenses like personnel cost, interest, depreciation and administrative costs. This is on account of reporting lower level of operations as against planned for the year. During the year, Target Company has also provided a notional loss on account of restatement of foreign currency loans and various provisions created and writing off provided against advances. The Target Company has recorded the share of loss from joint venture contracts as against profits of previous year. There are losses on account of variations in the work done and client not certifying the work done by Target Company and some liquidated damages imposed by clients.

FY 2008

Target Company has reported a turnover of Rs. 1,63,735 lacs for the year 2007-08 as against Rs. 60,101 lacs, registering a growth of 172% over the previous year. It has also reported a net profit of Rs. 9,964 lacs as against of Rs. 5,312 lacs of the previous year registering a growth of 88% which is attributable to the incremental turnover, operational efficiencies and order mix achieved during the year.

6.19 The shareholding before the Offer and after the Offer (assuming full acceptance of the Offer), based on the total outstanding Shares, is given in the table below:

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**	
	(A)		**(B)**		**(C)**		**(A) + (B) + (C) = (D)**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
(1) Promoter Group								
a. Parties to agreement - IL&FS and IFIN	21,779,624	35.18%	-	-	-	-	21,779,624	28.15%

b. Promoters other than (a) above	-	-	-	-	-	-	-	-
Total 1 (a+b)	**21,779,624**	**35.18%**	**-**	**-**	**-**	**-**	**21,779,624**	**28.15%**
(2) Acquirers (Note 5)								
a. Acquirer – SBG Projects Investments Limited	-	-	15,459,133	19.98%				
b. PAC (excluding Skylight)	As per 1 (a) -	As per 1 (a) -	-	-	15,533,168	20.08% (Note 2)	30,992,301	40.06%
Total 2 (a+b)	**-**	**-**	**15,459,133**	**19.98%**	**15,533,168**	**20.08%**	**30,992,301**	**40.06%**
Total (1 +2)	**21,779,624**	**35.18%**	**15,459,133**	**19.98%**	**15,533,168**	**20.08%**	**52,771,925**	**68.21%**
(3) Parties to agreement other than (1)(a) & (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(4) Public								
(a) MFs /FIs / Banks/ FIIs	7,560,103 (Note 1)	12.21%	-	-				
(b) Others	32,571,165	52.61%	-	-	(15,533,168)	(20.08%)	24,598,100 (Note 3)	31.79%
Total 4 (a+b)	**40,131,268**	**64.82%**	**-**	**-**	**(15,533,168)**	**(20.08%)**	**24,598,100**	**31.79%**
Grand Total (1+2+3+4)	**61,910,892**	**100.00%**	**15,459,133**	**19.98%**	**-**	**-**	**77,370,025**	**100.00%**

Note:

1. Includes 30,60,036 shares, which have been issued under the CDR Scheme
2. Assuming full acceptances, the shares to acquired by the Acquirer and PAC would be 20.00% of the Emerging Voting Capital of the Target Company. The shares shall be acquired by the Acquirer and/or IL&FS and ILFS in the proportion agreed as per the SSA
3. Indicates post Offer cumulative shareholding of public assuming (excluding the acquirer's shareholding) full acceptances under the open offer
4. Percentages under column B, C & D have been computed after considering the preferential allotment to the Acquirer and the issue of shares under the CDR scheme
5. The total shareholding of the Acquirer will be part of the public shareholding of the Target Company

The total number of public shareholders (other than IL&FS, IFIN and the Acquirer) of the Target Company as on 31 December 2010 are 42,161. .

6.20 The details of the changes in the shareholding of the promoters (including erstwhile promoters) of the Target Company as and when it happened is as follows:

IFIN & IL&FS

Date of Transaction	No. of shares allotted / purchased	% of shares allotted / purchased (of current capital)	No. of shares sold	% of shares sold	Cumulative no. of shares held	Cumulative % (of current capital)	Status of compliance With SEBI (SAST) Reg. & other Statutory provisions as applicable
IFIN							
15-Jan-09	1,000	0.00	Nil	Nil	1,000	0.00	Not Applicable
26-Mar-09	85,33,374	11.03	Nil	Nil	85,34,374	11.03	Complied with disclosure under Regulation 7(1) of SAST on 26/03/2009 Informed by IL&FS (showing IFIN as PAC) under Regulations 8(1) & 8(2) on 14/04/2010 for holding as on March 31, 2010
IL&FS							
31-Dec-09	1,32,45,126	17.12	Nil	Nil	21,779,500	28.15	Complied with. Informed on 31/12/2009 under Regulation 7(1)
31-Dec-09	124	0.00	Nil	Nil	21,779,624	28.15	Complied with. Informed on 31/12/2009 under Regulation 7(1) Informed on 14/04/2010 under Regulations 8(1) & 8(2) for holding as on March 31, 2010

ERSTWHILE PROMOTERS

The Target Company was promoted by Mr B Teja Raju, SNR Investments Private Limited and Veeyes Investments Private Limited (together the "**Erstwhile Promoters**"). However, pursuant to the order of the Company Law Board dated August 31, 2009, IL&FS was nominated as the new promoter of the Target Company.

As per the information provided and certified by the Target Company, the details of the change in shareholding of the Erstwhile Promoters as and when it happened in the Target Company and the status of compliance with the applicable provisions of the SEBI (SAST) Regulations/other applicable Regulations under the SEBI Act, 1992 and other statutory requirements, as applicable, appear as under:

Date of A allotment/ acquisition	Particulars	Shares Acquired / Purchased	Face value of share	Shares Sold / Transferred	Cumulative shares	Cumulative % (of their total shareholding)	Status of Compliance (Note 1)
11-May-98	Acquisition	29,800	100	-	29,800	2.49%	Complied

	from existing Shareholders						
30-Sep-98	Allotment	40,000	100	-	69,800	5.82%	Complied
31-Jan-99	Allotment	170,000	100	-	239,800	20.00%	Complied
30-Dec-06	Equity Shares of face value Rs. 100 each were sub-divided into Equity Shares of face value Rs. 10 each	-	10	-	2,398,000	20.00%	Complied
31-Dec-06	Bonus issue	9,592,000	10	-	11,990,000	100.00%	Complied

Note 1: Promoters did not acquire/sell shares post listing on the Stock Exchanges. Hence provisions of SEBI (SAST) Regulations are not applicable.

6.21 Mr. S Sarweswara Reddy (Membership No. 7478), Partner, SS Reddy and Associates, Company Secretaries in Practice, vide their Certificate dated 28 June 2010, have certified that Target Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreements with the Stock Exchanges for the year ended 31 March 2010 except for non-compliances as listed in paragraphs 6.11.1 and 6.11.5.

Other non Compliances in respect of Corporate Governance are listed in paragraphs 6.11.2, 6.11.3 and 6.11.4.

6.22 The Target Company has certified vide their certificate dated 3 July 2010 that the details of outstanding pending litigations as on 30 June 2010 which are as follows:

Cases filed by TARGET COMPANY

Nature of Dispute	**Legal Action Taken**	**Status as on Date/Remarks**
WRIT CASES		
Target Company modified the category of service from construction of complex service to works contract service (WCS) and paid taxes @ a lower rate. The Central Excise Department issued notice for payment of differential tax of approximately 180 Lakhs along with interest.	Writ filed against the Department of Central Excise in the Andhra Pradesh High Court for imposing additional differential tax.	Stay has been granted and the matter shall be listed in due course.

Govt. of Andhra Pradesh ordered deduction of the Chief Minister Relief Fund and certain other deductions.	Writ filed against the order of deduction by the Govt. of Andhra Pradesh on the total contract value amounting to 50 lakhs+ and also on all future gross bills @ 0.25%.	Stay has been granted and the matter shall be listed in due course
MSEDCL terminated the contract for non performance in accordance with the milestone by the Target company and encashed bank guarantees worth rupees 517 lakhs.	Target Company Initiated the arbitration proceedings	Aggrieved by termination and encashment of BGs, Target Company sent the claim notice to MSEDCL. MSEDCL failed to respond to the same. As such, the Target Company has invoked the arbitration proceedings and awaits the reply of MSEDCL so as to proceed further. In the meanwhile, it is also preparing to file a petition before Bombay High Court to get the Arbitrator appointed to adjudicate the existing disputes between the parties, in case of failure on part of MSEDCL in the appointment, as agreed
Hyderabad Metro Rail contract granted to Maytas Metro Limited was terminated due to non achievement of financial closure.	Maytas Metro Limited filed the Writ petition challenging the order of termination of contract	The Hon'ble court granted status quo and the matter is still pending before APHC
MPPKVVCL cancelled the contract alleging non performance.	The Target Company filed a writ petition before the Hon'ble High Court of Madhya Pradesh (Principal Seat of Jabalpur) challenging the termination of the contract.	the status-quo has been granted and matter shall be listed in due course.
Department of Income Tax passed an order for appointment of Auditor for the financial years 2002-03 & 2007-08	The Target Company filed writ petitions before the Hon'ble High Court of AP against the said order.	The matters are yet to be Listed before the High Court of Andhra Pradesh
Disputed damages claimed by Chief Engineer of Kurnur from the amount to be paid to the target company.	Target Company filed writ for the realisation of the amount withheld.	The matter is yet to be listed before the High Court of AP

The Government of AP imposed life tax on the vehicles instead of quarterly tax. Due to non payment of life tax the vehicles of the Target Company were seized. Target Company gave an undertaking to pay the life tax and thereby obtained release of the seized vehicles.	Target Company filed writ petition challenging the imposition of life tax.	An interim order has been passed and the matter shall be listed in due course
CIVIL CASES		
GEPL terminated the contract of construction of 2x60 MW Power Projects at Usegoan, Maharashtra with Target Company alleging non performance.	Suit filed against GEPL.	An interim order passed and the matter is` posted on 26.07.2010 for arguments. However, the matter has been settled mutually between the parties. As such, Target Company is in the process of withdrawing the application.
Non payment by the Manager of the Target Company, Mr. Rama Krushna Das of advances received by him from Target Company during his tenure.	The Target Company filed a Suit against the ex-employee on 29.05.2010 for the recovery of an amount of Rs.1,59,513/- and subsequent interest @18% p.a.	The Suit shall be numbered in due course.
Non payment by the Asst. Manager of the Target Company, Mr.Nitish Chandu Nikhale of advances received by him from Target Company during his tenure.	The Target Company filed a Suit against the ex-employee on 29-05-2010 for the recovery of Sum of Rs.77,388/- and subsequent interest @18% p.a.	The Suit shall be numbered in due course.
Non payment by the Manager of the Target Company, Mr. Biswanatha Singha of advances received by him from Target Company during his tenure	The Target Company filed the Suit against the ex-employee On 29-05-2010 after issuing notice for the recovery of Sum of Rs.7,37,279/- and subsequent interest @18% P.A .	The Suit shall be numbered in due course.
Misappropriation of amount by an ex employee of the Jammu Project of the Target Company, Mr. A. Meenatshi Sunder during his tenure	On 24 June 2010 the Target Company filed the Suit against the ex-employee for the recovery of Sum of Rs.1,62,547/- and subsequent interest @18% P.A	The Suit shall be numbered in due course.

