LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as an equity shareholder of Petron Engineering Construction Limited. If you require any clarifications about the action to be taken, you may consult your stock broker, investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have sold your Shares in Petron Engineering Construction Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and transfer deed to the purchaser of the Shares or the member of the stock exchange through whom the said sale was effected.

CASH OFFER AT Rs. 386.58 (RUPEES THREE HUNDRED AND EIGHTY SIX POINT FIVE EIGHT) PER FULLY PAID-UP EQUITY SHARE (the "Offer Price")

TO ACQUIRE

up to 1,507,680 fully paid-up equity shares of face value of Rs. 10 each, representing 20% of the issued share capital

OF

Petron Engineering Construction Limited (the "Target Company")

Registered office: Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071, India; Tel. No.+91 22 40856200; Fax: +91 22 40856250

BY

KazStroyService Global B.V. (the "Acquirer")

Registered Office: Strawinskylaan 411, 1077XX Amsterdam, the Netherlands; Tel. No. +31 (0)20 575 2738; Fax No. +31 (0)20 575 2726

AND

KazStroyService Limited ("KSS UK")

Registered Office: 8 Baden Place, Crosby Row, London, SE1 1YW, England; Tel. No. +44 207 318 9603; Fax No. +44 207 318 9616

AND

KazStroyService Holding B.V. ("KSS Holding")

Registered Office: Strawinskylaan 411, 1077XX Amsterdam, the Netherlands; Tel. No. (0)20 575 2738; Fax No. +31 (0)20 575 2726

AND

KazStroyService Infrastructure B.V. ("KSS Infra")

Registered Office: Strawinskylaan 411, 1077XX Amsterdam, the Netherlands; Tel. No. +31 (0)20 575 2738; Fax No. +31 (0)20 575 2726

AND

Fraseli Investments S.a.r.l. ("FI")

Registered Office: 65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg; Tel. No. +352 26 449528; Fax No. +352 26 383509

AND

KazStroyService Hungary Kft ("KSS Hungary")

Registered Office: H-1075 Budapest, Rumbach Sebestyén u. 19., Hungary; Tel. No. +36 1 328 6811; Fax No. +36 1 328 6801

AND

SRA Finance and Investments Private Limited ("SRA")

Registered Office: Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071 India; Tel. No. +91 22 40856200; Fax No. +91 22 40856250

AND

Petron Investments Private Limited ("PIPL")

Registered Office: Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071, India; Tel. No. +91 22 40856200; Fax No. +91 22 40856250

AND

Amritha Sharanya Leasing and Investments Private Limited ("Amritha")

Registered Office: Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071 India; Tel. No. +91 22 40856200; Fax No. +91 22 40856250

KSS UK, KSS Holding, KSS Infra, FI, KSS Hungary, Amritha, SRA and PIPL are hereinafter collectively referred to as the "**Persons Acting in Concert**".

The Offer is being made by the Acquirer and the Persons Acting in Concert to the shareholders of the Target Company, except the Promoter Shareholders ("**Shareholders**"), pursuant to and in compliance with Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments or re-enactments thereof (the "**SEBI (SAST) Regulations**").

The Acquirer has received an approval dated June 21, 2011 from the Reserve Bank of India ("**RBI**") under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder ("**FEMA**") whereby the RBI has conveyed its 'no objection' to the acquisition of up to 1,507,680 Shares representing 20% of the issued share capital of the Target Company by the Acquirer along with Persons Acting in Concert from the Shareholders on a repatriation basis pursuant to an open offer under the SEBI (SAST) Regulations. As per the approval, the acquisition of shares tendered by any overseas corporate body ("**OCB**") shall be subject to specific approval of the RBI. Except for the approval as mentioned above, as of the date of this Letter of Offer, no other statutory approvals are required to implement the Offer. If any other statutory approval(s) become applicable prior to completion of the Offer, the Offer will also be subject to such other statutory approval(s).

The Offer is not conditional upon any minimum level of acceptance.

This is not a competitive bid.

Shareholders who accept 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 the Closure of the Offer, *i.e.* on or before August 19, 2011.

The Acquirer / Persons Acting in Concert are permitted to revise the Offer Price or Offer Size upward any time up to 7 working days prior to the date of the Closure of the Offer i.e. August 12, 2011. If there is any upward revision in the Offer Price or Offer Size before the last date of revision i.e. August 12, 2011, the same will be notified by way of a public announcement in the same newspapers where the Public Announcement appeared. Such revised Offer Price would be payable to all Shareholders who validly tender their Shares at any time during the Offer and whose Shares are accepted under the Offer.

The Acquirer / Persons Acting in Concert may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the SEBI (SAST) Regulations. In the event of such withdrawal, the same will be notified by way of a public announcement in the same newspapers in which the Public Announcement appeared.

If there is a competitive bid:

(i) The public offers under all the subsisting bids shall close on the same date.

(ii) As the Offer Price / Offer Size cannot be revised during the period of 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of Shareholders to wait until the commencement of that period to know the final offer price of each bid and tender their acceptances accordingly.

There has been no competitive bid.

A copy of the Public Announcement and this Letter of Offer (including Form of Acceptance cum Acknowledgement and Form of Withdrawal) will also be available on the Securities and Exchange Board of India's ("**SEBI**") web-site (www.sebi.gov.in) from the Offer opening date i.e. August 5, 2011. A copy of the Form of Acceptance cum Acknowledgement and the Form of Withdrawal may also be obtained from the Registrar to the Offer.

This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Citigroup Global Markets India Private Limited Bakhtawar, 12th Floor, Nariman Point, Mumbai 400 021, India Tel. +91 22 6631 9890 Fax +91 22 3919 7880 Email: petron.openoffer@citi.com Contact Person: Mr. Gaurav Singhal	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD) **LINK INTIME INDIA PRIVATE LIMITED** **Unit : PECL Open offer** Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078, India Tel: +91 22 2596 0320; Fax: +91 22 2596 0329 E-mail: pecl.offer@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Nilesh Chalke
OFFER OPENS : August 5, 2011	**OFFER CLOSES :** August 24, 2011

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

The schedule of major activities* is as follows:

Activity	Original Schedule Day & Date	Revised Schedule Day & Date
Public Announcement date	May 23, 2011, Monday	May 23, 2011, Monday
Specified Date**	May 27, 2011, Friday	May 27, 2011, Friday
Last date for a competitive bid	June 13, 2011, Monday	June 13, 2011, Monday
Date by which Letter of Offer is to be dispatched to Shareholders	July 1, 2011, Friday	July 31, 2011, Sunday
Date of opening of the Offer	July 15, 2011, Friday	August 5, 2011, Friday
Last date for upward revision of the Offer Price / Offer Size	July 25, 2011, Monday	August 12, 2011, Friday
Last date for withdrawing acceptance of the Offer	July 29, 2011, Friday	August 19, 2011, Friday
Date of Closure of the Offer	August 3, 2011, Wednesday	August 24, 2011, Wednesday
Last date for communicating rejection/acceptance and when payment of consideration for accepted tenders and/or the unaccepted Shares/Share certificates will be dispatched / credited	August 18, 2011, Thursday	September 8, 2011, Thursday

*The revised schedule of activities stated above is in compliance with the SEBI (SAST) Regulations including Regulations 22 and 26 and the observation letter dated July 21, 2011 issued by SEBI.

*** "Specified Date" is only for the purpose of determining the names of the Shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the Shares of the Target Company, except the Promoter Shareholders, who are eligible to participate in the Offer anytime before the Closure of the Offer.*

RISK FACTORS IN RELATION TO THE OFFER

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or 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 or in associating with the Acquirer and Persons Acting in Concert or otherwise. Shareholders are advised to consult their stockbroker or investment consultant or tax advisor, if any, for analyzing all the risks with respect to their participation in the Offer.

1. The Acquirer has received an approval dated June 21, 2011 from the RBI to acquire up to 1,507,680 Shares tendered under the Offer from the Shareholders of the Target Company. However, in terms of the approval, RBI has provided that the acquisition of the Shares tendered by any OCB shall be subject to the specific approval of the RBI. Except for the approval mentioned above, no other statutory approvals are required to implement the Offer. If any other statutory approval(s) become applicable prior to completion of the Offer, the Offer will also be subject to such other statutory approval(s).

2. In the event that: (a) the approval(s) indicated in paragraph 1 are not received in time, or (b) there is any litigation leading to a stay on the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Shares are accepted under the Offer, as well as the return of Shares not accepted under the Offer by the Acquirer may be delayed. In case of delay, due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to any wilful default or negligence on the part of the Acquirer / Persons Acting in Concert, grant an extension for the purpose of completion of the Offer subject to the Acquirer / Persons Acting in Concert agreeing to pay interest to the Shareholders. Further, Shareholders should note that after the last date for withdrawal, i.e. August 19, 2011, Shareholders who have lodged their acceptances will not be able to withdraw them, even if the acceptance of Shares under the Offer and dispatch of consideration is delayed. The tendered Shares and documents would be held by the Registrar to the Offer until such time as the process of acceptance of tenders and the payment of consideration is completed.

3. The Registrar to the Offer will hold in trust the Shares held in physical form and in credit of the Depository Escrow Account, on behalf of the Shareholders who have accepted the Offer, until the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. Further, during such period, there may be fluctuations in the market price of the Shares. The Acquirer and Persons Acting in Concert make no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

4. In the event the aggregate number of Shares validly tendered under the Offer exceeds 1,507,680 Shares constituting 20% of the issued share capital of the Target Company, the Shares will be accepted on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.

5. There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

6. This Offer is subject to such completion risks as would be applicable to similar transactions.

7. This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. The Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to applicable law or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements.

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

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KEY DEFINITIONS

Term	Definition
Acquirer	KazStroyService Global B.V. having its registered office at Strawinskylaan 411, 1077XX Amsterdam, the Netherlands.
Amritha	Amritha Sharanya Leasing and Investments Private Limited, having its registered office at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071, India.
Arvind Tiku	Arvind Tiku, a citizen of the Republic of India, residing at 7 Anthony Road, #20-33 Orchard Scotts, Singapore 229955.
Board of Directors	Board of Directors of the Target Company.
BSE	Bombay Stock Exchange Limited.
B.V.I.	British Virgin Islands.
CDSL	Central Depository Services (India) Limited.
Closure of the Offer	Wednesday, August 24, 2011.
Certificate for Deduction of Tax at Lower Rate	Certificate issued by the income tax department for deduction of tax at a lower rate.
Depository Escrow Account	The depository account opened by the Registrar with NSDL. The name of the DP is Ventura Securities Limited, the DP ID is IN303116 and the client ID is 10748136.
DP	Depository participant.
EIR	Effective interest rate method.
ELQ	ELQ Investors, Limited, a company incorporated in England and having its principal place of business at Peterborough Court, 133 Fleet Street, London EC4A 2BB, England.
Escrow Account	The escrow account opened with the Escrow Bank in accordance with the Escrow Agreement.
Escrow Agreement	The escrow agreement entered into between the Acquirer, the Manager to the Offer and the Escrow Bank, dated May 6, 2011.
Escrow Bank	Citibank NA, a national banking association duly constituted in accordance with the laws of the United States of America and carrying on the business of banking in India as a scheduled commercial bank, and acting through its branch in India located at Plot C-61, Bandra-Kurla Complex, G-Block, Bandra (East), Mumbai 400 051.
FEMA	Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
FI	Fraseli Investments S.a.r.l., having its registered office at 65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg.
FII(s)	Foreign Institutional Investors.
Form of Acceptance cum Acknowledgement	The Form of Acceptance cum Acknowledgement which is part of this Letter of Offer.
Form of Withdrawal	The Form of Withdrawal which is part of this Letter of Offer.
FY	Financial Year.
GBP	British Pounds Sterling.
GAAP	Generally Accepted Accounting Principles.
IASB	International Accounting Standards Board.
ICAI	Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.