Dispute arose between CESSA and Target Company over an EPC contract and Cessa invoked bank guarantee under the contract for 46 lakh Euros,	Application filed before the District Court of Secunderabad.	and order restraining CESSA from invoking bank guarantee has been obtained. Target company also commenced an arbitration process by sending a notice to Cessa and has filed a suit for invalidating the bank guarantee which is now to be listed on 19.07.2010
CRIMINAL CASES		
State of UP filed a criminal complaint against Target Company 's Project Manager, Mr. Ashok Sagar for the death of a contract labourer at Meerut site in road accident.	Mr. Ashok Sagar filed an application to quash criminal proceeding.	Stay has been granted and the matter shall be listed in due course.
Misappropriation of funds of Target Company by an employee, Mr. Sree Harish Baru .	Target Company filed a complaint u/s 138 Negotiable Instruments Act.	The matter has been filed and court has issued summons.
Target Company filed a criminal complaint at Hyderabad against Vedanta, its directors and others for illegal encashment of Bank Guarantee and unauthorized detention of Target Company staff at VAL site. Subsequently, quash petition filed by VAL before the High Court of Andhra Pradesh was allowed.	Target Company filed an appeal/SLP before the Supreme Court against the orders of A.P.High Court made in CrLP.1495 of 2009 on 18-11-2009.	SC ordered notice to VAL on 16-04-2010. The matter shall be listed in due course.
JACKSONS MATTERS		
Bank Guarantee was issued by the State Bank of Travancore on behalf of M/s Jacksons Veneers, a Vendor in the Target Company's Hillcounty Project, Hyderabad.	Target Company filed writ petition against the State Bank of Travancore for not releasing the Bank Guarantee amount for Rs. 35,00,000/-	Matter is posted for hearing and shall be listed in due course.
ASSAM WRITS		
Termination of railway works contract on ground of non performance.	Target Company filed writ petition challenging the termination of contracts.	The matter shall be listed in due course.
KOTI REDDY MATTERS		

Bidding of railway contract below Rs 5000/- by an employee of Target Company, Mr. Koti Reddy through his wife's Company after he processed an internal note to the Management of Target Company for not bidding for any such Railway Contract.	Upon coming to know the facts, Target Company filed a criminal complaint against Mr. Koti Reddy for the offences punishable u/s 403, 406 and 420 of IPC for misappropriation of money and cheating the company.	Settled out of court/ in the process of withdrawal. Stayed by High Court of AP. The matter is posted to 02-09-2010.
Mr.Koti Reddy filed suit of defamation against Target Company.	Target Company filed the Quash proceedings. All these (Koti reddy matters) will be withdrawn simultaneously as and when the matter listed in the respective courts.	Stay has been granted and due to out of court settlement, Target Company is in the process of withdrawal by the next hearing date i.e 16-08-2010.
Mr.Koti Reddy filed suit of defamation against Target Company.	Target Company filed quash petition against the criminal complaint by an ex-employee by name Mr. Koti Reddy claiming defamation.	Interim stay has been ordered till further orders. Yet to be listed.
Mr. Koti Reddy's wife & another filed this Quash petition to quash the proceedings of CC 453/2008.	Mr. Koti Reddy's wife & another filed this Quash petition to quash the proceedings of CC 453/2008. MIL has to defend.	Interim stay of all further proceedings ordered. Petition filed on 09/04/09. Matter is compromised out of Court and proposing to withdraw the respective cases pending before the courts. Yet to be listed.

Cases filed against the Target Company

Nature of Dispute	Legal Action Taken	Status as on Date/Remarks
COMPANY LAW BOARD & OTHER CIVIL CASES		
Union of India filed Company Petition seeking Supersession of the then existing board of Target Company and for appointment of 10 nominee directors where Target Company is one of the Respondents.	Target Company opposed the petition and filed counter. It also filed petitions for deletion of names of some of the Respondents.	Order directed Union of India to appoint 4 nominee directors but did not allow Union of India to supersede the earlier Board. Target Company also filed an application for which CLB passed an order inducting IL&FS as promoters of Target company. The matter is listed for filing reply by Respondent No.6 (Mr. PK Madhav, Ex.CEO of Target Company)
Winding up petition has been filed by NES for non payment of man power service to NES for an amount of 70,498.63 USD	Counter has been filed by Target Company	The matter is posted on 05.07.2010

Filing of writ petition alleging that Govt. Of Andhra Pradesh has unilaterally nominated the works to Target Company in Gandikota Project for R&R works.	Counter has been filed by the Target Company.	Dismissal as a special case in view of 70% of the works being completed and the balance works are in progress.
Appeal against the order of the Addl. District Collector, Meerut for collection of Additional Stamp duty .	Challenge of order by Target Company.	The matter is posted for arguments and shall be listed in due course.
Recovery suit filed by Vendor M/s. Sekhar Chand Jain & Company.	Target Company is represented by its Sub Contractor viz, Kapcon.	This matter is posted for reply .
Suit of specific performance has been by M/s. Kirloskar Brothers Ltd against JV(NCC-MIL-NEC),	The project nears completion and hence the suit will become infructuous.	The matter is posted for arguments on 08-06-2010 Meanwhile the matter has been made over to another court and is yet to be numbered and listed.
Suit for perpetual injunction filed by Mr.Nagasani Sreeramulu against Target Company.	Written statement filed by Target Company denying the contents.	The matter is posted on 30th June 2010 for framing of issues.
Suit filed by M/s TDT Electricals for the Recovery of Rs. 1376839/-. As damages for wrongful termination	Target Company filed written statement disputing the alleged claim of TDT Electricals Limited and made counter claim of Rs.2,86,139/- towards damages and excess payment to TDT electricals.	Issued framed. Matter is to be listed on 29-9-2010
Suit filed by M/s TDT Electricals for the Recovery of Rs. 33,74,740/-. As damages for wrongful termination	Target Company filed written statement disputing the alleged claim of TDT Electricals Limited and made counter claim of Rs.8,18,338/- towards damages and excess payment to TDT electricals.	For consideration & issues. The matter was posted on 29-06-2010. But the matter has transferred to another court, thus the matter is yet to be listed later on.
Target Company entered into a contract with Karnataka Power Transmission Company Ltd (KPTCL) for establishing 110/11 KV Sub stations at Bijapur and Belgaum in the state of Karnataka and the same was given to the Petitioner, M/s Sapphire Electrical and Engineering Co. as sub contract and started work and submitted various bills to Target Company. It is alleged	MIL filed both the written statement and Counter and matter is coming for enquiry of I.A. on 13-07-2010	the matter is now to be listed on 13.07.2010

by Sapphire that due to withholding the payments deliberately by Target Company for the work done, Sapphire suffered losses		
TDT electricals is Electrical subcontractor at NAVAK project alleged that despite completion of work, Target Company failed to release the amount for the work done and deducted taxes illegally, Target Company is liable to pay an amount of Rs.11,17,228.86 along with interest on 16.07.2010	Target Company filed the written statement together with of MIL's counter claim of Rs.21,41,180/-.	The matter is listed on 16.07.2010
Srinivasa Constructions filed a suit for recovery of Rs.11,20,000/- towards the pending dues against supply of electrical materials to the Target Company. NCS Sugars, the employer of Target Company has not paid the amount as demanded by Target Company due to the delay and defective work done by the sub contractor.	Target Company filed written statement and the matter is posted for framing of issues and in the meanwhile, the matter was made over to Fast Track Court, Parvathipuram.	The matter is listed on 06.07.2010
Target Company invoked Bank Guarantees submitted by East India Udyog Limited, Ghaziabad, and the supplier of Transformers. The Target Company terminated the supply order as the Transformers were of subsidised quality. The Bank Guarantee amount invoked nearly about Rs.50,00,000/-. East India Udyog Limited got exparte status quo on 02.3.2009 against the encashment of the BG.	Target Company filed counter in the main petition and other I.A.s. .	The matter is reserved for orders to 02/07/2010.
Appeal filed by Superintending Engineer, Kurnool against the order of the Prl. District Judge, Kurnool in OS 1/2003 filed by Supdt. Engineer, Kurnool for setting aside the technical expert's decision for a claim	The contract is on back to back basis. The agreement is that the contractor should take all responsibility and liability on behalf of MIL.	The claim was supported by the expert adjudication. This matter is being taken care of by the Sub-contractor as he had taken the work as back to back basis. Yet to be listed.

of Rs.1,38,79,910/- vide letter Dt.30.12.2002 which was dismissed.		
Target company succeeded in a suit filed by Mr Gopichand against them for withholding payment of Rs 1.2 lakhs. Gopichand filed an appeal	-	The matter is posted to 05-08-2010 for arguments.
Mr. Raja Chidambaram has filed this suit against Target Company towards the dues for an amount of Rs. 4,90,000/- against the usage of his land for the purpose of gravel to make use for the road project.	Target Company filed written statement	The matter is listed for issues to 28/07/2010
M/S Surendra traders has filed this suit against Target Company towards the dues for a sum of Rs. 15,33,497/- against the work done by him.	-	The matter is listed to 20-08-2010 .
GESCOM had given the electrical work order to Deepak Cables in turn, Deepak Cables had given the same to Target Company on back to back. Target Company had further given a part work to Lakshmi Engg. Services (LES). LES had engaged the labourer to execute the works and obtained the workmen compensation policy as required. Whereas, one labourer by name, Mr. Abdul Mehboob had died in harness on 08.4.2008 due to electrical shock. Case under workmen compensation filed before the Commissioner for Workmen Compensation at Bedar against the Respondents including Target Company.	Target Company engaged an advocate and also sent our advocate. The Counter copy duly signed by the Authorised signatory.	Shall be listed in due course.
Mr.Ashok met with an accident. The dependents of the deceased filed the claim against Target Company and	-	The matter is posted on 15th July 2010

others as the respondents for a claim of Rs. 16,25,000/-; Target Company vehicle was not covered under a valid insurance as on the date of accident.		
One Mr. Girija Shankar Panda worked in MIL-RAIL Lanjigarh Project as Project Manager till December-2009. He resigned on 22nd December, 2009 and requested to be relieved from his responsibilities by 21-03-2010 and further expressed his willingness to serve three months as notice period as agree. Target Company has relieved him with immediate effect from 22-12-2009. As such, Mr. Panda filed this case by demanding Target Company to pay the dues of Rs. 6,27,423/- towards December-09 salary along with 3 months notice period salary, leave encashment and the variable pay amount.	For appearance of MIL	he matter is posted on 24^{th} July 2010
The suit has been filed for the recovery of Rs 44,04,776/- being the total out standing amount of the price of goods sold & delivered, with an interest of 24% p.a.	Target Company filed the petition for rejection of plaint interalia with other contention for dismissal of suit pursuant to which , Hon'ble court ordered notice & Counter to the other side.	The matter is posted on 21st July 2010
Mr.P.Nagarjuna, aged about 24 years met with an accident. The total amount of compensation is Rs 5,00,000/- together wit an interest of @12 % per annum. The matter is covered with insurance.	The Target Company filed its counter	The matter is posted for framing the issues on 02-07-2010.
Target Company has invoked the Bank Guarantee for Rs.3,500 lakhs submitted by M/s Jacksons due to bad quality and part non supply. Whereas Jacsons had filed writ for restraining Target Company from encashing the	Target Company filed its written statement.	Amendment petition has been allowed and the matter is posted to 04/08/2010 for objections of Jacksons against the written statement of Target Company.

BG,. Accordingly obtained interim stay against the invocation of BG, whereas, Jacksons has further filed a petition to amend the plaint by including its damages.		
The Jakson filed this Writ petition interalia with other grounds seeking opportunity to file their objections to I.A.2053/2010 and to consider the same in accordance with law and also direct the lower court to follow proper procedure by framing issues and allow the petitioner to take time to take steps if any before trial.	Target Company filed counter by opposing the writ allegations.	The matter is posted for Hearing to 16-07-2010
CRIMINAL CASES		
SHO, G.Konduru PS has registered a criminal complaint vide Cr.No. 66/2009 against Target Company's site executives for offences punishable u/s 337, 338 & 304 (A) r/w 34 of IPC. .	Target Company employees have been released on bail and the court to issue summons to accused duly posting the matter to 02-11-2010.	Accused, have to appear on the next date of adjournment i.e. on 02.11.2010.
Complaint filed by Mr. Shankar, owner of vehicle against Mr. Teja Raju and others alleging that the death of mother due to lack of precautionary measures while laying the road by the contractor Target Company.	Target Company filed quashing proceedings and subsequently filed SLP before the Supreme Court, the same was also dismissed. Subsequently, the case is posted for the appearance of Mr. B. Teja Raju, Target Company filed Sec.205 Cr.P.C. Petition to dispense the appearance of the Accused, viz., Mr. B. Teja Raju. After being dismissal of the petition, Target Company again preferred revision before the Gulbarga Circuit Bench and got exempted the appearance of Mr. Teja Raju.	The petition u/s 205 of Cr.P.C. filed by Mr. B. Teja Raju has been allowed and exempted his personal appearance till commencement of the trial and posted to 30/06/2010.
YES bank filed this complaint u/s 138 of NI Act against Mr. B. Teja Raju & others directors of MIL including the Company Secy.	The MILkeenly monitoring the matter to avoid criminal consequences against Directors .Meanwhile the Complainant the YES bank agreed to withdraw the complaint on 05-07-2010.	The matter has been settled out of the court & is posted to 5/7/2010 for withdrawal of the matter.
Miscellaneous & others		

Workman Compensation dispute by the insurance company alleging that the policy does not cover incidents which have taken place out of the premises.	The Insurance company filed revision before APHC against Target Company	Admission Stage. Yet to be listed.
Workmen's Compensation appeal filed by National Insurance Company against the order of Labour Commissioner, Karimnagar awarding the compensation.	The Insurance company filed revision before APHC against Target Company and now, Target Company is defending the same.	Appeal is pending & yet to be listed.
Case filed by Mr. Abdul Khadir Shaikh and 7 others seeking declaration that Target Company is involved in Unfair Labour Practices and also seeking settlement of all dues related to their employment at Regional Office, Mumbai. Total amount involved in this matter is approx. Rs. 3.55lacs.	Matter posted for filing written statement.	The matter is posted to 16/7/2010.
Family members of deceased filed a petition for claiming compensation of Rs.10, 00,000/- and subsequent interest @ 12% P.A. however the same has been covered through insurance policy.	In view of valid insurance coverage, Target Company is not contesting the matter.	No liability of Target Company as the same claim has been covered by valid insurance.
Family members of the deceased filed a petition for claiming compensation of Rs.20, 00,000/- and subsequent interest @ 12% P.A. however the same has been covered through insurance policy.	In view of valid insurance coverage, Deceased is not contesting the matter.	No liability of Deceased as the same claim has been covered by valid insurance
Ex. Employees (Palamuru) filed for arrears of Previous wages amounting to Rs.41,89,755/-.	On behalf of Target Company, Mr. Teja Constructions being a sub contractor is looking after this matter. However, the attachment order passed by the Labour Court has been challenged before the High Court of AP vide WP No.15295/09.	The matter is posted to 30/06/2010 for appearance.

Target Company came out with a public issue of its equity shares of Rs.10/- each at a price band of Rs.320/- to Rs.370/- and the complainant Miss Ranjana Goel applied for 270 shares of Target Company at a cut off price and submitted Bid application along with cheque for Rs.99,900/- dated 04.10.2007 drawn on Allahabad bank, New Delhi towards the bid amount to M/s SMC Global Securities Ltd (OP1) and OP1 did not issue transaction registration slip. As per the basis of allotment published by Target Company on 18.10.2007, those applied for 270 and were allotted 18 shares at a price of Rs.370/- per share but the complainant was not allotted any share nor refunded the entire bid amount paid and on enquiry, OP3 i.e. M/s Karvy Computer shares revealed that the bidding centre did not register her bid and there was no allotment. He or she was not allotted 18 shares of MIL due to non registration of his bid by OP-1.	Target Company was made as a proforma party to furnish the details.	Target Company is not involved in any way. There is no prayer against Target Company.
FOREIGN CASES		
Aberdeen Claims Administration, Inc. Trustee for Aberdeen Claims Trust and Aberdeen Claims Trust II filed this civil action against Satyam Computer Services Limited and others to recover losses arising out of a massive fraud at Satyam Computer Services Limited (Satyam) involving thousands of forged invoices and contracts, dual sets of account books phony bank	Target Company received the complaint along with order copy on conditional transfer order proceedings wherein Eastern District Court of Pennsylvania has posted the matter to February 22, 2010 for a conference to decide on Motion to Vacate Conditional Transfer Order.	Target Company received the complaint along with order copy on conditional transfer order proceedings wherein Eastern District Court of Pennsylvania has posted the matter to 25.3.2010. Further the tag-along action has been allowed and ordered to tag along with the consolidated action, New York.

statements and public financial disclosures filed with the United States Securities and Exchange Commission (SEC) the overstated assets by over $ 1 billion and prayed for all damages sustained as a result of Gopalakrishnan and Talluri's of Price Waterhouse, auditors, wrongdoing in an amount to be determined at trial, including the interest thereon, awarding reasonable costs and expenses, establishing an equitable trust into which Gopalakrishnan and Tallur's personal gains and assets can be deposited for the benefit of Plaintiff and awarding such other and further reliefs.		
A class action complaint was filed by various people, viz., PERS, Mine workers, and an Ex-employee of Satyam Commuters Limited before the United States District Court, Southern District of New York in relation to Satyam Computer Services Limited Securities Litigation vide Consolidated Action No.09MD2027(BSJ) wherein they contended that by self incriminating document exposed by the then Chairman of Satyam Computer Services Limited, Mr. B. Ramalinga Raju regarding increasing the revenue and huge stock pile of cash deposits, etc. on the balance sheet and inflation has caused huge losses to the general public and the Plaintiffs. In the course of propaganda, the name of Target Company was also reflected as a defendant in the suit.	Target Company moved motion stating that the documents have been impounded by the CBI and the relevant documents were not available and without those documents, it is impossible to reply the allegations in the class action suit. Therefore, Target Company needs 3 months time for reply. An application was moved on August 29, 2009 to that extent.	Target Company moved a petition 'motion of inconvenience' in the same court to exclude Target Company from the case in view of not having original jurisdiction. Target Company 's time to file a reply in further support of its motion to dismiss was extended to March 19, 2010 accordingly Target Company filed its reply in support of its motion.

Cases in Arbitration

Brief Description of the case	Issues	Remarks on Pending matters
Target Company was awarded a road work contract at Haryana i.e by The Engineer-in-Chief(EC), Haryana PWD(B&R) Branch, Sector **M-04**, Chandigarh, who failed to give certain exemptions viz.. Central Excise etc, as agreed in the contract, as such Target Company preferred to invoke the arbitration clause. The Tribunal adjudicated the matter and had passed an award dt.05.12.03 in favour of Target Company for an amount of Rs. 1,39,41,0640 and interest thereof. Aggrieved by the award, EC has filed this appeal.	Employer preferred appeal against the decision of Adjudicator	The matter is pending
Target Company has invoked the arbitration clause as the employer i.e. The Engineer-in-Chief, Haryana PWD (B&R) Branch, Sector **M-08**, Chandigarh, had failed to release the payments, which were supposed to be paid to Target Company under exemption of Central Excise, Sales Tax, as agreed in the contract. The Tribunal adjudicated the matter and passed an award dt.05.12.03 in favour of Target Company for an amount of Rs. 2,85,55,727/- and interest @12% p/a thereof. Aggrieved by the award, EC has filed this appeal.	Employer preferred appeal against the decision of Adjudicator	The matter is pending
Target Company has invoked the arbitration clause as the employer i.e The Engineer-in-Chief, Haryana PWD(B&R) Branch, Sector **M-04**, Chandigarh, had failed to release the payments, which were supposed to be paid to Target Company under exemption of Central Excise Tax, as agreed in the contract. The Tribunal had adjudicated the matter and had passed an award dt.05.12.03 in favour of Target Company for an amount of Rs. 1,39,41,064/- and interest thereof. Whereas Tribunal has omitted few issues, which were raised in the claim. As such Target Company filed an application before the same tribunal for correction of award and for the additional relief u/s 33(4) of the Arbitration and Conciliation Act, 1996, whereas tribunal has declined to entertain the application filed by MIL and pronounced the order dated 16.07.2004. As such Target Company filed petition before the District Judge's Court, Chandigarh.	Aggrieved by the additional award dated 16-7-2001, contractor filed Objection Petition No. 77/2004	The matter is pending

Target Company has invoked the arbitration clause as the employer i.e The Engineer-in-Chief, Haryana PWD(B&R) Branch, Sector **M-04**, Chandigarh, had failed to release the payments, which were supposed to be paid to Target Company under exemption of Central Excise Tax, as agreed in the contract. The Tribunal had adjudicated the matter and had passed an award dt.05.12.03 in favour of Target Company for an amount of Rs. 2,85,55,727/- and interest thereof. Whereas Tribunal has omitted few issues, which were raised in the claim. As such Target Company filed an application before the same tribunal for correction of award and for the additional relief u/s 33(4) of the Arbitration and Conciliation Act, 1996, whereas tribunal has declined to entertain the application filed by MIL and pronounced the order dated 16.07.2004. As such Target Company filed petition before the District Judge's Court, Chandigarh.	Aggrieved by the additional award dated 16-7-2001Contractor filed Objection Petition No. 80/2004	The matter is pending
Target Company filed a claim for Breach of Contract for the "Haryana Road Works Package in M-04" before the Arbitration Tribunal for Rs. 4,97,50,076/- + @12% interest	The contractor preferred present Appeal No. 62/2005 before the District court at Chandigarh	The matter is pending
Target Company filed a claim for Breach of Contract for the "Haryana Road Works Package in M-08" before the Arbitration Tribunal to decide disputes. Amount is yet to be quantified (Appx.Rs.1,000 Lakhs	The contractor filed Arbitration Appeal No. 61/05	the matter is pending
While disposing the procedure objection (now subject matter of appeal), the Arbitral Tribunal has rejected the claim of Target Company.(HHUP/M-4) Target Company has filed its Objection Petition under sec. 34 of Arbitration & Conciliation Act,1996 This case not quantifiable	-	The matter is pending
While disposing the procedure objection (now subject matter of appeal), the Arbitral Tribunal has rejected the claim of Target Company.(HHUP/M-8) Target Company has filed its Objection Petition under sec. 34 of Arbitration & Conciliation Act,1996 This case not quantifiable	-	The matter is pending

Target Company filed a statement of claim dt.18.10.2006 u/s. 23 of the Arbitration & Conciliation Act, 1996 for Breach of Contract for the Haryana Road Works Package M-14 on the grounds that the Respondent failed to define the dimensions of the site and therefore, failed to give possession of the site in its entirety on the date of commencement of the work. Possession of the site was given on a piecemeal basis, failure to make payments of amounts certified by the Engineer within 28 days of such certification towards work done by Target Company, failure to make Mobilization Advances and equipment advances as promised and variation of the work in such a manner as prevented, Target Company from completing the work by the intended completion date. Amount involved= Rs15,32,21,269.00 and interest and costs	The Statement Of Claim filed	The matter is pending
Target Company filed a statement of claim dt.08.01.2007 u/s. 23 of the Arbitration & Conciliation Act, 1996 for Breach of Contract for the Haryana Road Works Package **M-19/B on the grounds that the Respondent failed to define the dimensions of the site and therefore**, failed to give possession of the site in its entirety on the date of commencement of the work. Possession of the site was given on a piecemeal basis, failure to make payments of amounts certified by the Engineer within 28 days of such certification towards work done by Target Company, failure to make Mobilization Advances and equipment advances as promised and variation of the work in such a manner as prevented, Target Company from completing the work by the intended completion date. Amount involved=Rs.18,86,23,893.00.		The matter is pending
Target Company has preferred Arbitration proceedings against VAL Jharsugoda-(BnS) as there are unsettled Target Company claims of Rs.14,800 lakhs(Full and final claim against VALJharsugoda-(BnS)), accordingly tribunal has been formed fixed the dates for further proceedings.	Issues not yet framed by the Tribunal	The matter is pending

Target Company has preferred Arbitration proceedings against VAL Lanjigarh-(Rail) as there are unsettled Target Company claims of Rs.8,400 lakhs(Full and final claim against VALJharsugoda-(BnS)), accordingly tribunal has been formed fixed the dates for further proceedings.	Issues not yet framed by the Tribunal	The matter is pending

6.23 The compliance officer of the Target Company is Mr. G Venkateswar Reddy, Company Secretary. The contact details of the compliance officer is IL&FS Engineering and Construction Company Limited, 6-3-1186/5/A, III Floor, Amogh Plaza Begumpet, Hyderabad 500 016 India. Tel: +91-40-4040 9333 Fax: +91-40-2340 1107; Email: venkateswar_gogireddy@ilfsengg.com.

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of the Offer Price

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

7.1.2 Based on the information available on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com), the Shares are frequently traded on BSE and NSE in terms of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations.