IFRIC	IFRS Interpretations Committee.
Income Tax Act	Income Tax Act, 1961.
KSS	KazStroyService.
KSS Engineering	KazStroy Engineering (UK) Limited having its registered office at 8 Baden Place, Crosby Row, London, SE1 1YW, England.
KSS Holding	KazStroyService Holding B.V, having its registered office at Strawinskylaan 411, 1077XX Amsterdam, the Netherlands.
KSS Infra	KazStroyService Infrastructure B.V., having its registered office at Strawinskylaan 411, 1077XX Amsterdam, the Netherlands.
KSS Hungary	KazStroyService Hungary Kft having its registered office at H-1075 Budapest, Rumbach Sebestyén u. 19., Hungary.
KSS UK	KazStroyService Limited, having its registered office at 8 Baden Place, Crosby Row, London, SE1 1YW, England.
Letter of Offer	This Letter of Offer including the Form of Acceptance cum Acknowledgement and Form of Withdrawal.
Listing Agreement	Listing Agreement with the stock exchanges in India, as amended from time to time.
Manager / Manager to the Offer	Citigroup Global Markets India Private Limited, having its office at 8th Floor, Bakhtawar, Nariman Point, Mumbai 400 021, India.
Maximum Consideration	Total consideration of Rs. 582,840,000 payable by the Acquirer to acquire 1,507,680 Shares under the Offer at Rs. 386.58 per Share.
Mittal Investments	Mittal Investments S.a.r.l., having its registered office at 65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg.
NoC	No objection certificate issued by the income tax department indicating the amount of tax to be deducted by the Acquirer before remitting the consideration.
NRI	Non Resident Indian, as defined under FEMA.
NSDL	National Securities Depositories Ltd.
NSE	National Stock Exchange of India Limited.
OCB	Overseas Corporate Body, as defined under FEMA.
Offer	This open offer being made by the Acquirer and the Persons Acting in Concert to the Shareholders to acquire up to 1,507,680 Shares, representing 20% of the issued share capital of the Target Company at Rs. 386.58 per Share, payable in cash and subject to the terms and conditions mentioned in this Letter of Offer.
Offer Price	Rs. 386.58 per Share.
Offer Size	Up to 1,507,680 Shares, representing 20% of the issued share capital of the Target Company.
PAN	Permanent Account Number.
Persons Acting in Concert	KSS UK, KSS Holding, KSS Infra, FI, KSS Hungary, Amritha, SRA and PIPL.
PIPL	Petron Investments Private Limited, having its registered office at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071, India.
Promoter Shareholders	Amritha, SRA, PIPL and KSS Engineering.
Public Announcement	Public Announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer and Persons Acting in Concert published on May 23, 2011.
Rs.	Indian Rupees.

RBI	The Reserve Bank of India.
Registrar / Registrar to the Offer	Link Intime India Private Limited, having its registered office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, India.
SEBI	The Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SHA	The Shareholders Agreement dated May 19, 2011 executed between KSS Holding, KSS Infra, ELQ, FI and the Acquirer.
Shareholders	Persons holding Share(s).
Share(s)	Fully paid-up equity share(s) of the Target Company, having a face value of Rs. 10/- each.
SEBI (SAST) Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments or re-enactments thereto.
Specified Date	May 27, 2011.
SPA	Share Purchase Agreement dated March 2, 2011 executed between KSS Holding, KSS Infra and Mittal Investments (as amended by a deed of amendment and assignment dated March 2, 2011 executed between KSS Holding, KSS Infra, Mittal Investments and FI).
SRA	SRA Finance and Investments Private Limited, having its registered office at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071, India.
Target Company	Petron Engineering Construction Limited, having its registered office at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071, India.
Tax Clearance Certificate	Certificate to be furnished by the NRIs/OCBs/FIIs and other non-resident Shareholders indicating the amount to be deducted by the Acquirer under the Income Tax Act, before remitting the consideration.
USD	United States Dollars.
VAT	Value Added Tax.
Voting Share Capital	The issued and paid-up equity share capital of the Target Company of Rs. 75,384,000 divided into 7,538,400 fully paid-up equity shares of face value Rs. 10/- each.

DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF PETRON ENGINEERING CONSTRUCTION LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PERSONS ACTING IN CONCERT OR THE TARGET COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MAY 27, 2011 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

1. THE OFFER

1.1. Background to the Offer

1.1.1 The Acquirer was incorporated as a limited liability company on February 13, 2009 under the laws of the Netherlands with company number 34326817. The Acquirer has its registered office located at Strawinskylaan 411, 1077XX Amsterdam, the Netherlands; Tel. No. +31 (0)20 575 2738; Fax No. +31 (0)20 575 2726. It was originally promoted by KSS Holding and KSS Infra.

1.1.2 On March 2, 2011, KSS Holding, KSS Infra and FI entered into a share purchase agreement ("**SPA**"), whereby FI agreed to acquire 611,112 A ordinary shares representing 33.34% of the issued and fully paid-up A ordinary share capital of the Acquirer from KSS Infra and KSS Holding for a total purchase consideration of USD 379,000,000. The SPA contained certain conditions precedent which were required to be satisfied or waived in accordance with the terms of the SPA for completion of the SPA including *inter alia* (a) applicable governmental or regulatory approvals in Kazakhstan, Abu Dhabi and India; (b) approval from the Kazakhstan Competition Agency; (c) relevant lender and third party consents; and (d) transfer of the legal and beneficial ownership of KSS UK to the Acquirer. The SPA also contained certain conditions subsequent including *inter alia* implementation of the transfer of the legal and beneficial ownership of the Petron companies to the Acquirer or a subsidiary of the Acquirer. The reference to Petron companies in this paragraph 1.1.2 means KSS Engineering, Amritha, SRA, PIPL, Petron Civil Engineering Private Limited having its principal place of business at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071 and the Target Company. The SPA was originally entered into on March 2, 2011 by Mittal Investments, which assigned all its rights, benefits, liabilities and obligations under the SPA to FI by entering into a deed of amendment and assignment with KSS Holding, KSS Infra and FI on the same day.

1.1.3 KSS UK indirectly held the legal ownership of 52.28% of the Voting Share Capital through its legal ownership of shares in SRA and PIPL. SRA was a wholly owned subsidiary of KSS UK and PIPL was held by Amritha, SRA and KSS UK in the ratio 40:40:20. On May 13, 2011, the legal ownership of the shares held by KSS UK in SRA and PIPL was transferred to KSS Engineering. The beneficial ownership in Amritha, SRA and PIPL was already held by KSS Engineering, in accordance with the sale and purchase agreement dated March 31, 2008 (as amended by an addendum dated June 20, 2008). Appropriate filings with the Registrar of Companies dated June 30, 2009 declaring KSS Engineering as the holder of the beneficial interests in Amritha, SRA and PIPL were made by the relevant companies. Additionally, the Foreign Investment Promotion Board was notified of this transfer and KSS Engineering was taken on record as the foreign investor in Amritha, SRA and PIPL vide letter dated July 10, 2008.

1.1.4 Having satisfied all the conditions precedent set out in the SPA, on May 19, 2011 the Acquirer acquired 100% legal and beneficial ownership of the shares in KSS UK from: (a) KazStroyService Holding Limited**,** a company incorporated in the British Virgin Islands (**"B.V.I.**") and having its principal place of business at Drake Chambers, P.O. Box 3321, Road Town, Tortola, B.V.I.; (b) Mercury Development Group Limited, a company incorporated in B.V.I. and having its principal place of business at Nerine Chambers, P.O. Box 905, Road Town, Tortola, B.V.I.; (c) Arvind Tiku, a citizen of the Republic of India, residing at 7 Anthony Road, #20-33 Orchard Scotts, Singapore 229955 ("**Arvind Tiku**"); and (d) ELQ Investors, Limited, a company incorporated in England and having its principal place of business at Peterborough Court, 133 Fleet Street, London EC4A 2BB, England ("**ELQ**"). In satisfaction of the condition subsequent set out in the SPA, on May 19, 2011, KSS Hungary, a wholly owned subsidiary of the Acquirer acquired for nil consideration: (a) 100% of the legal and beneficial ownership of KSS Engineering from KazStroyService Holding Limited and Arvind Tiku; (b) 99.98% legal ownership and 100% beneficial ownership of SRA from KSS Engineering; (c) 100% beneficial ownership of Amritha from KSS Engineering; (d) 20% legal and beneficial ownership of PIPL from KSS Engineering; and (e) indirectly through KSS Engineering, the legal and beneficial ownership of 10,130 Shares aggregating to 0.13% of the Target Company. As on the date of the Public Announcement, KSS Engineering, PIPL, Amritha and SRA directly hold 10,130; 3,936,327; 4,533; and 4,533 Shares, respectively, aggregating to 0.13%, 52.22%, 0.06% and 0.06% of the Voting Share Capital, respectively. The Acquirer therefore indirectly acquired 52.47% of the Voting Share Capital on May 19, 2011. It is proposed that KSS Engineering will transfer its 10,130 Shares aggregating to 0.13% of the Target Company to KSS Hungary in an off market transaction before the date of Closure of the Offer.

1.1.5 On May 19, 2011 KSS Holding, KSS Infra, ELQ, FI and the Acquirer entered into a shareholders' agreement ("**SHA**") under which KSS Holding, KSS Infra and FI were each given the right to appoint an equal number of directors on the board of directors of the Acquirer and were granted affirmative vote rights on decisions regarding certain specified matters at both the board and the shareholders' level in respect of the Acquirer and all companies controlled by the Acquirer at the time of signing of the SHA or at any point of time in the future, which includes the Target Company.

1.1.6 The Acquirer and the Persons Acting in Concert are therefore making this Offer to the Shareholders under Regulations 10 and 12 of the SEBI (SAST) Regulations. For the purpose of this Offer, KSS Infra, KSS Holding, FI, KSS Hungary, KSS UK, Amritha, SRA and PIPL are persons acting in concert with the Acquirer in terms of Regulation 2(1)(e) of the SEBI (SAST) Regulations.

1.1.7 The Acquirer will fund the Offer itself and will acquire the Shares tendered in the Offer. The Acquirer has cash reserves sufficient to fully fund the Offer. For the purposes of funding the Offer, the Acquirer has been granted an unsecured term loan facility by KSS UK.

1.2. **Details of the Offer**

1.2.1 This Offer is made to all Shareholders of the Target Company, except to the Promoter Shareholders, to acquire up to 1,507,680 Shares amounting to 20% of the Voting Share Capital ("**Offer Size**"). The Offer is being made at a price of Rs. 386.58 for each Share ("**Offer Price**") to be paid in cash in accordance with the SEBI (SAST) Regulations, and subject to the terms and conditions mentioned in this Letter of Offer. The Offer Size has been calculated on the basis of the emerging voting capital in terms of Regulations 21(1) and 21(5) of the SEBI (SAST) Regulations.

1.2.2 There are no partly paid-up Shares or convertible instruments in the Target Company.

1.2.3 The Shares are listed on the Bombay Stock Exchange Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**").

1.2.4 KSS UK, KSS Holding, KSS Infra, FI, KSS Hungary, Amritha, SRA and PIPL are 'persons acting in concert' with the Acquirer in terms of Regulation 2(1)(e)(1) of the SEBI (SAST) Regulations. Other than the Persons Acting in Concert disclosed herein, there are no other 'persons acting in concert' with the Acquirer, within the meaning of Regulation 2(1)(e)(2) of the SEBI (SAST) Regulations.

1.2.5 As on the date of this Letter of Offer, the Acquirer and Persons Acting in Concert collectively hold 3,955,523 Shares amounting to 52.47% of the Voting Share Capital. The Acquirer and Persons Acting in Concert have not acquired any Shares during the 12 month period prior to the date of the Public Announcement except as mentioned above.

1.2.6 As on the date of the Public Announcement, the Manager to the Offer does not hold any Shares in the Target Company. The Manager to the Offer shall not deal in the Shares of the Target Company until the expiry of 15 days from the date of Closure of the Offer.

1.2.7 Neither the directors of the Acquirer nor any of the directors of the Persons Acting in Concert have acquired any Shares during the 12 month period prior to the date of the Public Announcement.

1.2.8 The Offer is not subject to any minimum level of acceptance from the Shareholders. The Acquirer will accept the Shares that are validly tendered up to a maximum of 1,507,680 Shares, representing 20% of the Voting Share Capital. In case the number of Shares tendered exceeds the Offer Size, acceptance will be made on a proportionate basis.

1.2.9 The Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offers declared with respect thereto.

1.2.10 In case of any upward revision in the Offer Price or Offer Size before the last date of revision (*i.e.* August 12, 2011), the same would be notified by way of a public announcement in the same newspapers in which the Public Announcement appeared. In case of an upward revision in the Offer Price, the revised Offer Price, if any, would be payable to all Shareholders who tender their Shares at any time during the Offer and which are accepted in the Offer.

1.2.11 The Acquirer / Persons Acting in Concert may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the SEBI (SAST) Regulations. 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 appeared.

1.2.12 This is not a competitive bid. There have been no competitive bids to the Offer as on the date of this Letter of Offer.

1.2.13 The Public Announcement announcing the Offer as per Regulation 15(1) of the SEBI (SAST) Regulations was made in the following newspapers on May 23, 2011:

Newspaper	Language	Editions
Financial Express	English	All editions
Jansatta	Hindi	All editions
Navshakti	Marathi	Mumbai edition

(All the above announcements are available at the SEBI website: www.sebi.gov.in)

1.2.14 The Acquirer / Persons Acting in Concert or their directors have not been prohibited by SEBI from dealing in securities in terms of directions issued under Section 11B of the SEBI Act or any other regulations made under the SEBI Act. The Target Company or its directors have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or any other regulations made under the SEBI Act.

1.2.15 The Acquirer does not have any intention to change the board of directors of the Target Company during the Offer period as a direct consequence of the Offer or the acquisition triggering the Offer. However, the Acquirer may make changes to the board of directors of the Target Company in the ordinary course of business and in accordance with applicable law.

1.2.16 This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. The Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to applicable law or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements.

2. BACKGROUND OF THE ACQUIRER AND PERSONS ACTING IN CONCERT

2.1 KazStroyService Global B.V. (Acquirer)

2.1.1 The Acquirer was incorporated as a limited liability company on February 13, 2009 under the laws of the Netherlands with company number 34326817. The Acquirer has its registered office located at Strawinskylaan 411, 1077XX Amsterdam, the Netherlands; Tel. No. +31 (0)20 575 2738; Fax No. +31 (0)20 575 2726.

2.1.2 The Acquirer is an investment holding company.

2.1.3 The authorized share capital of the Acquirer is Euro 90,000 divided into 8,800,000 A ordinary shares of Euro 0.01 each and 200,000 B ordinary shares of Euro 0.01 each. As on the date of the Public Announcement, the total issued and paid up share capital of the Acquirer was Euro 20,000 divided into 1,833,334 A ordinary shares of Euro 0.01 each and 166,666 B ordinary shares of Euro 0.01 each.

2.1.4 As on the date of the Public Announcement, 611,111 A ordinary shares amounting to 33.33% of the issued and paid up A ordinary share capital of the Acquirer was held by each of KSS Holding and KSS Infra respectively, 611,112 A ordinary shares amounting to 33.34% of the issued and paid up A ordinary share capital of the Acquirer was held by FI and 166,666 B ordinary shares amounting to 100% of the issued and paid up B ordinary share capital of the Acquirer was held by ELQ. The Acquirer belongs to the KSS group of companies.

2.1.5 As on the date of the Public Announcement, the Acquirer indirectly holds 52.47% of the Voting Share Capital.

2.1.6 The Acquirer does not directly hold any Shares. Therefore the provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to the Acquirer.

2.1.7 The details of the board of directors of the Acquirer, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Arvind Tiku	41 years	Director. Appointed on May 19, 2011	Masters in Mechanical Engineering. He has 14 years of experience and is an entrepreneur and investor with commercial interests in oil and gas, infrastructure and construction industries	7 Anthony Road, #20-33 Orchard Scotts, Singapore 229955
2.	Mr. Simon Byrne	43 years	Director. Appointed on May 19, 2011	He has 22 years of banking experience with 16 years in the oil and gas investments/business of ABN Amro Bank as managing director. He is a Board director of various companies in the oil and gas sector	4 Chatsworth Park, Singapore 249811
3.	Mr. David Overbeek	33 years	Director. Appointed on May 19, 2011	Certified trust officer with more than 5 years experience	Moerdijkstraat 31-HS, 1079 XL Amsterdam
4.	Mr. Jan Hendrik Siemssen	49 years	Director. Appointed on May 19, 2011	Certified (tax) lawyer with more than 20 years in the business; managing director of United Trust in Amsterdam	De Poorterstraat 25, 2597 CR Den Haag, the Netherlands
5.	Mr. Rajan Tandon	47 years	Director. Appointed on May 19, 2011	Holder of Bachelor's Honours Degree in Commerce; Chartered Accountant; 25 years of experience	19 Preston Road, Wembley, London HA9 8JZ, United Kingdom
6.	Mr. Gunther Warris	47 years	Director. Appointed on May 19, 2011	Holder of Civil Law degree; 18 years of experience	Sportparklaan 47, 2103 VS Heemstede, the Netherlands

2.1.8 The directors of the Acquirer are not on the Board of Directors of the Target Company.

2.1.9 The shares of the Acquirer are not listed on any stock exchange in India or abroad.

2.1.10 The Acquirer shall, in accordance with paragraph 6 below, make available all funds necessary to fulfil its obligations under the Offer.

2.1.11 The stand-alone financial statements of the Acquirer have been prepared in accordance with the financial reporting requirements of Section 2.9 of the Dutch Civil Code. Since the Acquirer was incorporated on February 13, 2009, its statutory audited financial statements have been prepared for the years ending December 31, 2009 and December 31, 2010 only. Based on these financial statements, audited by Ernst & Young Accountants LLP and prepared in accordance with the accounting rules and principles applicable in the Netherlands, the financial information of the Acquirer is as follows:

Profit & Loss statement	**For the year ended December 31**			
	2009		**2010**	
	(Rs. lacs)	**USD (thousands)**	**(Rs. lacs)**	**USD (thousands)**
Income from Operations	0.0	0.0	0.0	0.0
Other Income(1)	0.9	2.1	146.9	327.0
Total income	0.9	2.1	146.9	327.0
Total expenditures (2)	7.6	16.9	83.8	186.5
Profit before depreciation, interest and taxes	(6.7)	(14.9)	63.1	140.4
Depreciation	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	3,895.0	8,669.0
Net exceptional items (Income / Expense)	0.0	0.0	0.0	0.0
Profit before tax	(6.7)	(14.9)	(3,831.9)	(8,528.5)
Provision for tax	0.0	0.0	0.0	0.0
Profit after tax	(6.7)	(14.9)	(3,831.9)	(8,528.5)
Notes: (1) *'Other Income'* includes participation from holding activities, interest income from banks and foreign exchange gains/(losses)				
(2) '*Total expenditures*' includes general and administrative expenses				
NOTE: The Rupee/USD figures in the table above have been rounded to the nearest lac/thousand, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.				

Balance Sheet	For the year ended December 31			
	2009		2010	
	(Rs. lacs)	USD (thousands)	(Rs. Lacs)	USD (thousands)
Source of funds				
Paid-up share capital	11.7	25.9	10.8	24.1
Reserves and surplus(1)	(7.7)	(17.1)	9,051.0	20,144.7
Net Worth (2)	4.0	8.9	9,061.8	20,168.8
Secured loans (3)	0.0	0.0	93,754.8	208,668.5
Unsecured loans	0.0	0.0	44.9	100.0
Minority Interest	0.0	0.0	0.0	0.0
Deferred tax liability (Net)	0.0	0.0	0.0	0.0
Total	**4.0**	**8.9**	**102,861.5**	**228,937.3**
Uses of funds				
Net fixed assets	0.0	0.0	0.0	0.0
Investments (4)	0.0	0.0	102,922.6	229,073.3
Net current assets	4.0	8.9	(61.1)	(136.0)
Deferred tax assets (Net)	0.0	0.0	0.0	0.0
Total miscellaneous expenditure not written off	0.0	0.0	0.0	0.0
Total	**4.0**	**8.9**	**102,861.5**	**228,937.3**

Notes: (1) 'Reserves and surplus' includes share premium, translation reserves and retained earnings.

(2) '*Net Worth*' includes Share Premium, Translation Reserve and retained earnings, as presented in the audited financial statements.

(3) '*Secured loans*' includes long term liabilities in the audited financial statements.