7.1.3 The annualized trading turnover in the Shares of the Target Company in each of the above mentioned stock exchanges during December 2009 to May 2010 (six calendar months preceding the month in which the Public Announcement is made) is as given below:

Stock Exchange	Total no. of shares traded during 6 calendar months preceding the month in which the Public Announcement was made	Total no. of listed shares	Annualized trading turnover (as % of total listed shares)
BSE	7,78,27,200	5,88,50,856	264%
NSE	11,79,51,955	5,88,50,856	401%

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

7.1.4 The Shares of the Target Company are most frequently traded on the NSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations. Accordingly, the price of Rs. 195.72 (Rupees One hundred ninety five and seventy two paise only) per Share has been determined as per Regulation 20(4) of the SEBI (SAST) Regulations taking inter-alia into account the following factors:

Sr No	Particulars	In Rs.
1.	Negotiated Price to be paid by Acquirer under the SSA (preferential allotment price paid by the Acquirer)	195.30
2.	Highest price paid by the Acquirer/PAC for acquisition of	NIL

	any equity shares during the 26 week period prior to the date of Public Announcement	
3.	Average of the weekly high and low of the closing prices of the equity shares of the Target Company on NSE during the 26 week period preceding the Board Meeting Date or date of Public Announcement	182.29
4.	Average of the daily high and low of equity shares of the Target Company on NSE during the 2 week period preceding the Board Meeting Date or date of Public Announcement	195.72

7.1.5 The details of the weekly high and low of closing prices and volume on NSE for the 26-week period prior to the date of the Board Meeting Date are as under:

Sr. No	Week Ending	High	Low	AVG	Volume
		(Rs.)	(Rs.)	(Rs.)	(No. of Shares)
1	Thursday, December 24, 2009	161.95	145.45	153.70	2,457,405
2	Thursday, December 31, 2009	159.05	157.95	158.50	1,476,116
3	Friday, January 08, 2010	182.85	172.30	177.58	13,760,230
4	Friday, January 15, 2010	204.95	187.60	196.28	13,532,909
5	Friday, January 22, 2010	196.75	178.75	187.75	3,126,397
6	Friday, January 29, 2010	174.20	161.80	168.00	2,168,903
7	Friday, February 05, 2010	176.60	157.30	166.95	2,652,888
8	Thursday, February 11, 2010	164.05	161.20	162.63	1,520,358
9	Friday, February 19, 2010	168.20	159.55	163.88	1,929,141
10	Friday, February 26, 2010	154.90	151.35	153.13	1,258,626
11	Friday, March 05, 2010	188.90	153.95	171.43	11,930,294
12	Friday, March 12, 2010	183.75	172.55	178.15	3,430,290
13	Friday, March 19, 2010	186.00	171.95	178.98	3,748,458
14	Friday, March 26, 2010	183.80	176.50	180.15	3,600,058
15	Thursday, April 01, 2010	200.30	182.70	191.50	10,080,919
16	Friday, April 09, 2010	201.65	193.25	197.45	7,744,606
17	Friday, April 16, 2010	206.55	193.30	199.93	5,042,979
18	Friday, April 23, 2010	212.65	187.00	199.83	7,717,213
19	Friday, April 30, 2010	209.10	199.05	204.08	4,398,828
20	Friday, May 07, 2010	204.30	188.45	196.38	3,232,892
21	Friday, May 14, 2010	201.75	193.60	197.68	3,380,471
22	Friday, May 21, 2010	196.45	182.20	189.33	1,988,088
23	Friday, May 28, 2010	188.10	169.15	178.63	2,325,135
24	Friday, June 04, 2010	200.05	194.25	197.15	3,495,671
25	Friday, June 11, 2010	187.95	183.60	185.78	1,755,080
26	Friday, June 18, 2010	216.45	193.10	204.78	10,583,440
	26 – Week Average (Rs.)			**182.29**	

7.1.6 The details of daily high and low price and volume on NSE for the 2-week period prior to the date of the Board Meeting Date are as below:

Day No.	Date	High	Low	Average	Volume
		(Rs.)	(Rs.)	(Rs.)	(No of Shares)
1	Monday, June 07, 2010	191.90	186.15	189.03	542,284
2	Tuesday, June 08, 2010	190.15	182.00	186.08	304,777
3	Wednesday, June 09, 2010	188.25	184.10	186.18	301,521
4	Thursday, June 10, 2010	188.50	185.00	186.75	248,775
5	Friday, June 11, 2010	193.25	187.20	190.23	357,723
6	Monday, June 14, 2010	194.65	188.10	191.38	422,380
7	Tuesday, June 15, 2010	196.60	189.65	193.13	541,687
8	Wednesday, June 16, 2010	215.30	193.40	204.35	4,492,470
9	Thursday, June 17, 2010	221.30	211.60	216.45	3,719,567
10	Friday, June 18, 2010	220.15	207.00	213.58	1,407,336
	2 – Week Average (Rs.)			**195.72**	

7.1.7 In terms of Regulations 20(11) of the SEBI (SAST) Regulations, the price of Rs. 195.72 (Rupees One hundred and ninety five and seventy two paise only) is justified as being higher than the above presented parameters. SEBI has vide its observation letter dated 17 February 2011, directed that interest at the rate of 10% per annum be paid on the offer price for delay beyond the scheduled date of payment. Pursuant to the same, interest of Rs 12.34 per Share (calculated at the rate of 10% p.a. from 15 September 2010 to 3 May 2011 i.e. the latest scheduled date of payment of consideration) is payable to the Shareholders whose Shares have been validly tendered and accepted by the Acquirer and/or PAC. Please note that the interest amount is subject to change depending on actual date of dispatch of payment to Shareholders.

7.1.8 The Acquirer, IL&FS or IFIN may revise the Offer Price up to 7 days prior to closure of the Offer. If the Acquirer, IL&FS or IFIN acquires Shares after the date of the Public Announcement upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the Shares tendered and accepted under the Offer.

7.1.9 No non-compete fee has been paid in respect to this Offer.

7.2 Financial arrangements

7.2.1 The Acquirer and PAC have made adequate and firm financial arrangements for financing the acquisition of Shares under the Offer, in terms of Regulation 16(xiv) of the SEBI (SAST) Regulations.

7.2.2 Assuming full acceptance, the Offer Consideration payable under this Offer shall be Rs 32,318.31 lakhs (assuming interest of Rs 12.34 per Share).

7.2.3 As security for the performance of its obligations under Regulation 28 of the SEBI (SAST) Regulations, the Acquirer, IL&FS and IFIN have created an escrow account in the manner described below:

7.2.4 The Acquirer, IL&FS, IFIN, the Manager to the Offer and Deutsche Bank AG, a banking corporation incorporated under the laws of the Federal Republic of Germany and carrying on business as a banking company under the Banking

Regulation Act, 1949 having one of its branch offices at 222 Kodak House, Fort, Mumbai 400 021, have entered into an Escrow Agreement for the Offer dated 19 June 2010 (the "**Escrow Agreement**") in accordance with Regulation 28 of the SEBI (SAST) Regulations i.e. the Acquirer has deposited in excess of 25% of the consideration payable to the shareholders under the Offer up to Rs 100 crores and 10% thereafter in the Escrow Account. The Acquirer has deposited Rs 5,175.0 lakhs in an escrow account named **Escrow Account – SBG Projects Investments – Open Offer** ("**Escrow Account**") which is in excess of the prescribed escrow amount in terms of Regulation 28 of the SEBI (SAST) Regulations. The Manager to the Offer has been authorized to operate the Escrow Account in terms of the SEBI (SAST) Regulations.

7.2.5 Moore Stephens, Chartered Accountants, having registration number 0606439 located at 6th Floor, Newton Tower, Sir William Newton Street, Port Louis, Mauritius, Tel: (230) 211 6535, 211 0021, Fax: (230) 211 6964 have in their letter dated 18 June 2010 certified that on the basis of funds available with the Acquirer and Skylight and their banking arrangements, Acquirer and Skylight have sufficient means and capability to fulfil their financial obligations under the Offer in accordance with SEBI (SAST) Regulations. The amount required for subscribing to the preferential issue was provided to the acquirer by its beneficial owner, i.e. SBG. Further, the amount required to fulfil the Acquirer's Open Offer obligation will be also provided to the Acquirer by SBG.

7.2.6 J. D. Bhagchandani & Co, Chartered Accountants, Membership no. 41913, located at B-3. Ashok, The Guruprasad Society, Hanuman Road, Vile Parle (East), Mumbai- 400 057, Tel – 91 996753699, Fax: +91 22 2613808 have in their letter dated 19 June 2010 certified that IL&FS through their own sources have sufficient means and capability to fulfil their financial obligations under the Offer in accordance with SEBI (SAST) Regulations.

7.2.7 J. D. Bhagchandani & Co, Chartered Accountants, Membership no. 41913, located at B-3. Ashok, The Guruprasad Society, Hanuman Road, Vile Parle (East), Mumbai- 400 057, Tel – 91 996753699, Fax: +91 22 2613808 have in their letter dated 19 June 2010 certified that IFIN through their own sources have sufficient means and capability to fulfill their financial obligations under the Offer in accordance with SEBI (SAST) Regulations.

7.2.8 The Acquirer and PAC have empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(5) of the SEBI (SAST) Regulations.

7.2.9 The Manager to the Offer has been duly authorized by the Acquirer and the PAC to realize the value of the Escrow Agreement in terms of the SEBI (SAST) Regulations. Based on the above, and in view of the funds deposited in the Escrow Account, the Manager to the Offer is satisfied that firm financial arrangement for funds required to implement the Offer at the Offer Price through verifiable means are in place to fulfill the obligations under the SEBI (SAST) Regulations.

8 TERMS AND CONDITIONS OF THE OFFER

8.1 Statutory Approvals

8.1.1 The acquisition of the Shares by the Acquirer and PAC under this Offer is subject to receipt of the approval of the RBI under FEMA and the rules and regulations issued thereunder. Accordingly, an application dated 6 July 2010 was filed with the RBI. The RBI has, vide letter dated 24 January 2011, communicated its 'no-objection' in respect of the aforementioned acquisition under the Offer ("**Letter**") and has stipulated that specific approval would be required in cases of overseas corporate bodies tendering Shares pursuant to the Offer. Further, the RBI has, as part of its Letter inter alia conveyed to the Target Company that it may (a) delete clause 12 from the other objects of the memorandum of association of the Target Company; and (b) file the amended memorandum of association with it within 90 days of closure of the Offer. The Target Company proposes to make further representations to RBI in this regard.

8.1.2 The RBI has further stipulated that specific approval would be required in cases of overseas corporate bodies tendering Shares pursuant to the Offer. As of the date of the Letter of Offer, there are no other approvals required under the Companies Act, 1956, FEMA and/ or any applicable laws.

8.1.3 The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Offer.

8.1.4 The Acquirer, IL&FS and IFIN may not be able to purchase any Shares tendered in the Offer if any statutory approval required to purchase such Shares are not received and the Acquirer, IL&FS and IFIN will be deemed to have no obligation to acquire such Shares even if tendered in such circumstances. In the event of such non-receipt of statutory approvals, a public announcement will be made in the same newspapers in which the Public Announcement was made. In terms of Regulation 27 of the SEBI (SAST) Regulations, the Offer maybe withdrawn in case statutory approval(s) required have been refused or in the opinion of SEBI, circumstances merit withdrawal of the Offer.

8.1.5 In case of delay, in receipt of the above statutory approvals, SEBI has the power to grant extension of time to the Acquirer, IL&FS and IFIN for payment of consideration to the Shareholders of the Target Company, subject to Acquirer, IL&FS and IFIN agreeing to pay interest to the Shareholders for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

8.1.6 As per the SEBI (SAST) Regulations, the Acquirer and PAC are required to complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer.

8.1.7 If the Acquirer, IL&FS and IFIN fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on the part of the Acquirer, IL&FS and/or IFIN, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable and the amount deposited in Escrow Account shall be forfeited in the manner provided in Regulation 28(12)(e) of the SEBI (SAST) Regulations.

8.1.8 The Acquirer and the PAC do not require any approvals from lenders including financial institutions or banks in relation to this Offer.