(4) '*Investments*' include interests in group companies and other investments

Note: The Rupee/USD figures in the table above have been rounded to the nearest lac/thousand, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Other Financial Data	For the year ended December 31			
	2009		2010	
	(Rs. Per share)	USD (per share)	(Rs. Per share)	USD (per share)
Dividend (%)	0	0	0	0
Reported earnings per share – basic and diluted	(37.1)	(0.8)	(21,288.2)	(473.8)

Return on Net Worth (%)[(1)]	NM	NM	NM	NM
Book Value per Share [(2)]	22.1	0.5	50,343.5	1,120.5
Notes: (1) 'Return on Net Worth (%)' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.				
(2) 'Book Value per Share' is calculated as, 'Net Worth' divided by the number of 'Issued, Subscribed and Paid Up shares' at the end of the respective year, as presented in the audited financial statements.				
(3) NM = Not Meaningful				

2.1.12 **Contingent liabilities**

According to the statutory audited accounts of the Acquirer for the FY ending December 31, 2010, there are no contingent liabilities.

2.1.13 **Explanation of the variation in total income and profit after tax in recent years**

The increase in the loss of the Acquirer from USD 14,866 to USD 8,528,548 over year-ending December 31, 2009 to year-ending December 31, 2010 was primarily on account of accrued (but not due) interest at 12% per annum compounded annually on the USD 200,000,000 loan notes issued by the Acquirer to Claremont Holdings Limited as consideration for the purchase of 50,000,000 GDRs in Zhaikmunai L.P from Claremont Holdings Limited.

2.1.14 **Significant accounting policies**:

Basis of preparation

The financial statements have been prepared in accordance with the financial reporting requirements of Section 2.9 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized at the balance sheet date. Losses and risks originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Foreign currencies

Assets and liabilities in foreign currencies are translated into USD at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into USD at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The exchange rates used in the financial statements are:	31.12.2010	31.12.2009
EUR – USD	1.3362	1.4406

Financial Fixed Assets

The investments in subsidiaries and affiliated companies in which the Acquirer has a holding percentage of 20% or more are valued at net asset value. Other investments with a long term nature are presented at cost and, if applicable, less impairments in value.

Other assets and liabilities
Other assets and liabilities are shown at face value, unless stated otherwise in the notes.

Recognition of income
Income and expenses are recognized and reported on an accrual basis.

Corporate Income Tax
Corporate income tax calculated at the applicable rate on the profits for the financial year, taking into account differences between profit calculated according to the profit and loss account and profit calculated for taxation purposes.

2.2.2 The Acquirer has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

2.2 KazStroyService Limited (KSS UK)

2.2.1 KSS UK was incorporated on March 30, 2006 under the laws of England and Wales with company number 5763326. KSS UK has its registered office located at 8 Baden Place, Crosby Row, London, SE1 1YW, England; Tel. No. +44 207 318 9603; Fax No. +44 207 318 9616. KSS UK was initially incorporated as a public limited company in England and Wales as ‘KazStroyService Plc’ and was later re-registered as ‘KazStroyService Limited’ a private company on March 25, 2008.

2.2.3 The authorized share capital of KSS UK is GBP 50,400 divided into 50,400 ordinary shares of GBP 1 each. As on date of the Public Announcement, the total issued and paid up share capital of KSS UK was GBP 50,400 divided into 50,400 ordinary shares of GBP 1 each.

2.2.4 The shares of KSS UK are not listed on any stock exchange in India or abroad.

2.2.5 KSS UK is an investment holding company.

2.2.6 As on the date of the Public Announcement, 100% of the issued and paid up share capital of KSS UK is held by the Acquirer. KSS UK belongs to the KSS group of companies.

2.2.7 KSS UK does not directly hold any Shares. Therefore, the provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to it.

2.2.8 The details of the board of directors of KSS UK, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Arvind Tiku	41 years	Director. Appointed on May 9, 2011	Masters in Mechanical Engineering. He has 14 years of experience and is an entrepreneur and investor with commercial interests	7 Anthony Road, #20-33 Orchard Scotts, Singapore, 229955

				in oil and gas, infrastructure and construction industries	
2.	Mr. Pankaj Jain	43 years	Director. Appointed on September 6, 2006	B.E. Hons. in Civil Engineering from Regional Engineering College, Trichy. Over 20 years of experience in EPC Projects in oil and gas and infrastructure. KSS Group CEO	F-146, Richmond Park, DLF City Ph-IV, Gurgaon, Haryana 122002, India
3.	Mr. Gilles Thieffry	51 years	Director. Appointed on May 20, 2008	International finance and business lawyer with over 25 years experience. Former partner in major law firms. Independent non-executive director of listed and unlisted companies	Route de Collex 32, 1294 Genthod, Switzerland
4.	Mr. Simon Byrne	43 years	Director. Appointed on January 19, 2009	He has 22 years of banking experience with 16 years in the oil and gas investments/business of ABN Amro Bank as managing director. He is a Board director of various companies in oil and gas sector	4 Chatsworth Park, Singapore 249811

Note: Mr. Arvind Tiku and Mr. Gilles Thieffry both resigned from the board of KSS UK on May 23, 2011.

None of the directors of KSS UK is on the Board of Directors of the Target Company.

2.2.9 The shares of KSS UK are not listed on any stock exchange in India or abroad.

2.2.10 As on the date of the Public Announcement, KSS UK does not hold any Shares of the Target Company, directly or indirectly. For the purposes of funding the Offer, the Acquirer has been granted an unsecured term loan facility by KSS UK.

2.2.11 The consolidated financial statements of KSS UK have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**"). Based on the statutory financial statements, audited by A. Tiscoe & Co., Chartered Accountants, and prepared in accordance with the accounting rules and principles applicable in the United Kingdom, the financial information of KSS UK is as follows:

Profit & Loss statement	For the year ended December 31					
	2008		2009		2010	
	(Rs. lacs)	USD (thousands)	(Rs. lacs)	USD (thousands)	(Rs. lacs)	USD (thousands)
Income from Operations	147,340.2	327,932.8	456,352.0	1,015,695.4	326,312.3	726,268.2
Other Income[(1)]	8,008.2	17,823.6	7,694.6	17,125.7	17,979.0	40,015.6
Total income	155,348.4	345,756.4	464,046.5	1,032,821.1	344,291.3	766,283.8
Total expenditures [(2)]	128,753.3	286,564.1	318,591.5	709,084.2	275,162.8	612,425.5
Profit before depreciation, interest and taxes [(3)]	26,595.1	59,192.3	145,455.0	323,736.9	69,128.6	153,858.4
Depreciation	(7302.0)	(16,252.0)	(12,246.9)	(27,257.8)	(12,251.4)	(27,267.8)
Interest expenses [(4)]	(8,906.7)	(19,823.6)	(10,097.5)	(22,473.8)	(4,845.3)	(10,784.2)
Net exceptional items (Income / Expense)	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	10,386.3	23,116.7	123,110.6	274,005.3	52,031.8	115,806.4
Provision for tax	(3,007.2)	(6,693.0)	(27,303.9)	(60,769.9)	(10,150.2)	(22,591.1)
Profit after tax	7,379.2	16,423.7	95,806.7	213,235.4	41,881.6	93,215.3

Notes: (1) '*Other Income*' includes other operating income, share of profits of associates and finance income.

(2) '*Total expenditures*' includes costs of materials and erection services and administrative expenses.

(3) '*Profit before depreciation, interest and taxes*' is calculated as 'Total Income' minus 'Total expenditures'.

(4) '*Interest Expense*' includes other finance costs.

NOTE: The Rupee/USD figures in the table above have been rounded to the nearest lac/thousand, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Balance Sheet	For the year ended December 31					
	2008		2009		2010	
	(Rs. lacs)	USD (thousands)	(Rs. lacs)	USD (thousands)	(Rs. Lacs)	USD (thousands)
Source of funds						
Paid-up share capital	45.1	100.4	45.1	100.4	45.1	100.4
Reserves and surplus[(1)]	43,721.0	97,309.0	104,787.0	233,222.8	147,386.1	328,035.0
Net Worth [(2)]	43,766.1	97,409.4	104,832.1	233,323.2	147,431.2	328,135.4
Secured loans [(3)]	52,119.9	116,002.3	64,181.3	142,847.3	41,043.8	91,350.4
Unsecured loans	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0
Other Liabilities[(4)]	10,759.7	23,947.7	5,696.5	12,678.6	35,856.9	79,806.2
Total	**106,645.6**	**237,359.5**	**174,709.9**	**388,849.1**	**224,331.9**	**499,292.1**
Uses of funds						

Net fixed assets [5]	70,078.2	155,971.9	68,531.2	152,528.8	76,625.1	170,543.2
Investments[6]	1,251.4	2,785.3	21,160.1	47,095.7	34,388.9	76,538.8
Net current assets	17,837.4	39,700.5	81,759.6	181,971.1	110,119.9	245,092.2
Other Assets[7]	17,478.6	38,901.7	3,259.0	7,253.5	3,198.1	7,117.9
Total miscellaneous expenditure not written off	0.0	0.0	0.0	0.0	0.0	0.0
Total	**106,645.6**	**237,359.5**	**174,709.9**	**388,849.1**	**224,331.9**	**499,292.1**

Notes: (1) '*Reserves and surplus*' includes share premium, translation reserve and retained earnings.

(2) '*Net Worth'* is the sum of 'Paid-up share capital' and 'Reserves and surplus'.

(3) *'Secured Loans'* includes non current portion of interest bearing loans and borrowings and current portion of interest bearing loans and borrowings.

(4) *'Other Liabilities*' includes non current trade and other payables, retirement and health benefits and deferred tax.

(5) *'Net Fixed Assets*' includes intangible assets and property, plant and equipment.

(6) *'Investments*' includes investments in associates.

(7) *'Other Assets*' includes non current loans and other financial assets, non current trade and other receivables and non current tax receivable.

Note: The Rupee/USD figures in the table above have been rounded to the nearest lac/thousands, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Other Financial Data	**For the year ended December 31**					
	2008		**2009**		**2010**	
	(Rs.)	**USD**	**(Rs.)**	**USD**	**(Rs.)**	**USD**
Dividend (%)	0.0	0.0	0.0	0.0	0.0	0.0
Reported earnings per share – basic and diluted	14,641.2	325.9	190,092.6	4,230.9	83,098.5	1,849.5
Return on Net Worth (%)[1]	16.9%	16.9%	91.4%	91.4%	28.4%	28.4%
Book Value per Share [2]	86,837.4	1,932.7	208,000.3	4,629.4	292,522.3	6,510.6

Notes: (1) '*Return on Net Worth (%)*' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.

(2) *'Book Value per Share*' is calculated as, 'Net Worth' divided by the number of 'Issued, Subscribed and Paid Up shares' at the end of the respective year, as presented in the audited financial statements.

2.2.12 **Contingent liabilities**

According to the statutory audited accounts of KSS UK for the FY ending December 31, 2010, there are no contingent liabilities.

2.2.13 **Explanation of the variation in total income and profit after tax in recent years**

Total income for the year ended December 31, 2010 was lower than year ended December 31, 2009 due to lower revenue realization from its 100% subsidiary JSC OGCC KazStroyService due to a fall in revenue from its pipeline segment. The drop in profit after tax is attributed to the fall in net revenue.

Total income for the year ended December 31, 2009 was higher than year ended December 31, 2008 due to faster and more efficient execution of various pipeline projects namely, Asian Gas pipeline and Kazakh-China pipeline. The higher sales and higher operating margins for these projects contributed to a rise in profit after tax.

2.2.14 **Significant accounting policies:**

Basis of preparation

KSS UK's financial statements and the consolidated financial statements of the group have been prepared in accordance with IFRS and on a historical cost basis, except for assets held for sale, investments, loans to related parties and other financial instruments, such as bonds and notes payable, which have been measured at fair value in accordance with IFRS requirements.

Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRS Interpretations Committee ("**IFRIC**") interpretations effective as of January 1, 2010:

* IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective January 1, 2010;

* IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective July 1, 2009, including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39;

* IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items effective July 1, 2009 (early adopted);

* IFRIC 17 Distribution of Non-cash assets to owners effective July 1, 2009;

* Improvements to IFRSs (May 2008);

* Improvements to IFRSs (April 2009);

The adoption of the standards or interpretations is described below:

IFRS 2 Share-based Payment (Revised).

The International Accounting Standards Board ("**IASB**") issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The group adopted this amendment as of January 1, 2010. It did not have an impact on the financial position or performance of the group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended).

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after January 1, 2010.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items

The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The group has concluded that the amendment will have no impact on the financial position or performance of the group, as the group has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either the financial position or performance of the group.

Improvements to IFRSs

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the group.

Issued in May 2008

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position or financial performance of the group.

Issued in April 2009

IFRS 8 Operating Segments: clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the group's chief operating decision maker does review segment assets and liabilities, the group has continued to disclose this information in the notes to the accounts.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the group:

* IFRS 2 Share-based Payment

* IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

* IAS 1 Presentation of Financial Statements

* IAS 7 Statement of Cash Flows

* IAS 17 Leases

* IAS 34 Interim Financial Reporting

* IAS 36 Impairment of Assets

* IAS 38 Intangible Assets

* IAS 39 Financial Instruments: Recognition and Measurement

* IFRIC 9 Reassessment of Embedded Derivatives

* IFRIC 16 Hedge of a Net Investment in a Foreign Operation

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the group's financial statements are listed below. This listing is of standards and interpretations issued, which the group reasonably expects to be applicable at a future date. The group intends to adopt those standards when they become effective.

IAS 24 Related Party Disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.

IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

The amendment to IAS 32 is effective for annual periods beginning on or after February 1, 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address classification and measurement of financial liabilities, hedge accounting and derecognition. The completion of this project is expected in early 2011.

IFRIC 14 Prepayments of a minimum funding requirement (Amendment)

The amendment to IFRIC 14 is effective for annual periods beginning on or after January 1, 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment is deemed to have no impact on the financial statements of the group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the group.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments listed below, are considered to have a reasonable possible impact on the group:

* IFRS 3 Business Combinations

* IFRS 7 Financial Instruments: Disclosures

* IAS 1 Presentation of Financial Statements

* IAS 27 Consolidated and Separate Financial Statements

* IFRIC 13 Customer Loyalty Programmes

The group, however, expects no impact from the adoption of the amendments on its financial position or performance.

Significant accounting judgments and estimates

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Discount rates

For certain elements of the consolidated financial statements the group uses interest rates to discount future cash flows. The interest rates used for these purposes are the best estimates of the rates prevailing at the market during the reporting period.

Useful lives of items of property, plant and equipment

The group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Impairment of non-financial assets

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

The determination of impairment of property, plant and equipment involves the use of estimates that include, but are not limited to, the cause, timing and amount of impairment. Impairment is based on a large number of factors, such as changes in restructuring process, expectations of growth in the industry, changes in the future availability of financing, technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances that indicate impairment exists. The determination of the recoverable amount of a cash-generating unit involves the use of estimates by management. Methods used to determine the value in use include discounted cash flow-based methods, which require the group to make an estimate of the expected future cash flows from the cash-generating unit and, also to choose a suitable discount rate in order to calculate the present value of those cash flows. These estimates, including the methodologies used, may have a material impact on the fair value and ultimately the amount of any property, plant and equipment impairment.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective group's domicile.

Deferred tax assets

Deferred tax assets are recognized for all allowances and unused tax losses to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Employee benefits

The cost of defined benefit pension plans and other post employment benefits as well as the present value of the other employee benefits obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate management considers the interest rates of corporate bonds in Kazakhstan and India. The mortality rate is based on publicly available mortality tables for Kazakhstan and India.

Future salary increases and pension increases are based on expected future inflation rates for Kazakhstan and India.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Warranties

Under provisions of construction contracts, the group is obligated to rectify construction defects identified by a customer subsequent to construction acceptance. Such warranties generally extend for a maximum period of two years after completion of the project. To ensure the performance under the warranties a payment of generally 5% of the contract value is secured via bank guarantee through and until the conclusion of the warranty period. Based on an analysis of completed contracts, where the warranty period has not yet expired, management assesses the probability of outflow of resources in connection with the fulfilment of warranty obligations. As at December 31, 2010 the group accrued warranty provision of USD 22,229,790 (2009: USD 12,029,894). The group also mitigates the risk of incurring significant losses due to rectifying defects by insuring its potential liabilities.

Revenue recognition

The group recognizes revenues according to percentage of completion of individual contract of construction work, which requires estimation to be made by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding contract revenue is, also, estimated by management. Due to the nature of the activity undertaken in construction contracts, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the group reviews and revises the estimates of both contract revenue and contract costs in the budget prepared for each contract as the contract progresses. Where the actual contract revenue are less than expected or actual contract costs are more than expected, an impairment loss may arise.

Comparative figures

Certain reclassifications have been made to the previous year consolidated statement of comprehensive income in order to conform to the current year presentation.

Consolidated statement of comprehensive income for the year ended 31 December 2009

Reclassification of expenses from general and administrative expenses to cost of revenue

Amount

USD 12,317,252

The above reclassification had no impact on net profit, total comprehensive income or equity.

Summary of significant accounting policies

Property, plant and equipment

Property, plant and equipment is carried at cost, which is purchase price and any costs directly attributable to bringing it into working condition for its intended use, less accumulated depreciation and any accumulated impairment. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of comprehensive income as incurred.

Depreciation on assets under construction and those not placed in service commences from the date the assets are ready for their intended use.

Depreciation is computed on a straight-line basis over the estimated useful lives set out in the following table:

	Years
Buildings and constructions	10 to 50
Plant and equipment	5 to 20
Vehicles and others	1 to 15

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

Land is measured at historical cost less any impairment losses. Land is not depreciated.

Construction-in-progress

Assets in the course of construction are capitalized as a consolidated component of property, plant and equipment. On completion, the cost of construction is transferred to the appropriate category. Construction-in-progress is not depreciated.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Intangible assets

Intangible assets include computer software. Intangible assets are recorded at cost, less accumulated amortization. Intangible assets are amortized on a straight-line basis over a period of seven years. Amortization is recorded within general and administrative expenses in the consolidated statement of comprehensive income in the period to which it relates.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group 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 completed sale within one year from the date of classification.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is assigned by using the first-in first-out (FIFO) cost formula. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion (if any) and the estimated costs necessary to make the sale.

Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial assets at initial recognition.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the group commits to purchase or sell the asset.

The group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the group that do not meet the hedge accounting criteria as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or finance cost in the consolidated statement of comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the statement of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Trade and other receivables

Trade and other receivables are carried at original invoice amount less allowance made for impairment of these receivables. An allowance for impairment of trade and other receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

In 2010 recoveries of amounts previously written off was in the amount of USD 729,240 (2009: USD 1,480,891). At December 31, 2010 the net reversal of previous allowances for impairment of trade and other receivables amounted to USD 367,286 (2009: net charge USD 2,517,242).

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is assigned by using the first-in first-out (FIFO) cost formula. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

Cash and cash equivalents

Cash includes cash on hand, cash with banks and cash equivalents. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in the case of loans, borrowings and financial guarantee contracts at fair value less directly attributable transaction costs.

The group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

All loans and borrowings are initially recognized at cost, which is the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method ("**EIR**") amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the consolidated statement of comprehensive income.

Trade and other accounts payable

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group.

Financial guarantee contracts

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Impairment of financial assets

The group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

* the rights to receive cash flows from the asset have expired; or

* the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognized to the extent of the group's continuing involvement in the asset. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Derivative financial instruments

Initial recognition and subsequent measurement

The group used derivative financial instruments. Such derivative financial instruments were initially recognized at fair value on the date on which a derivative contract was entered into and were subsequently remeasured at fair value. As of December 31, 2010, the group had no derivative financial instruments.

Any gains or losses arising from changes in fair value on derivatives during the year were taken directly to the consolidated statement of comprehensive income.

Construction contracts

Contract costs

Contract costs are recognised when incurred. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The group uses the "percentage of completion method" to determine the appropriate amount to be recognised in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs; or (b) actual machine hours to the total estimated machine hours. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as work-in-progress in case it is probable that they will be recovered.

Contract costs comprise costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the contract terms. The contract cost includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, other direct costs, rental charges and maintenance costs for the equipment used. The progress of a project is determined on the basis mentioned in preceding paragraph.

Operating expenses

Expenses are accounted for at the time the actual flow of the related goods or services occur, regardless of when cash or its equivalent is paid, and are reported in the consolidated financial statements in the period to which they relate.

Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction will flow to the group and revenue can be reliably measured. Revenue from construction services is recognized by reference to the stage of completion. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the percentage of contract execution cannot be measured reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

The group has primarily fixed price construction contracts, which in some cases may be subject to cost escalation clauses. The contract revenue is measured at the fair value of the consideration received or receivable, which is affected by a variety of uncertainties that depend on the outcome of future events. Management revises these estimates of the contract revenue as events occur and uncertainties are resolved.

Incidental income

The group recognizes incidental income that is not included in contract revenue as reduction to contract costs when such revenues were generated from construction contract activities.

Unbilled revenues

When the revenues have been recognized but cannot be billed because of terms of a contract, such amounts are separately recorded on the face of the consolidated statement of financial position as unbilled revenues. After issuance of the bill, such unbilled revenues become trade accounts receivables.

Deferred revenues

Deferred revenues represent accounts billed to and accepted by customers in excess of the actual percentage of completion of the projects. The deferred revenues are classified as current liabilities when it is expected to be released to the consolidated statement of comprehensive income within the next twelve months.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases, which transfers to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charge and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the consolidated statement of comprehensive income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in the consolidated statement of comprehensive income on a straight line basis over the lease term.

Group as a lessor

Leases where the group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenues in the period in which they are earned.

Employee benefit costs

Social tax

The group pays social tax according to the current statutory requirements of the Republic of Kazakhstan and Republic of India. Social tax is expensed as incurred.