8.2 **Locked-In Shares**

8.2.1 Subject to the conditions governing this Offer as mentioned herein, the acceptance of this Offer by the equity shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever. The Acquirer, IL&FS and IFIN shall accept locked-in shares, if any, under the Offer subject to the continuation of the residual lock-in period in the hands of the Acquirer or IL&FS or IFIN as the case may be.

8.3 **Eligibility Criteria for Accepting the Offer**

8.3.1 All shareholders (registered or unregistered), except the Acquirer and PAC, who own the equity shares of the Target Company are eligible to participate in the Offer anytime before the closure of the Offer.

8.3.2 The Offer is made to (except to the parties to SSA) (i) all the Shareholders whose names appeared in the register of Shareholders on the Specified Date, (ii) those persons who own the Shares any time prior to the closure of the Offer, but are not the registered Shareholder(s) and (iii) the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories at the close of business hours on the Specified Date.

8.3.3 Subject to the conditions governing this Offer as mentioned herein, the acceptance of this Offer by the equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever.

8.3.4 Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the Form of Acceptance cum Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer titled "Procedure for Acceptance and Settlement", to the Registrar to the Offer and their collection centres to the Offer at address mentioned under paragraph 9.4 of this Letter of Offer either by hand delivery during business hours or by registered post so that the same are received on or before the closing date i.e. 5 p.m. on Monday, 18 April 2011.

8.3.5 In case of non-receipt of this Letter of Offer, Form of Acceptance cum Acknowledgement and/or Form of Withdrawal, eligible persons, i.e. shareholders of the Target Company other than the Acquirer and PAC, may send their consent to participate in the Offer to Karvy Computer Share Pvt. Ltd. ("**Registrar to the Offer**") on a plain paper stating their name, address, number of shares held, distinctive numbers, folio number and number of shares offered along with documents as mentioned herein, so as to reach the Registrar to the Offer or its collections centres on or before the closure of the Offer (i.e. no later than 18 April 2011), or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer or its collections centres, on a plain paper stating their name, address, number of shares held, number of shares offered, depository participant ("**DP**") name, DP ID, beneficiary account number, and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer or its collections centres, on or before the closure of the Offer (i.e. no later than 18 April 2011).

8.3.6 In respect of dematerialized Shares, the credit for the Shares tendered must be received in the special depository account as specified in paragraph 9.6.15 of this Letter of Offer on or before 5 p.m. on Monday, 18 April 2011.

8.3.7 The Registrar to the Offer will hold all Shares / Share certificates, transfer deed(s) and/or other documents on behalf of the Shareholders of the Target Company who accept this Offer in trust till the cheques / drafts for the consideration are dispatched or unaccepted Share certificates / Shares, if any, are dispatched / returned to the relevant equity Shareholders.

8.3.8 The Acquirer and the PAC will not be responsible in any manner for any loss of Share certificate(s) and/or offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

8.3.9 Applications in respect of Shares that are the subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the shares during the pendency of the said litigation are liable to be rejected if the directions/ orders regarding these shares are not received together with the shares tendered with the Offer. This Letter of Offer in such cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.The acceptance of the Offer made by the Acquirer and the PAC is entirely at the discretion of the Shareholders of the Target Company. The Acquirer and the PAC does not accept any responsibility for the decision of any Shareholder to either participate or to not participate in the Offer. The Acquirer and the PAC will not be responsible in any manner for any loss of Share certificate(s) and Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. The acceptance must be unconditional and should be absolute and unqualified.

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

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

8.3.12 All owners (registered or unregistered) of shares of the Target Company (except the Acquirer and parties to the SSA) holding shares at any point of time before the closure of the offer are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer or its collections centres, on a plain paper stating the Name, Address, number of shares held, number of shares offered, Distinctive numbers, Folio number, together with the original Share Certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

8.3.13 The securities transaction tax will not be applicable to the Equity Shares accepted in the Offer.

8.4 **Others**

8.4.1 Accidental omission to dispatch this Letter of Offer or any further communication to any person to whom this Letter of Offer is or should be made or delay or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.

8.4.2 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement and Form of Withdrawal constitute an integral part of the terms of the Offer.

8.4.3 Barring unforeseen circumstances and factors beyond their control, the Acquirer and PAC intend to complete all formalities pertaining to the acquisition of the Shares, including dispatch payment of consideration to the Shareholders who have accepted the Offer, by Tuesday, 3 May 2011.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Shareholders who wish to tender their Equity Shares will be required to send the Form of Acceptance cum Acknowledgement, original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – Karvy Computershare Private Limited, Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081, Tel: +91-040-44655000; Fax: +91-040-23431551 ("**Registrar to the Offer**") or at the collection centres mentioned in point 9.4) below either by hand delivery on weekdays or by registered post, on or before the Close of the Offer, i.e. not later than 5.00 p.m. on Monday, 18 April 2011 in accordance with the instructions to be specified in the Form of Acceptance Cum Acknowledgement. **(The documents should not be sent to the Manager to the Offer or the Acquirer or PAC or the Target Company).**

9.2 The Registrar to the Offer – Karvy Computershare Private Limited, has opened a special depository account with CDSL called, "**KCPL ESCROW ACCOUNT MAYTAS INFRA OPEN OFFER**". The name of the Depository Participant ("**DP**") is Edelweiss Securities Limited, the DP ID is **12032300** and the Client ID is **00323583**. Shareholders having their beneficiary account in NSDL have to use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with CDSL.

9.3 Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("**DP**"), in favour of the special depository account to the Registrar to the Offer – Karvy Computershare Pvt Ltd., either by hand delivery on weekdays or by registered post (at Hyderabad), on or before the Close of the Offer, i.e. not later than Monday, 18 April 2011 in accordance with the instructions to be specified in this Letter of Offer and in the Form of

Acceptance Cum Acknowledgement. The credit for the delivered shares should be received in the special depository account on or before close of Offer, i.e. not later than Monday, 18 April 2011.

9.4 The equity shareholders of the Target Company, who wish to avail of and accept the Offer, can deliver the Acceptance Form along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in this Letter of Offer. All the centres mentioned herein below would be open from Wednesday, 30 March 2011 to Monday, 18 April 2011, as follows:

(between 10.00 a.m. and 5 p.m. on all working days i.e. except Sundays and public holidays and between 10.30 a.m. and 1.00 p.m. on Saturdays)

Sr No	Collection Centre	Address	Contact person	Phone number	Fax	Mode of Delivery	email
1.	Mumbai	Karvy Computershare Private Limited 24, Maharashtra Chamber of Commerce. Lane, opp. MSC Bank, Fort Mumbai – 400 023	Ms.Nutan Shirke	022-66381747/ 2284/2666	022-66331135	Hand delivery	ircfort@karvy.com nutan.shirke@karvy.com
2.	New Delhi	Karvy Computershare. Pvt Ltd. 105-108, Arunachal Bldg., 19, Barakhamba Road, connaught place, New Delhi - 110 001	Mr. Rakesh Kr Jamwal / Vinod Singh Negi	011-43509200	011-41036370	Hand Delivery	rakeshj@karvy.com jmathew@karvy.com
3.	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203, Shail, Opp: Madhusudhan House Behind Girish Cold Drinks Off C G Road Ahmedabad ~ 380 006	Mr.Aditya Gupta/ Robert Joeboy	079-26400527/66614772	079-26565551	Hand Delivery	ahmedabad@karvy.com robert.joeboy@karvy.com
4.	Chennai	Karvy Computershare. Pvt Ltd. No. 33/1,	Mr. Gunashekhar	044 – 28151793/ 2815179	044-28153181	Hand Delivery	chennaiirc@karvy.com

Sr No	Collection Centre	Address	Contact person	Phone number	Fax	Mode of Delivery	email
		Venkatraman Street, T.Nagar, Chennai - 600017.		4			
5.	Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081	Ms. Rinki Sareen	040-44655000/23420818-23	040-23431551	Hand Delivery/ Regd Post	ircmadhapur@karvy.com
6.	Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkatta 700 029	Mr. Sujit Kundu/ Mr. Debnath	033-24644891	033-24644866	Hand Delivery	sujitkundu@karvy.com nilkanta@karvy.com
7.	Bangalore	Karvy Computershare. Pvt Ltd. No.59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004	Mr. Kumaraswamy Mr. V Sudha	080-26621192	080-26621169	Hand Delivery	ircbangalore@karvy.com
8.	Vadodara	Karvy Computer Share Pvt Ltd. Sb-5, mangaldeep complex, Opp. Masonic hall, Bpc road, Alkapuri, Vadodara-390007	Mr. Rahul Patel	0265-6640870/871	N A	Hand Delivery	rahul.patel@karvy.com
9.	Pune	Karvy Computershare Pvt Ltd. Shrinath Plaza, C wing, Office No.58&59,3rd Floor, Dyaneshwar paduka chowk,Slno.184/4. Off-FC Road. Pune, 411004	Ms. Sandhya	020-25532078/783	N A	Hand Delivery	rispune@karvy.com
10.	Jaipur	Karvy Computershare Pvt Ltd,	Mr Vinod	0141-2375099	N A	Hand Delivery	jaipur@karvy.com

Sr No	Collection Centre	Address	Contact person	Phone number	Fax	Mode of Delivery	email
		S-16/A,Land mark.Opp: Jaiclub Mahaveer Marg C-Scheme, Jaipur, 302001					
11.	Visakhapatnam	Karvy Computershare Pvt Ltd, 47-14-4,Eswar Paradise,Dwaraka Nagar,Main Road,Visakhapatnam-530016	Mr Seetharam	0891-2752915-18	0891-2752872	Hand Delivery	vizagmfd@karvy.com
12.	Indore	Karvy Computershare Pvt Ltd, 21/1,Race Course Road,105/106/107, DM Towers ,Near Jangeerwala Chowrah Indore-Madhya Pradesh-452001	Mr Prem shubanker	0731-3014200 /202/ 203/ 24081507/4281501/502/503	N A	Hand Delivery	prem.subhanker@karvy.com

Shareholders who cannot hand deliver their documents at the collection centers referred to above may send the same by registered post /speed post, at their own risk, to the Registrar to the Offer and not to any other collection centre so that the same are received on or before 5:00 pm on the Offer Closing Date.

9.5 **For Shares held in physical form:**

9.5.1 **Registered Shareholders should enclose:**

(a) 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.

(b) Original Share certificate(s).

(c) Valid share transfer deed / form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place. Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a Magistrate/ Notary Public/ Bank Manager under their official seal. The details of buyer should be left blank failing which, the tender will be invalid under the Offer

(d) In case of non receipt of the aforesaid documents, but receipt of the original Share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to have been accepted.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company 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 *bona fide* owner of such Shares.

9.5.2 **Unregistered owners should enclose:**

(a) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.

(b) Original Share certificate(s).

(c) Original broker contract note.

(d) Valid share transfer deed(s) as received from market. The details of buyer should be left blank failing which, the tender will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders. The details of the buyer will be filled upon verification of the Form of Acceptance cum Acknowledgement & other documents and the same being found valid. All other requirements for valid transfer will be preconditions for acceptance.

(e) The acknowledgement received, if any, from the Target Company in case the Shares have been lodged with the Target Company. Such persons should instruct the Target Company and its Registrar and Transfer agents to send the transferred Share certificate(s) directly to the Registrar to the Offer. The applicant should ensure that the Share certificate(s) reach the Registrar to the Offer before the date of closing of the Offer.

9.6 **For Shares held in dematerialized form:**

9.6.1 Beneficial owners should enclose:

(a) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.

(b) Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of business hours on Offer Closing Date. The Registrar to the Offer has opened a special depository account details of which are as follows:

DP Name	Edelweiss Securities Limited

DP ID	12032300
Client ID	00323583
Account Name	KCPL ESCROW ACCOUNT MAYTAS INFRA OPEN OFFER
Depository	CDSL

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

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

(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).