Defined contribution scheme

The group withholds up to 10% from the salary of its employees as the employees' contribution to their designated pension funds. Under the legislation, employees are responsible for their retirement benefits and the group has no present or future obligation to further compensate its employees upon their retirement, except as provided below.

Defined benefit scheme

In accordance with the Code on labour remuneration the group provides certain long-term and retirement benefits to certain employees (Defined Benefit Scheme). Long-term benefits are paid to employees upon completion of a certain number of years of service whereas retirement benefits represent one-off payments paid upon retirement in accordance with the group's code of labour remuneration. Both items vary according to the employee's average salary and length of service.

The group recognises actuarial gains and losses arising from the reassessment of the employee benefit liability in the period they are identified and recognises benefit costs and obligations based on estimates determined in accordance with IAS 19 "Employee benefits".

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The obligation and cost of benefits under the Defined Benefit Scheme are determined using the projected unit credit method. This method considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The cost of providing benefits is charged to the statement of comprehensive income, so as to attribute the total benefit cost over the service lives of employees in accordance with the benefit formula of the plan. This obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest on government bonds where the currency and terms of these bonds are consistent with the currency and estimated terms of the defined benefit obligation. The defined benefit scheme is unfunded.

Current and deferred income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rate and tax law used to compute the amount are those that are enacted or substantially enacted by the reporting date in the Republic of Kazakhstan and Republic of India. The statutory corporate income tax is currently 20% in Kazakhstan and 33.22% in India. Entities in Kazakhstan are obliged to make monthly advance corporate income tax payments.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Taxes other than income taxes

The Republic of Kazakhstan and India also have various operating taxes, which are assessed on the group's activities. These taxes are included as a component of general and administrative expenses in the consolidated statement of comprehensive income.

Value added tax

The tax authorities permit the settlement of sales and purchases value added tax ("**VAT**") on a net basis. Value added tax recoverable represents VAT on purchases net of VAT on sales. The group does not have export sales.

Corporate bonds

Corporate bonds are non-callable registered coupon bonds that are carried at par less discount. Discount is amortized over the term of the bonds' lives and includes costs related to the bonds' issuance.

Provisions

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the value of the obligation.

If the effect of the time value of money 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. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Contingencies

Contingent liabilities are recognized in the consolidated financial statements when they are considered probable and a reliable estimate of the obligation can be made. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Related parties

For the purposes of these consolidated financial statements, 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 or operational decisions or has a joint control over the entity. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

In assessing tax risks, management considers to be probable obligations the known areas of tax positions which the group would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgement and are subject to change as a result of changes in tax laws and regulations, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses such as allowances for doubtful debts, allowances for slow-moving inventories and other accruals to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of recognised deferred tax assets as of December 31, 2009 was USD 5,538,054 (2008: USD 2,743,777). The rates of tax used to calculate deferred tax reflect already announced rates of tax.

2.2.15 KSS UK, together with JSC OGCC KazStroyService (a company incorporated in the Republic of Kazakhstan), KazStroyService Holding Ltd. (a company incorporated in the

B.V.I.), and KSS Engineering (as persons acting in concert with KSS UK) had made an open offer to the equity shareholders of the Target Company in the year 2007 pursuant to a public announcement dated June 22, 2007 and letter of offer dated June 12, 2008. KSS UK and the persons acting in concert made the offer to the equity shareholders of the Target Company to acquire up to 15,07,680 Shares of Rs. 10 each of the Target Company, representing 20% of the outstanding voting equity Share capital of the Target Company, at a price of Rs. 180 per Share payable in cash in terms of Regulation 20 and 21 of the SEBI (SAST) Regulations along with interest calculated at 10% p.a. from February 20, 2008 till July 24, 2008 i.e. the scheduled date of dispatch of payment consideration to the equity shareholders, amounting to Rs. 7.67 per Share. Thus the total consideration per Share paid was Rs. 187.67 (comprising of offer price of Rs. 180 and interest of Rs. 7.67). The offer was made in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations, on account of indirect acquisition of equity shares and change in control of the Target Company. The Shares that were tendered in the open offer were acquired by KSS Engineering. Upon completion of the open offer, KSS Engineering had acquired 10,130 Shares of the Target Company representing 0.13% of the Voting Share Capital. KSS UK does not directly hold any Shares.

2.2.16 Details of the companies incorporated and promoted by KSS UK in India in the period of 3 years preceding the date of the Public Announcement along with the limited audited financials are as follows:

- Name of the company: Bhubaneshwar Expressways Private Limited
- Date of Incorporation: July 2, 2010
- Nature of business: To undertake four laning of Bhubaneshwar-Puri section of NH-203 from km. 0.00 to km 59.00 in the state of Orissa to be executed as BOT (toll) project on DBFOT pattern under NHDP phase-III
- Equity Capital: 15,384 shares of Rs. 10 each
- Authorized share capital: Rs. 105 crores
- Since the company has not completed one financial cycle, no financial statements have been prepared under applicable laws

2.3 KazStroyService Holding B.V. (KSS Holding)

2.3.1 KSS Holding was incorporated as a limited liability company on February 11, 2009 under the laws of the Netherlands with company number 34326501. KSS Holding has its registered office at Strawinskylaan 411, 1077XX Amsterdam, the Netherlands; Tel. No. +31 (0)20 575 2738; Fax No. +31 (0)20 575 2726.

2.3.2 The authorized share capital of KSS Holding is Euro 90,000 divided into 90,000 shares of Euro 1 each. As on date of the Public Announcement, the total issued and paid up share capital of KSS Holding was Euro 18,000 consisting of 18,000 shares of Euro 1 each.

2.3.3 As on the date of the Public Announcement, 611,111 A ordinary shares amounting to 33.33% of the issued and paid up A ordinary share capital of the Acquirer and 30.55% of the total A and B issued and paid up share capital of the Acquirer are held by KSS Holding.

2.3.4 As on date of the Public Announcement, 100% of the issued and paid up share capital of KSS Holding was held by CIS Drilling Pte Limited.

2.3.5 KSS Holding is an investment holding company.

2.3.6 KSS Holding does not directly hold any Shares. Therefore, the provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to it.

2.3.7 The details of the board of directors of KSS Holding, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name of the Director	Date and place of Incorporation	Company number	Nature of business	Date of appointment as director	Registered Address
1.	United International Management B.V.	May 11, 2007; the Netherlands	34269697	Holding company	February 11, 2009	Strawinskylaan 411, 1077XX Amsterdam, the Netherlands

None of the directors of KSS Holding are on the Board of Directors of the Target Company.

2.3.8 The shares of KSS Holding are not listed on any stock exchange in India or abroad.

2.3.9 The stand-alone financial statements of KSS Holding have been prepared in accordance with the financial reporting requirements of Section 2.9 of the Dutch Civil Code. Since KSS Holding was incorporated on February 11, 2009, its statutory audited financial statements have been prepared for the years ending December 31, 2009 and December 31, 2010 only. Based on these financial statements, audited by Ernst & Young Accountants LLP, Chartered Accountants, and prepared in accordance with the accounting rules and principles applicable in the Netherlands, the financial information of KSS Holding is as follows:

Profit & Loss statement	**For the year ended December 31**			
	2009		**2010**	
	(Rs. lacs)	**USD (thousands)**	**(Rs. lacs)**	**USD (thousands)**
Income from Operations	0.0	0.0	0.0	0.0
Other Income[(1)]	(3.2)	(7.2)	(1,916.4)	(4,265.4)
Total income	(3.2)	(7.2)	(1,916.4)	(4,265.4)
Total expenditures [(2)]	7.5	16.6	5.3	11.9
Profit before depreciation, interest and taxes [(3)]	(10.7)	(23.8)	(1,921.8)	(4,277.2)
Depreciation	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0
Net exceptional items (Income / Expense)	0.0	0.0	0.0	0.0
Profit before tax	(10.7)	(23.8)	(1,921.8)	(4,277.2)
Provision for tax	0.0	0.0	0.0	0.0
Profit after tax	(10.7)	(23.8)	(1,921.8)	(4,277.2)
Notes: (1) *'Other Income'* includes participation from holding activities, interest income from banks and foreign exchange gains/(losses).				
(2) '*Total expenditures*' includes general and administrative expenses.				
(3) '*Profit before depreciation, interest and taxes*' is calculated as 'Total income' minus 'Total expenditures'.				

NOTE: The Rupee/USD figures in the table above have been rounded to the nearest lac/thousand, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Balance Sheet	For the year ended December 31			
	2009		2010	
	(Rs. lacs)	USD (thousands)	(Rs. lacs)	USD (thousands)
Source of funds				
Paid-up share capital	11.7	25.9	10.8	24.1
Reserves and surplus(1)	(11.6)	(25.8)	4,524.3	10,069.7
Net Worth (2)	0.1	0.1	4,535.1	10,093.8
Secured loans	0.0	0.0	0.0	0.0
Unsecured loans	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0
Deferred tax liability (Net)	0.0	0.0	0.0	0.0
Total	**0.1**	**0.1**	**4,535.1**	**10,093.8**
Uses of funds				
Net fixed assets	0.0	0.0	0.0	0.0
Investments(3)	2.0	4.4	4,530.9	10,084.4
Net current assets	(1.9)	(4.3)	4.2	9.4
Deferred tax assets (Net)	0.0	0.0	0.0	0.0
Total miscellaneous expenditure not written off	0.0	0.0	0.0	0.0
Total	**0.1**	**0.1**	**4,535.1**	**10,093.8**

Notes: (1) 'Reserves & Surplus' includes Share Premium, Translation Reserve and retained earnings.

(2) '*Net Worth*' is the sum of 'Paid-up share capital' and 'Reserves and surplus'.

(3) '*Investments*' includes interests in group companies.

Note: The Rupee/USD figures in the table above have been rounded to the nearest lac/thousand, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Other Financial Data	For the year ended December 31			
	2009		2010	
	(Rs.)	USD	(Rs.)	USD
Dividend (%)	0.0	0.0	0.0	0.0
Reported earnings per Share – basic and diluted	(59.4)	(1.3)	(10,676.5)	(237.6)
Return on Net Worth (%)(1)	NM	NM	NM	NM
Book Value per Share (2)	0.4	0.0	25,195.2	560.8

Notes: (1) '*Return on Net Worth (%)*' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.

(2) *'Book Value per Share'* is calculated as, 'Net Worth' divided by the number of 'Issued, Subscribed and Paid Up shares' at the end of the respective year, as presented in the audited financial statements.

2.3.10 According to the statutory audited accounts of KSS Holding for the FY ending December 31, 2010, there are no contingent liabilities.

2.3.11 The increase in the loss of KSS Holding from USD 23,788 to USD 4,277,236 over year-ending December 31, 2009 to year-ending December 31, 2010 was on account of the loss realised from the participation in the Acquirer.

2.3.12 **Significant accounting policies**:

Basis of preparation
The financial statements have been prepared in accordance with the financial reporting requirements of Section 2.9 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized at the balance sheet date. Losses and risks originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Foreign currencies
Assets and liabilities in foreign currencies are translated into USD at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into USD at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The exchange rates used in the financial statements are:	31.12.2010	31.12.2009
EUR – USD	1.3362	1.4406

Financial fixed assets
Participations in group companies are valued at net asset value.

Other assets and liabilities
Other assets and liabilities are shown at face value, unless stated otherwise in the notes.

Recognition of income
Income and expenses are recognized and reported on an accrual basis.

Corporate income tax
Corporate income tax calculated at the applicable rate on the profits for the financial year, taking into account differences between profit calculated according to the profit and loss account and profit calculated for taxation purposes.

2.3.13 KSS Holding has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

2.4 KazStroyService Infrastructure B.V. (KSS Infra)

2.4.1 KSS Infra was incorporated on February 11, 2009 under the laws of the Netherlands with company number 34326500. KSS Infra has its registered office located at Strawinskylaan 411, 1077XX Amsterdam, the Netherlands; Tel. No. +31 (0)20 575 2738; Fax No. +31 (0)20 575 2726.

2.4.2 The authorized share capital of KSS Infra is Euro 90,000 divided into 90,000 shares of Euro 1 each. As on the date of the Public Announcement, the total issued and paid up share capital of KSS Infra was Euro 18,000 consisting of 18,000 shares of Euro 1 each.

2.4.3 As on the date of the Public Announcement, 100% of the issued and paid up share capital of KSS Infra was held by Steppe Capital Pte Limited.

2.4.4 As on the date of the Public Announcement, 611,111 A ordinary shares amounting to 33.33% of the issued and paid up A ordinary share capital of the Acquirer and 30.55% of the total A and B issued and paid up share capital of the Acquirer are held by KSS Infra.

2.4.5 KSS Infra is an investment holding company.

2.4.6 KSS Infra does not directly hold any Shares. Therefore, the provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to it.

2.4.7 The details of the board of directors of KSS Infra, as on the date of the Public Announcement, are set forth below:

Sl. No.	**Name of the Director**	**Date and place of Incorporation**	**Company number**	**Nature of business**	**Date of appointment as director**	**Registered Address**
1.	United International Management B.V.	May 11, 2007; the Netherlands	34269697	Holding company	February 11, 2009	Strawinskylaan 411, 1077XX Amsterdam, the Netherlands

None of the directors of KSS Infra are on the Board of Directors of the Target Company.

2.4.8 The shares of KSS Infra are not listed on any stock exchange in India or abroad.

2.4.9 The stand-alone financial statements of KSS Infra have been prepared in accordance with the financial reporting requirements of Section 2.9 of the Dutch Civil Code. Since KSS Infra was incorporated on February 11, 2009, its statutory audited financial statements have been prepared for the years ending December 31, 2009 and December 31, 2010 only. Based on these financial statements, audited by Ernst & Young Accountants LLP, Chartered Accountants, and prepared in accordance with the accounting rules and principles applicable in the Netherlands, the financial information of KSS Infra is as follows:

Profit & Loss statement-	For the year ended December 31			
	2009		2010	
	(Rs. lacs)	USD (thousands)	(Rs. lacs)	USD (thousands)
Income from Operations	0.0	0.0	0.0	0.0
Other Income[1]	(3.2)	(7.2)	(1,916.6)	(4,265.7)
Total income	(3.2)	(7.2)	(1,916.6)	(4,265.7)
Total expenditures [2]	7.5	16.6	4.7	10.4
Profit before depreciation, interest and taxes	(10.7)	(23.8)	(1,921.2)	(4,276.1)
Depreciation	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0
Net exceptional items (Income / Expense)	0.0	0.0	0.0	0.0
Profit before tax[3]	(10.7)	(23.8)	(1,921.2)	(4,276.1)
Provision for tax	0.0	0.0	0.0	0.0
Profit after tax	(10.7)	(23.8)	(1,921.2)	(4,276.1)

Notes: (1) *'Other Income'* includes participation from holding activities, interest income from banks and foreign exchange gains/(losses)

(2) '*Total expenditures*' includes general and administrative expenses.

(3) '*Profit before depreciation, interest and taxes*' is calculated as 'Total income' minus 'Total expenditures'.

NOTE: The Rupee/USD figures in the table above have been rounded to the nearest lac/thousand, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Balance Sheet	For the year ended December 31			
	2009		2010	
	(Rs. lacs)	USD (thousands)	(Rs. Lacs)	USD (thousands)
Source of funds				
Paid-up share capital	11.7	25.9	10.8	24.1
Reserves and surplus[1]	(11.6)	(25.8)	4,524.8	10,070.9
Net Worth [2]	0.1	0.1	4,535.6	10,094.9
Secured loans	0.0	0.0	0.0	0.0
Unsecured loans	0.0	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0	0.0
Deferred tax liability (Net)	0.0	0.0	0.0	0.0
Total	0.1	0.1	4,535.6	10,094.9
Uses of funds				
Net fixed assets	0.0	0.0	0.0	0.0

Investments [3]	2.0	4.4	4,530.9	10,084.4
Net current assets	(1.9)	(4.3)	4.7	10.5
Deferred tax assets (Net)	0.0	0.0	0.0	0.0
Total miscellaneous expenditure not written off	0.0	0.0	0.0	0.0
Total	0.1	0.1	4,535.6	10,094.9
Notes: (1) '*Reserves and surplus*' includes Share Premium, Translation Reserve and retained earnings.				
Notes: (1) '*Net Worth*' is the sum of 'Paid-up share capital' and 'Reserves and surplus'.				
(2) '*Investments*' includes interests in group companies.				
Note: The Rupee / USD figures in the table above have been rounded to the nearest lac/thousand, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.				

Other Financial Data	**For the year ended December 31**			
	2009		**2010**	
	(Rs.)	**USD**	**(Rs.)**	**USD**
Dividend (%)	0.0	0.0	0.0	0.0
Reported earnings per share – basic and diluted	(59.4)	(1.3)	(10,673.6)	(237.6)
Return on Net Worth (%)[1]	NM	NM	NM	NM
Book Value per Share [2]	0.3	0.0	25,198.0	560.8
Notes: (1) '*Return on Net Worth (%)*' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.				
(2) '*Book Value per Share*' is calculated as, 'Net Worth' divided by the number of 'Issued, Subscribed and Paid Up shares' at the end of the respective year, as presented in the audited financial statements.				

2.4.10 According to the statutory audited accounts of KSS Infra for the FY ending December 31, 2010, there are no contingent liabilities.

2.4.11 The increase in the loss of KSS Infra from USD 23,803 to USD 4,276,089 over year-ending December 31, 2009 to year-ending December 31, 2010 was on account of the loss realised from the participation in the Acquirer.

2.4.12 KSS Infra has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

2.4.13 **Significant accounting policies:**

Basis of preparation

The financial statements have been prepared in accordance with the financial reporting requirements of Section 2.9 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on an accrual basis. Profit is only included when realized at the balance sheet date. Losses and risks originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Foreign currencies
Assets and liabilities in foreign currencies are translated into USD at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into USD at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The exchange rates used in the financial statements are:	31.12.2010	31.12.2009
EUR – USD	1.3362	1.4406

Financial fixed assets
Participations in group companies are valued at net asset value.

Other assets and liabilities
Other assets and liabilities are shown at face value, unless stated otherwise in the notes.

Recognition of income
Income and expenses are recognized and reported on an accrual basis.

Corporate income tax
Corporate income tax calculated at the applicable rate on the profits for the financial year, taking into account differences between profit calculated according to the profit and loss account and profit calculated for taxation purposes.

2.5 Fraseli Investments S.a.r.l. (FI)

2.5.1 FI was incorporated as a private limited company on December 7, 2010 under the laws of Luxembourg. FI has its registered office located at 65 Boulevard Grande-Duchesse Charlotte, L-1331 Luxembourg; Tel. No. +352 26 449 528; Fax No. +352 26 38 35 09.

2.5.2 The authorized share capital of FI is Euro 12,500 divided into 250 shares of Euro 50 each. As on the date of the Public Announcement, the total issued and paid up share capital of FI was Euro 12,500 divided into 250 shares of Euro 50 each.

2.5.3 FI is an investment holding company.

2.5.4 FI belongs to the L.N. Mittal group of companies. As on the date of the Public Announcement, 100% of the issued and paid up share capital of FI was held by Mittal Investments.

2.5.5 As on the date of the Public Announcement, 611,112 A ordinary shares amounting to 33.34% of the issued and paid up A ordinary share capital of the Acquirer and 30.56% of the total A and B issued and paid up share capital of the Acquirer were held by FI.

2.5.6 The details of the board of directors of FI, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Christian Heinen	35 years	Manager A. Appointed on December 7, 2010	Holder of a Masters Degree in economics; 12 years of experience	Grüfflingen 56 C, 4790 Burg-Reuland, Belgium
2.	Mr. David Sana	37 years	Manager B. Appointed on December 7, 2010	Holder of a Masters Degree in Law; 10 years of experience	12, rue des charmes, 57330 Zoufftgen, France

None of the directors of FI are on the Board of Directors of the Target Company.

2.5.7 The shares of FI are not listed on any stock exchange in India or abroad.

2.5.8 Since FI was recently incorporated on December 7, 2010, no financial statements have been prepared under applicable laws.

2.5.9 FI does not directly hold any Shares. Therefore, the provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to it.

2.5.10 FI has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

2.6 KazStroyService Hungary Kft. (KSS Hungary)

2.6.1 KSS Hungary was incorporated on April 18, 2011 under the laws of Hungary. KSS Hungary was incorporated with its registered office located at 9700 Szombathely, Thököly I utca 13. 2. em. 1, Hungary; Tel. No. +36 1 328 6811; Fax No. +36 1 328 6801. The registered office of KSS Hungary was subsequently changed to H-1075 Budapest, Rumbach Sebestyén u. 19., Hungary.

2.6.2 The authorized share capital of KSS Hungary is INR 130,000. As on the date of the Public Announcement, the total issued and paid up share capital of KSS Hungary was INR130,000.

2.6.3 KSS Hungary is an investment holding company.

2.6.4 KSS Hungary belongs to the KSS group of companies. As on the date of the Public Announcement, 100% of the issued and paid up share capital of KSS Hungary was held by the Acquirer.

2.6.5 As on the date of the Public Announcement, KSS Hungary indirectly through KSS Engineering, Amritha, SRA and PIPL held 3,955,523 Shares amounting to 52.47% of the Voting Share Capital.

2.6.6 The details of the board of directors of KSS Hungary, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Jan	49 years	Director.	Certified (tax)	De

	Hendrik Siemssen		Appointed on April 18, 2011	lawyer with more than 20 years experience; managing director of United Trust in Amsterdam	Poorterstraat 25, 2597 CR Den Haag, the Netherlands

None of the directors of KSS Hungary are on the Board of Directors of the Target Company.