9.6.3 The Share certificate(s), share transfer form, Form of Acceptance cum Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer, at the collection centers mentioned in paragraph 9.4. **They should not be sent to the Manager to the Offer or the Acquirer or PAC or the Target Company.**

9.6.4 Shareholders, while tendering their equity shares in the Offer may indicate an option to receive the payment of Offer consideration through electronic form by indicating in the space provided in the Form of Acceptance cum Acknowledgement. The payment consideration for Shares accepted under the Offer, in such cases, may be made through National Electronic Clearing Services (NECS), Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), as applicable, at specified centers where clearing houses are managed by the Reserve Bank of India, wherever possible. In other cases, payment of consideration would be made through cheque / demand draft / pay order sent by registered post / speed post. Shareholders who opt for receiving consideration through electronic form are requested to give the authorization for electronic mode of transfer of funds in the Form of Acceptance cum Acknowledgement, provide the Magnetic Ink Character Recognition / Indian Financial System Code of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the Form of Acceptance cum Acknowledgement. In case of joint holders/unregistered owners, payments will be made in the name of the first holder/ unregistered owner.

9.6.5 For the purposes of electronic transfer, in case of Shareholders opting for electronic payment of consideration and for purposes printing on the cheque / demand draft / pay-order for the other cases, the bank account details will be directly taken from the depositories' database, wherever possible. A Shareholder tendering Shares in the Offer, is deemed to have given consent to obtain the bank account details from the Depositories, for this purpose. Only if the required details cannot be obtained from the depositories' database then the particulars provided by the Shareholders would be used.

9.6.6 For Shareholders, who do not opt for electronic mode of transfer and for those shareholders, whose payment consideration is rejected / not credited through NECS / Direct Credit / RTGS / NEFT, due to any technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through speed post / registered post. Such consideration payment will be made by cheques, pay orders or demand drafts payable at par at places where the address of the Shareholder is registered. It is advised that Shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheque/demand draft/pay order. It will be the responsibility of the tendering Shareholders to ensure that correct bank account details are mentioned with the Depositories and in the Form of Acceptance cum Acknowledgement.

9.6.7 The minimum marketable lot for the purposes of acceptance, for both physical and demat Shares, would be one Share.

9.6.8 In case of non-receipt of this Letter of Offer / Form of Acceptance cum Acknowledgement / Form of Withdrawal eligible shareholders and unregistered owners (including beneficial owners) may download the same from SEBI's website http://www.sebi.gov.in or obtain a copy of the same by writing to the Registrar to the Offer at the collection centres set out above clearly marking the envelope **"IL&FS Engineering and Construction Company Limited - Open Offer"** by providing suitable documentary evidence of the acquisition of the Shares or make the acceptance on plain paper. Shareholders holding Shares in physical form may send an application to the Registrar to the Offer, stating on plain paper their name, address, folio number, number of Shares held, distinctive numbers, number of Shares offered, bank particulars along with original Share Certificate(s), duly signed & witnessed transfer form(s), on or before the close of the Offer, i.e. by no later than 5:00 pm on Monday 18 April 2011. Beneficial owners may send an application to the Registrar to the Offer, stating on plain paper their name, address, DP name, DP ID, beneficiary account number, number of Shares held, number of Shares offered, bank particulars, photocopy of the delivery instructions in "Off-market" mode or a counterfoil of the delivery instructions in "Off-market" mode duly acknowledged by the DP in favour of the special depository account mentioned above, as may be relevant, to the collection centres on or before the close of business on the Offer Closing Date , i.e. by no later than 5:00 pm on Monday, 18 April 2011. The acceptance should be signed by all the shareholders as per the registration details available with Target Company/ Depositories and should be sent to the Registrar to the Offer in an envelope clearly marked **<u>"IL&FS Engineering and Construction Company Limited - Open Offer"</u>**. No indemnity would be required from unregistered shareholders.

9.6.9 In case any person has submitted Shares in physical form for dematerialisation and such dematerialisation has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialisation request form acknowledged by shareholder's DP. Such Shareholders should ensure that the process of getting the Shares dematerialised is completed well in time so that the credit of the Shares to the special depository account is completed on or before the Offer Closing Date, failing which such an acceptance would be rejected. A copy of delivery instructions acknowledged by the DP in favour of the special depository account should be forwarded to the collection centre where the Form of Acceptance cum Acknowledgement and other documents were tendered, before the close of business on the Offer Closing Date. Alternatively, if the Shares sent for dematerialization are yet to be processed by the Shareholders depository participants, the Shareholders can withdraw their dematerialization request and tender the Share certificates in the Offer as per procedure mentioned in paragraph 9.5 above of this Letter of Offer.

9.6.10 While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of the Target Company, if so required. In case the previous RBI approvals are not submitted, the Acquirer, IL&FS and IFIN reserve the right to reject such shares tendered.

9.6.11 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer, may do so up to 3 (three) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before Monday, 11 April 2011.

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

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

(i) In case of physical shares: name, address, distinctive numbers, folio number, number of shares tendered/withdrawn; and

(ii) In case of dematerialized shares: name, address, number of Shares offered/withdrawn, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account.

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

9.6.13 To the extent of the Offer Size and in accordance with this Letter of Offer to be sent to the Shareholders of the Target Company, the Shares of the Target Company that are validly tendered and accepted pursuant to this Offer are proposed to be acquired by the Acquirer, IL&FS and IFIN. In case the number of validly tendered equity shares in the Offer are more than the equity shares agreed to be acquired under the Offer, the Acquirer, IL&FS and IFIN shall accept the offers received from the Shareholders on a proportionate basis as per Regulation 21(6) of the SEBI (SAST) Regulations in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner. Rejected applications will be returned to the applicants by registered post. As the Shares of the Target Company are compulsorily traded in dematerialized form, therefore minimum acceptance / marketable lot will be one share.

9.6.14 Unaccepted rejected Share certificates, Transfer Deeds and other documents, if any, will be returned by Registered Post at the shareholders/ unregistered owners sole risk to the sole/ first shareholder. Unaccepted / rejected shares held in demat form will be credited back to the beneficial owners depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement. It will be the responsibility of the equity shareholders to ensure that the unaccepted Shares are accepted by their respective depository participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.

9.6.15 Shareholders, who have sent their Shares for dematerialization, need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account is received on or before the date of Closure of the Offer, i.e., no later than 5:00 pm on Monday, 18 April 2011, else their application would be rejected.

9.7 Compliance with tax and other regulatory requirements:

9.7.1 No tax is required to be deducted at source in case of payment to resident Shareholders in respect of any income which is capital gain / business income arising on surrender of shares under the Offer.

9.7.2 The rate of deduction of tax in the case of non-resident is dependent on few factors. Since the Acquirer, IL&FS and IFIN as a payer does not have in house information in respect of various shareholders, all the shareholders are required to specify, in the Form of Acceptance cum Acknowledgement, the following particulars

(a) Whether he/she is resident or non-resident

(b) As a non-resident to which category the Shareholder belongs i.e. non-resident Indians (Individual), overseas corporate body / non domestic company, F.I.I. registered as a company, F.I.I. other than a company, any other Non-Resident.

(c) Whether the Shares are held on Investment account or on trade account.

(d) In case of non-resident Indians whether the Shares were acquired by the individual himself with convertible foreign exchange.

(e) Date of acquisition of Shares

9.7.3 As per the provisions of the section 2(37A) (iii) of the Income-tax Act, 1961, for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in this behalf in the Finance act of the relevant year i.e. 2011 - 12 or the rates or rates of income-tax specified in an agreement entered into by the Central Government under section 90 or an agreement notified by the Central Government under section 90A, whichever is applicable by virtue of the provisions of section 90, or section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS. Any shareholder claiming benefit under any Double Taxation Avoidance Agreement (DTAA) will have to furnish tax residency certificate to be eligible for claiming the benefit.

9.7.4 In the event that any shareholder requires the Acquirer, IL&FS and/or IFIN not to deduct tax or to deduct tax at a lower rate or on a lower amount, he / it would need to obtain a certificate from the Income-tax authorities either under section 195(3) or under section 197 of the Income-tax Act, and submit the same to Acquirer, IL&FS and/or IFIN while submitting the Bid Form. In the absence of any such certificate from the Income-tax authorities, the Acquirer will deduct tax at the rates in force.

9.7.5 Legal position summarized above is applicable only to those Non-Resident Shareholders who have obtained Permanent Account Number (PAN) under the Income Tax Act, 1961 and furnish this number in the bid form. Copy of PAN card is also required to be attached as evidence.

9.7.6 In case PAN is not obtained or PAN is not mentioned in bid form or copy of PAN card is not attached tax at least @ 20% plus surcharge and education cess will be deducted at source.

9.8 Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

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

9.10 Pursuant to the Regulation 13 of the SEBI (SAST) Regulations, the Acquirer and PAC have appointed Edelweiss Capital Limited as the Manager to the Offer. The Acquirer and PAC have appointed Karvy Computershare Private Limited as the Registrar to the Offer.

10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by Shareholders of the Target Company at the office of the Manager to the Offer, 3rd Floor, Express Towers, Nariman Point, Mumbai – 400 021, India from 10 a.m. to 5:00 p.m. on any day except Saturdays, Sundays and public holidays from the date of opening of the Offer until the Offer closes:

10.1 Certificate of Incorporation, Memorandum and Articles of Association of the IL&FS and IFIN.

10.2 Certificate dated 18 June 2010 issued by Moore Stephens, Chartered Accountants, that on the basis of funds available with the Acquirer and Skylight and their banking arrangements have sufficient means and capability to fulfil their financial obligations for the purpose of meeting the financial requirements of the Offer

10.3 Certificate dated 23 March 2011 from Moore Stephens, Chartered Accountants confirming the share capital of the Acquirer

10.4 Certificate dated 23 March 2011 from Moore Stephens, Chartered Accountants confirming the net worth of Skylight

10.5 Certificate dated 19 June 2010 issued by J. D. Bhagchandani & Co Chartered Accountants, IL&FS, through their own sources has sufficient means and financial capability for the purpose of meeting the financial requirements of the Offer.

10.6 Certificate dated 19 June 2010 issued by J. D. Bhagchandani & Co Chartered Accountants, that, IFIN, through their own sources has sufficient means and financial capability for the purpose of meeting the financial requirements of the Offer

10.7 Audited annual reports of the PAC and Target Company for the last 3 years, as applicable.

10.8 A letter from Deutsche Bank dated 19 June 2010 confirming the amount kept in the escrow account with a lien marked on the Escrow Account in favour of the Manager to the Offer.

10.9 A copy of the SSA and SHA each dated19 June 2010.

10.10 A published copy of Public Announcement.

10.11 Due diligence certificate of Manager to the Offer dated 5 July 2010.

10.12 A copy of confirmation from DP regarding opening of special depository account in the name and style of "KCPL ESCROW ACCOUNT **MAYTAS INFRA OPEN OFFER**".

10.13 Copy of RBI letter dated 24 January 2011 communicating its 'No-objection'

10.14 Copy of letters dated 17 February 2011 and 16 March 2011 from SEBI issued under regulation 18(2) of the SEBI (SAST) Regulations

10.15 CLB orders dated 10 August 2010 and 4 November 2011

11. DECLARATION

11.1 The Acquirer and PAC along with their respective board of directors accept responsibility for the information contained in this Letter of Offer, Form of Acceptance cum Acknowledgment and Form of Withdrawal and for their obligations under the SEBI (SAST) Regulations and subsequent amendments made thereto and are severally and jointly responsible for ensuring compliance with the terms of SEBI (SAST) Regulations.

For and on behalf of SBG PROJECTS INVESTMENTS LIMITED

Mr. Riyad Daud
(Authorized Signatory)

For and on behalf of SKYLIGHT INVESTMENTS (MAURITIUS) LIMITED

Mr. Riyad Daud
(Authorized Signatory)

For and on behalf of INFRASTRUCUTRE LEASING & FINANCIAL SERVICES LIMITED

Mr. Avinash Bagul
(Authorized Signatory)

For and on behalf of IL&FS FINANCIAL SERVICES LIMITED

Mr. Tushar Shah
(Authorized Signatory)

Place: Mumbai
Date: 25 March, 2011

Encl:
1) Form of Acceptance cum Acknowledgment
2) Form of Withdrawal
3) Transfer Deed(s) (for Shareholders holding shares in Physical form)

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrar to the Offer and their collection centres ONLY at their addresses as mentioned in the Letter of Offer)

From
Name :

Address :

OFFER		
OPENS ON	:	**Wednesday, 30 March 2011**
CLOSES ON	:	**Monday, 18 April 2011**
LAST DATE OF WITHDRAWAL	:	**Monday, 11 April 2011**

Tel No : Fax no: Email ID: Status :Resident/ Non Resident

To,
The Acquirer
C/o. Karvy Computershare Private Limited
Plot nos.17-24, Vittal Rao Nagar, Madhapur,
Hyderabad – 500 081.
India

Dear Sir,

Sub: Offer to acquire up to 1,55,33,168 equity shares of face value Rs. 10/- each ("Shares") representing 20% of the Emerging Voting Capital of IL&FS Engineering and Construction Company Limited ("Target Company") by SBG PROJECTS INVESTMENTS LIMITED as acquirer ("Acquirer") and Skylight Investments (Mauritius) Limited, Infrastructure Leasing & Financial Services Limited and IL&FS Financial Services Limited ("SKYLIGHT", "IL&FS", "IFIN" respectively) as persons acting in concert with SBG PROJECTS INVESTMENTS LIMITED at Rs. 195.72 plus interest of Rs. 12.34 (calculated at the rate of 10% p.a. from 15 September, 2010 to 3 May 2011 i.e. the latest scheduled date of payment of consideration) from the shareholders of the Target Company (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "SEBI (SAST) Regulations") (the interest amount is subject to change depending on actual date of despatch of payment to shareholders)

I/We refer to the Letter of Offer for acquiring the Shares held by me / us in IL&FS Engineering and Construction Company Limited.
I/We, the undersigned, have read the Letter of Offer, and understood its terms and conditions and unconditionally accept the terms and conditions and procedures as mentioned therein.
FOR SHARES HELD IN PHYSICAL FORM
I/We accept the Offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
Total No. of Certificates			Total No. of Shares		

Please attach an additional sheet of paper if the above space is insufficient.
FOR SHARES HELD IN DEMATERIALISED FORM
I/We holding shares in dematerialized form, accept the Offer and enclose photocopy/counterfoil of the delivery instructions duly acknowledged by my/our DP in respect of my/our Shares as detailed below:

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

I/We confirm having done an off market transaction for crediting the Shares to the special depository account with CDSL named as "KCPL ESCROW ACCOUNT MAYTAS INFRA OPEN OFFER", whose particulars are:

DP ID Number:	12032300	DP Name:	Edelweiss Securities Limited
Client ID:	00323583	Depository:	Central Depositary Services (India) Limited

Note: Shareholders, having their beneficiary account with National Securities Depository Limited ("NSDL"), have to use inter-depository delivery instruction slip *for the purpose of crediting their Shares in favour of the special depository account with CDSL.*
I/We have enclosed the following documents:
Enclosures (Please tick as appropriate, if applicable)
☐ Power of Attorney ☐ Corporate Authorisation in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories. ☐ No Objection Certificate & Tax Clearance Certificate under Income Tax Act, 1961, for NRIs/OCBs/ Foreign Shareholders as applicable ☐ Death Certificate/ Succession Certificate (duly attested) ☐ Others (please specify)
I/We confirm that the Shares which are being tendered herewith by me/us under the Offer are free from lien, charges and encumbrances of any kind whatsoever. I/we are not debarred from dealing in Shares.
I/We note and understand that the Shares/ Share certificate(s) and valid transfer deed(s) will be held in trust for me/us by Karvy Computershare Private Limited (the "Registrar to the Offer") until the time the Acquirer, IL&FS and/or IFIN pays the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer, IL&FS and/or IFIN will pay the purchase consideration only after verification of the documents and signatures, net of applicable withholding taxes, if any.
I/We authorise the Acquirer, IL&FS and/or IFIN to accept the Shares so offered which it may decide to accept in consultation with the Edelweiss Capital Limited ("Manager to the Offer") and in terms of the Letter of Offer and I/we further authorise the Acquirer, IL&FS and/or IFIN to return to me/us, Share certificate(s) in respect of which the Offer is not found valid/not accepted and in case of dematerialized shares, to the extent not accepted will be released to my Depository Account at my sole risk.
I/We authorise the Acquirer, IL&FS and/or IFIN to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/we further authorise the Acquirer, IL&FS and/or IFIN to split/consolidate the Share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purpose the Acquirer, IL&FS and/or IFIN are hereby authorised to do all such things and execute such documents as may be found necessary and expedient for the purpose.
I/We authorise the Acquirer, IL&FS and/or IFIN to send by registered post/speed post the draft/cheque/pay order, in settlement of the amount to the sole/first holder at the address mentioned above.
I/We note and understand that the Shares would lie in the special depository account until the time the Acquirer, IL&FS and/or IFIN makes payment of purchase consideration as mentioned in the Letter of Offer.
For NRIs / OCBs / FIIs / Foreign Shareholders
I / We, have enclosed the following documents
• No objection certificate / Tax clearance certificate from the Income Tax Authorities • RBI approvals for acquiring shares of the Target Company hereby tendered in the Offer • Copy of Permanent Account Number / PAN Card
For FII Shareholders :
I / We, confirm that the Shares of the Target Company are held by me / us on [ ] Investment / [ ]Capital Account or [ ] Trade Account *(select whichever is applicable in your case)*.
Note: In case the Shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence /incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence. In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence.
The Permanent Account No. (PAN/GIR No.) allotted under the Income Tax Act is as under:

	First / Sole Shareholder	Second Joint Shareholder	Third Joint Shareholder	Fourth Joint Shareholder
PAN/GIR No.				

Bank Details
So as to avoid fraudulent encashment in transit, Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder as follows and the consideration cheque or demand draft or pay order will be drawn accordingly:

Name of the Bank		Branch	
Account Number		Savings/Current/ (Others: please specify)	

For Shares that are tendered in dematerialized form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration will be paid in accordance with the said bank particulars.
Details for RTGS / NEFT /NECS
In addition to above Bank Details, Shareholders opting for the RTGS/ NEFT/NECS option should provide the following details:
Payment through RTGS (Yes/No): ____________________
Payment through NEFT (Yes/No): ____________________
Payment through NECS (Yes/No): ____________________
IFSC Code of the Branch where account is maintained: ____________________

Yours faithfully,
Signed and Delivered

	Full Name(s) of the Shareholder(s)	Signature
First/Sole Shareholder		
Second Joint Shareholder		
Third Joint Shareholder		
Fourth Joint Shareholder		

Note: In case of joint holdings, all holders must sign. A corporation must affix its common seal and necessary Board Resolution must be attached.
Tel No. ____________________; Fax No. ____________________; Email:____________________; Place : ____________________ Date : ____________________

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER i.e. BY 5.00 P.M. ON MONDAY, 18 April 2011 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

--- Tear along this line ---

Acknowledgement Slip

(To be filled in by the Shareholders) (Subject to verification)
Karvy Computershare Private Limited
Plot nos.17-24, Vittal Rao Nagar,Madhapur, Hyderabad – 500 081., India
IL&FS Engineering and Construction Company Limited – Open Offer

Stamp of the collection centre

Sr. No. ____________________

Received by Mr./Mrs./M/s____________________
Address____________________
Physical shares: Folio No.____________________/Demat Shares: DP ID____________________; Client ID:____________________
Form of Acceptance along with (Tick wherever is applicable):
☐ Physical Shares: No. of shares____________________; No. of Certificates enclosed ____________________
☐ Demat Shares: Copy of delivery instruction for____________________ number of shares enclosed

Signature of Official ____________________ Date of Receipt ____________________

INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling this Form of Acceptance cum Acknowledgement.
2. The acceptance of the Offer is entirely at the discretion of the Shareholders. Each Shareholder to whom this Offer is being made is free to offer his Shares in whole or in part while accepting the Offer.
3. Shareholders should enclose the following:

Procedure for 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 sole/joint Shareholders whose name(s) appears on the Share certificate(s) and in the same order in which their name(s) appear in the register of Shareholders and as per the specimen signature lodged with the Target Company;
- Original Share certificate(s);
- Valid share transfer forms(s) duly signed as transferor(s) by all registered Shareholder(s) (in case of joint holdings), in the same order and as per specimen signatures registered with and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer. The share transfer form should be left blank, except for the signatures as mentioned above;
- The details of the buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer, IL&FS and/or IFIN as buyer will be filled in by the Acquirer, IL&FS and/or IFIN upon verification of the Form of Acceptance cum Acknowledgement on the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
- Unregistered owners of Shares should enclose:
- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained herein;
- 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 considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance;

  In case of registered Shareholders, 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.

Procedure for Shares held in Dematerialized Form

- Beneficial owners should enclose:
- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained herein, as per the records of the depository;
- A photocopy or counterfoil of the delivery instruction slip in "off market" mode, duly acknowledged by the beneficial owners' DP and completed as per the details of the special depository account given below.

  The Registrar to the Offer has for the purpose of this Offer, opened a special depository account with CDSL "KCPL ESCROW ACCOUNT MAYTAS INFRA OPEN OFFER", whose particulars are:

  DP ID Number: 12032300; DP Name: Edelweiss Securities Limited; Beneficiary Account Number: 00323583; Depository: Central Depositary Services (India) Limited

  Shareholders, having their beneficiary account with NSDL, have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with CDSL. The Shares are compulsory in dematerialized mode and the minimum marketable lot for such shares is one.

  The beneficial owners who hold Shares in dematerialized form are required to execute a trade by tendering the delivery instructions for debiting their beneficial account with the beneficial owners' DP and crediting the above mentioned special depository account. The credit in the special depository account should be received on or before 5 pm on Monday, 18 April 2011. In order to ensure this, beneficial owners should tender the delivery instructions at least two working days prior to date of closing of the Offer.

  For each delivery instruction the beneficial owner should submit separate Form of Acceptance cum Acknowledgement.

  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.

  IN CASE OF DEMATERIALIZED SHARES THE SHARES SHOULD BE CREDITED IN FAVOUR OF THE SPECIAL DEPOSITORY ACCOUNT MENTIONED ABOVE BEFORE THE CLOSURE OF THE OFFER. FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT OF SUCH DEMATERIALIZED SHARES WHICH ARE NOT CREDITED IN FAVOUR OF THE SPECIAL DEPOSITORY ACCOUNT BEFORE THE CLOSURE OF THE OFFER WILL BE REJECTED.

4. FIIs are requested to enclose the SEBI Registration letter and RBI general permission letter.
5. Where the number of Shares offered for sale by the Shareholders are more than the Shares agreed to be acquired by the Acquirer, IL&FS and/or IFIN under this Offer, the Acquirer, IL&FS and/or IFIN shall accept the offers received from the Shareholders on a proportionate basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of Shares from a Shareholder shall not be less than the minimum marketable lot or the entire holding, if it is under the marketable lot.
6. In case of physical Shares, the enclosed transfer deed should be duly signed as transferors by all Shareholders in the same order and as per specimen signatures lodged with the Target Company and should be duly witnessed at the appropriate place. The transfer deed should be left blank, excepting the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorised to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. PLEASE DO NOT FILL UP ANY DETAILS ON THE TRANSFER DEED. Relevant Share certificates must be annexed.
7. The Shareholders who have sent their Share certificates for dematerialization should submit their Form of Acceptance cum Acknowledgement and other documents, as applicable, along with a copy of the dematerialization request form duly acknowledged by their DP. Shareholders who have sent their Shares for transfer should enclose, Form of Acceptance cum Acknowledgement duly completed and signed, copy of the letter sent to the Target Company (for transfer of shares) and valid Share transfer form(s).
8. In case of bodies corporate, proper corporate authorization should be enclosed.
9. Shareholders must note that on the basis of name of the Shareholders, DP's name, DP ID, beneficiary account number provided by them in the Form of Acceptance cum Acknowledgement, the Registrar to the Offer will obtain, from the depositories, the Shareholders' demographic details including address, bank account details and the nine digit MICR code as appearing on a cheque leaf. These bank account details will be used to make payment to Shareholders holding Shares in dematerialized form. Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the DP. Please note that failure to do so could result in delays in dispatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, Skylight, IL&FS, IFIN, the Manager to the Offer, Registrar to the Offer nor Deutsche Bank AG shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay. Shareholders holding shares in physical form are requested to fill in the required bank details in the Form of Acceptance cum Acknowledgment. Unless Shareholders holding shares in physical form opt for payment by RTGS / NEFT/NECS option or where relevant details for payment by RTGS / NEFT/NECS option provided by such Shareholders are incorrect, payments shall be made to Shareholders holding Shares in physical form by demand drafts / cheques / pay orders as per bank details provided by such Shareholders in the Form of Acceptance cum Acknowledgment.
10. All Persons, registered or unregistered, who own the Shares, at any time prior to the closing of the Offer, are eligible to participate in the Offer. Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer Karvy Computershare Private Limited Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081, India, and their collection centres by hand delivery or registered post between 10:30 am to 5 pm on all working days i.e. other than Sundays and public holidays and between 10:30 am to 1 pm on Saturdays, on or before the closing of the Offer, i.e. Monday, 18 April 2011 on plain paper stating Name, Address, No. of Shares held, No. of Shares offered, Distinctive Nos., Folio No., together with the original Share certificate(s), valid transfer deeds in case of Shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of Shares held in dematerialized form and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.
11. While tendering Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit RBI's approval, if any (specific or general) that they would have obtained for acquiring the Shares of the Target Company. If the Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Shares are held under the general category and whether on repatriable basis or non repatriable basis. In the event that the previous RBI approvals are not submitted, the Acquirer, IL&FS and/or IFIN reserves the right to reject such tendered Shares.
12. Rejection of Shares

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

    (a) The signature(s) of the holder(s) do not match with the specimen signature(s) as per the records of Target Company;
    (b) The transfer deed is not complete or valid;
    (c) The number of Shares mentioned in the Form of Acceptance cum Acknowledgement does not tally with the actual physical share certificate(s) submitted or in case of dematerialized Shares, the Shares in the Form of Acceptance cum Acknowledgement do not tally with the instruction to the depository participant and the credit received in the special depository account;
    (d) The relevant documents, as applicable, as mentioned above are not submitted with the Form of Acceptance cum Acknowledgement. The Acquirer, IL&FS and/or IFIN also reserves the right to reject such tenders from Shareholders, where the relevant documents are not submitted.
13. Neither the Acquirer, Skylight, IL&FS,IFIN, the Manager to the Offer, the Registrar to the Offer or Target Company will be liable for any delay/loss in transit resulting in delayed receipt/ non-receipt by the Registrar to the Offer of your Form of Acceptance cum Acknowledgement or for the failure to deposit your Shares to the special depository account or submission of original physical Share certificates due to inaccurate/ incomplete particulars/instructions on your part, or for any other reason.
14. While tendering their Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit a TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer, IL&FS and/or IFIN before remitting the consideration, failing which the Acquirer, IL&FS and/or IFIN will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.
15. No tax is required to be deducted at source in case of payment to resident Shareholders in respect of any income which is capital gain / business income arising on surrender of shares under the Offer.
16. The rate of deduction of tax in the case of non-resident is dependent on few factors. Since the Acquirer, IL&FS and IFIN as a payer does not have in house information in respect of various shareholders, all the shareholders are required to specify, in the Form of Acceptance cum Acknowledgement, the following particulars:

- Whether he/she is resident or non-resident
- As a non-resident to which category the Shareholder belongs i.e. non-resident Indians (Individual), overseas corporate body / non domestic company, F.I.I. registered as a company, F.I.I. other than a company, any other Non-Resident.
- Whether the Shares are held on Investment account or on trade account.
- In case of non-resident Indians whether the Shares were acquired by the individual himself with convertible foreign exchange.
- Date of acquisition of Shares

17. As per the provisions of the section 2(37A) (iii) of the Income-tax Act, 1961, for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in this behalf in the Finance act of the relevant year i.e. 2011 - 12 or the rates or rates of income-tax specified in an agreement entered into by the Central Government under section 90 or an agreement notified by the Central Government under section 90A, whichever is applicable by virtue of the provisions of section 90, or section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS. Any shareholder claiming benefit under any Double Taxation Avoidance Agreement (DTAA) will have to furnish tax residency certificate to be eligible for claiming the benefit.
18. In the event that any shareholder requires the Acquirer, IL&FS and/or IFIN not to deduct tax or to deduct tax at a lower rate or on a lower amount, he / it would need to obtain a certificate from the Income-tax authorities either under section 195(3) or under section 197 of the Income-tax Act, and submit the same to Acquirer, IL&FS and/or IFIN while submitting the Bid Form. In the absence of any such certificate from the Income-tax authorities, the Acquirer will deduct tax at the rates in force

    Legal position summarized above is applicable only to those Non-Resident Shareholders who have obtained Permanent Account Number (PAN) under the Income Tax Act, 1961 and furnish this number in the bid form. Copy of PAN card is also required to be attached as evidence.

    In case PAN is not obtained or PAN is not mentioned in bid form or copy of PAN card is not attached tax at least @ 20% plus surcharge and education cess will be deducted at source.
19. Shareholders are advised to consult their tax advisors for their taxability or any other procedural aspects including 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, Skylight, IL&FS and IFIN and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

    All Persons eligible to participate in the Offer who wish to avail this Offer should deliver the above mentioned documents, by hand delivery to the Registrar to the Offer, Karvy Computershare Private Limited, Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.Tel: +91-040-44655000; Toll Free no.1-800-3454001; Fax: +91-040-2343 1551 E-mail: murali@karvy.com; Contact Person: Mr.Murali Krishna or to its Collection Centres, so as to reach the Registrar to the Offer on or before 5 pm on Monday, 18 April 2011 (i.e. the date of Closing of the Offer). Persons who are unable to hand deliver the documents as above may send the same by registered post at their sole risk to the Registrar to the Offer as above, so as to reach the Registrar to the Offer on or before 5 pm on Monday, 18 April 2011 (i.e. the date of Closing of the Offer)

No document should be sent to the Acquirer / PAC/ Target Company or the Manager to the Offer.

Note: All future correspondence, if any, should be addressed to Registrar to the Offer: Karvy Computershare Private Limited, Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.
Tel: +91-040-44655000; Toll Free no.1-800-3454001; Fax: +91-040-2343 1551 E-mail: murali@karvy.com; Contact Person: Mr.Murali Krishna

FORM OF WITHDRAWAL

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

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

From:
Name:

Address:

Tel No : Fax no: Email ID:

OFFER	
OPENS ON	: Wednesday, 30 March 2011
CLOSES ON	: Monday , 18 April 2011
LAST DATE OF WITHDRAWAL	: Monday, 11 April 2011

Status :Resident / Non Resident

To,
The Acquirer- SBG Projects Investment Limited
C/o Karvy Computershare Private Limited,
Plot nos.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081

Dear Sir,

Sub: Offer to acquire up to 1,55,33,168 equity shares of face value Rs. 10/- each ("Shares") representing 20% of the Emerging Voting Capital of IL&FS Engineering and Construction Company Limited ("Target Company") by SBG PROJECTS INVESTMENTS LIMITED as acquirer ("Acquirer") and Skylight Investments (Mauritius) Limited, Infrastructure Leasing & Financial Services Limited and IL&FS Financial Services Limited ("SKYLIGHT", "IL&FS", "IFIN" respectively) as persons acting in concert with SBG PROJECTS INVESTMENTS LIMITED at Rs. 195.72 plus interest of Rs. 12.34 (calculated at the rate of 10% p.a. from 15 September, 2010 to 3 May 2011 i.e. the latest scheduled date of payment of consideration) from the shareholders of the Target Company (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "SEBI (SAST) Regulations") (the interest amount is subject to change depending on actual date of despatch of payment to shareholders)

Withdrawal of shares tendered in the caption Offer

I/We refer to the Letter of Offer for acquiring the Shares held by me/us in the Target Company.

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

I/We have read the procedure for withdrawal of Shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms & condition mentioned therein.

I/We hereby consent 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 Share certificate(s)/Share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer, Skylight, IL&FS and IFIN, Edelweiss Capital Limited ("Manager to the Offer") / Karvy Computershare Private Limited ("Registrar to the Offer").

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned above on or before the last date of withdrawal (i.e. on or before 5 pm on Monday, 11 April 2011).

I/We note that SBG the Acquirer, Skylight, IL&FS and IFIN, Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the Shares held in physical form and also for the non receipt of Shares held in the dematerialized form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return original Share certificate(s), transfer deed(s) and Shares only on completion of verification of the documents, signatures and beneficiary position data as available from the depository from time to time, respectively.

SHARES IN PHYSICAL FORM

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

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
	TENDERED				
1					
2					
Total No. of			Total No. of Shares		
	WITHDRAWN				
1					
2					
Total No. of Certificates			Total No. of Shares		

Please attach an additional sheet of paper if the above space is insufficient.

SHARES IN DEMATERIALIZED FORM

I/We hold the following Shares in dematerialized form and have tendered the Shares in the Offer and have done an off-market transaction for crediting the Shares to the "KCPL ESCROW ACCOUNT MAYTAS INFRA OPEN OFFER", whose particulars are:

DP ID Number	:	12032300	DP Name	:	Edelweiss Securities Limited
Client ID	:	00323583	Depository	:	Central Depositary Services (India) Limited

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

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

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

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

In case of dematerialized Shares, I/we confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and delivered	Full Name(s)	Signature(s)	Verified and Attested by us. Please affix the stamp of DP(in case of demat Shares)/ Bank (in case of physical Shares)
First/Sole Shareholder			
Second joint Shareholder			
Third joint Shareholder			
Fourth joint Shareholder			

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

Place : Date :

Tear along this line

Acknowledgement Slip

Sr. No. ____________________

(To be filled in by the Shareholders) (Subject to verification)
Karvy Computershare Private Limited Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.
IL&FS Engineering and Construction Company Limited – Open Offer

Received from Mr./Ms./M/s____ Address____________________________________

Physical Shares: Folio No. ______________________Demat Shares: Client ID_______________;DP ID ________________ Physical Shares: No of Shares tendered-________No of Shares Withdrawn ___________ Demat Shares: No of Shares tendered- _________ No of Shares Withdrawn____________ (Please ✓ whichever is applicable)

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

Yours faithfully,

Signed and Delivered:

Signed and delivered	Full Name(s) & Address	Signature(s)	Signature(s)	Verified and attested by us. Please affix the stamp of DP (In case of demat shares)/ Bank (In case of physical shares)
First/Sole Shareholder				
Second joint Shareholder				
Third joint Shareholder				

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

Place: ______________________________ Date: _________________ Signature of the Official___________ Date of Receipt_____________

Note: All future correspondence, if any, should be addressed to Registrar to the Offer:
Karvy Computershare Private Limited
Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.
Tel: +91-040-44655000; Toll Free no.1-800-3454001; Fax: +91-040-2343 1551
E-mail: murali@karvy.com; Contact Person: Mr.Murali Krishna

INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the address of the Registrar to the Offer mentioned in the Form of Acceptance cum Acknowledgment as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Monday, 11 April 2011.

2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance cum Acknowledgement.

3. 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.

4. In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

5. All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the withdrawal 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 withdrawal form or transfer deed(s).

6. Shareholders should enclose the following:

i. For Shares held in dematerialized form:

Beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal. The signature(s) should be attested by the DP.

- Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.

- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.

ii. For Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal.

- Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.

- In case of partial withdrawal, valid Share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

Unregistered owners of Shares should enclose:

· Duly signed and completed Form of Withdrawal.

· Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.

7. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ special depository account.

8. The intimation of Shares which are returned to the Shareholders pursuant to the withdrawal will be at the address as per the records of the Target Company/ depository as the case may be.

9. The Form of Withdrawal should be sent only to the Registrar to the Offer and their collection centres.

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

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

    Applicants should send the Form of Withdrawal along with their documents by hand delivery to the Registrar to the Offer, Karvy Computershare Private Limited Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081.Tel: +91-040-44655000 Toll Free no.1-800-3454001 Fax: +91-040-2343 1551 so as to reach the Registrar to the Offer on or before 5 pm on Monday, 11 April 2011. Applicants who are unable to hand deliver the Form of Withdrawal along with their documents as above may send the same by registered post at their sole risk to the Registrar to the Offer as above, so as to reach the Registrar to the Offer on or before 5 pm on Monday, 11 April 2011.