2.6.7 The shares of KSS Hungary are not listed on any stock exchange in India or abroad.

2.6.8 Since KSS Hungary was recently incorporated on April 18, 2011, no financial statements have been prepared under applicable laws.

2.6.9 KSS Hungary does not directly hold any Shares. Therefore, the provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to it.

2.6.10 KSS Hungary has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

2.7 Amritha Sharanya Leasing and Investments Private Limited (Amritha)

2.7.1 Amritha was incorporated on March 31, 1982 under the laws of India as 'Petron Agencies Private Limited'. Its name was subsequently changed to 'Amritha Sharanya Leasing and Investments Private Limited' with a new certificate of incorporation dated March 16, 1995. Amritha has its registered office located at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071; Tel. No. +91 22 40856200; Fax No. +91 22 40856250.

2.7.2 The authorized share capital of Amritha is Rs. 1,000,000 divided into 100,000 equity shares of Rs. 10 each. As on the date of the Public Announcement, the issued and paid up share capital of Amritha was Rs. 211,000 divided into 21,100 equity shares of Rs. 10 each.

2.7.3 As on the date of the Public Announcement, the legal ownership of 99.98% of the issued and paid up share capital of Amritha was held by Mr Jitendra Nath Gupta, ex officer of KSS UK for and on behalf of KSS UK. The beneficial ownership of 100% of the issued and paid up share capital of Amritha is held by KSS Hungary. The Acquirer therefore indirectly held 100% of the beneficial interest in the issued and paid up share capital of Amritha through its wholly owned subsidiary KSS Hungary. Amritha belongs to the KSS group of companies.

2.7.4 Amritha is engaged in the business of investment in group companies by way of acquisition of shares, stocks, debentures and dealing in other securities, financing by way of making loans or advances to or subscribing to the capital of private industrial enterprises in India.

2.7.5 As on the date of the Public Announcement, Amritha held 4,533 Shares amounting to 0.06% of the Voting Share Capital. Details of earlier acquisitions made by Amritha in the Target Company, change in shareholding pursuant to such acquisitions and status of compliance with the SEBI (SAST) Regulations, other applicable regulations under the SEBI Act and other statutory requirements, as applicable, are as below:

Particulars	No. of Shares acquired / (sold)	Capital as on date of acquisition / sale (Rs.)	Resultant shareholding	Status of compliance with SEBI (SAST) Regulations and other relevant statutory requirements
Acquired under a public offer in May 1995	4,533	NIL	4,533	Complied with

2.7.6 There have been delays in compliance with the applicable provisions of chapter II of SEBI (SAST) Regulations by Amritha in the years 1997 to 2002, 2005 and 2006. Details of compliance, by Amritha, with the provisions of Chapter II of the SEBI (SAST) Regulations are set out in **Annexure I**. As on the date of the Public Announcement, SEBI has not initiated any action against Amritha for the said delays in compliance with Chapter II.

2.7.7 The details of the board of directors of Amritha, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Thankappan Sadasiva Das S/o M. A. Thankappan	66 years	Director. Appointed on January 10, 2008	B.E.(Mech.); Over 38 years experience in construction, project management and contracting for oil and gas and infrastructure and offshore projects. Held senior positions with Simon Carves India Ltd., Davy Powergas, PT Boma-Bishma Indira, Indonesia and PT Balcke-Durr, Indonesia	14 Yashodham, Linking Road Extn., Santacruz (West), Mumbai 400054
2.	Mr. Nareshchandra V Shah S/o Late Vasantlal Shah	55 years	Director. Appointed on April 13, 2011	B.Com, L.L.B., A.C.S; specializes in corporate legal matters; Sr. Vice President (Legal) & Company Secretary; experience of 35 years in accounts, audit, corporate laws, income tax and arbitration	602 Tashkent Apts, Prathamesh Complex, Veera Desai Road, Andheri (West), Mumbai 400053

Mr Thankappan Sadasiva Das being the managing director of the Target Company is on the Board of Directors of the Target Company. Mr Thankappan Sadasiva Das has recused himself and has not participated in any matter concerning or relating to the Offer including any preparatory steps leading to the Offer.

2.7.8 The shares of Amritha are not listed on any stock exchange in India or abroad.

2.7.9 Based on the statutory stand-alone financial statements, audited by Lodha & Co, Chartered Accountants, and prepared in accordance with the accounting rules and principles applicable in India, the financial information of Amritha is as follows:

Profit & Loss statement	For the year ended March 31		
	2009	2010	2011
	(Rs. lacs)	(Rs. lacs)	(Rs. lacs)
Income from Operations	0.0	0.0	0.0
Other Income (1)	0.2	0.0	0.1
Total income	0.2	0.0	0.1
Total expenditures (2)	1.1	0.4	0.4
Profit before depreciation, interest and taxes	(0.9)	(0.4)	(0.3)
Depreciation	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0
Net exceptional items (Income / Expense)	0.0	0.0	0.0
Profit before tax	(0.9)	(0.4)	(0.3)
Provision for tax	0.0	0.0	0.0
Profit after tax	(0.9)	(0.4)	(0.3)
Notes: (1) '*Other Income*' includes dividend on long term investments and provision written back.			
(2) '*Total expenditures*' includes operating and other expenses.			
NOTE: The Rupee figures in the table above have been rounded to the nearest lac, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.			

Balance Sheet	For the year ended March 31		
	2009	2010	2011
	(Rs. lacs)	(Rs. lacs)	(Rs. lacs)
Source of funds			
Paid-up share capital	2.1	2.1	2.1
Reserves and surplus	48.8	48.5	48.1
Net Worth (1)	50.9	50.6	50.2
Secured loans	0.0	0.0	0.0
Unsecured loans	31.8	31.8	32.6
Minority Interest	0.0	0.0	0.0
Deferred tax liability (Net)	0.0	0.0	0.0
Total	82.8	82.4	82.8
Uses of funds	0.0	0.0	0.0
Net fixed assets	0.0	0.0	0.0

Investments	82.5	82.5	82.5
Net current assets	0.3	(0.1)	0.3
Deferred tax assets (Net)	0.0	0.0	0.0
Total miscellaneous expenditure not written off	0.0	0.0	0.0
Total	82.8	82.4	82.8
Notes: (1) '*Net Worth'* is the sum of 'Paid-up share capital' and 'Reserves and surplus.			
NOTE: The Rupee figures in the table above have been rounded to the nearest lac, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.			

Other Financial Data	For the year ended March 31		
	2009 (Rs.)	**2010 (Rs.)**	**2011 (Rs.)**
Dividend (%)	0.0	0.0	0.0
Reported earnings per share – basic and diluted	(4.1)	(1.8)	(1.6)
Return on Net Worth (%)(1)	NM	NM	NM
Book Value per Share (2)	241.4	239.7	238.1
Notes:(1) '*Return on Net Worth (%)*' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.			
(2) '*Book Value per Share*' is calculated as, 'Net Worth' divided by the number of 'Issued, Subscribed and Paid Up shares' at the end of the respective year, as presented in the audited financial statements.			

2.7.10 Contingent liabilities

According to the statutory audited accounts of Amritha for the FY ending March 31, 2011, there are no contingent liabilities.

2.7.11 Explanation of the variation in total income and profit after tax in recent years

The variation can be attributed to variation in dividend income and operating expenditure of Amritha.

2.7.12 Significant accounting policies:

1. System of Accounting

The Financial Statements are prepared on accrual basis and in accordance with the applicable mandatory Accounting Standards in India.

2. Revenue Recognition

Income and expenses are accounted for on accrual basis. Dividend Income is recognized when the right to receive is established. Sale of securities is recorded at the date of transaction.

3. Investments

Long term investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are valued at lower of cost and market value.

4. **Foreign Currency Transactions**

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the date of the balance sheet are translated at the exchange rate prevailing on such date and resultant gain or loss is recognized in the profit and loss account.

5. **Taxes on Income**

Provision for current tax is made on the assessable income computed for the accounting period in accordance with the Income Tax Act. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, calculated by applying tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of business losses and capital losses under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence.

Deferred tax assets / liability are reviewed at the balance sheet date and restated as necessary to reflect realizable value.

6. **Provisions, Contingent Liabilities, Contingent Assets**

Amritha recognizes a provision when there is a present 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 a reliable estimate can be made.

A disclosure by way of notes for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

Contingent assets are neither recognized nor disclosed.

2.7.13 Amritha has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

2.8 SRA Finance and Investments Private Limited (SRA)

2.8.1 SRA was incorporated on March 31, 1982 under the laws of India as 'Petron Finances Private Limited'. Its name was subsequently changed to 'SRA Finance and Investments Private Limited' with a new certificate of incorporation dated November 23, 1995. SRA has its registered office located at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071; Tel. No. +91 22 40856200; Fax No. +91 22 40856250.

2.8.2 The authorized share capital of SRA is Rs. 10,000,000 divided into 1,000,000 equity shares of Rs. 10 each. As on the date of the Public Announcement the total issued and paid up share capital of SRA was Rs. 7,215,350 divided into 721,535 equity shares of Rs. 10 each.

2.8.3 As on the date of the Public Announcement, legal ownership of 99.98% and beneficial ownership of 100% of the issued and paid up share capital of SRA was held by KSS Hungary. The Acquirer therefore indirectly held legal ownership of 99.98% and beneficial ownership of 100% of the issued and paid up share capital of SRA through its wholly owned subsidiary KSS Hungary. SRA belongs to the KSS group of companies.

2.8.4 SRA is engaged in the business of investment in group companies by way of acquisition of shares, stocks, debentures and dealing in other securities, financing by way of making loans or advances to or subscribing to the capital of private industrial enterprises in India.

2.8.5 As on the date of the Public Announcement, SRA held 4,533 Shares amounting to 0.06% of the Voting Share Capital. Details of earlier acquisitions made by SRA in the Target Company, change in shareholding pursuant to such acquisitions and status of compliance with the SEBI (SAST) Regulations, other applicable regulations under the SEBI Act and other statutory requirements, as applicable, are as below:

Particulars	No. of Shares acquired / (sold)	Capital as on date of acquisition / sale (Rs.)	Resultant shareholding	Status of compliance with SEBI (SAST) Regulations and other relevant statutory requirements
Acquired under a public offer in May 1995	4,533	NIL	4,533	Complied with

2.8.6 There have been delays in compliance with the applicable provisions of chapter II of SEBI (SAST) Regulations by SRA for the years 1997 to 2002, 2005 and 2006. Details of compliance, by SRA, with the provisions of Chapter II of the SEBI (SAST) Regulations are set out in **Annexure I**. As on the date of the Public Announcement, SEBI has not initiated any action against SRA for the said delays in compliance with Chapter II.

2.8.7 The details of the board of directors of SRA, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Thankappan Sadasiva Das S/o M. A. Thankappan	66 years	Director. Appointed on January 10, 2008	B.E. (Mech.); Over 38 years experience in construction, project management and contracting for oil and gas and infrastructure and offshore projects. Held senior positions with Simon Carves India Ltd., Davy Powergas, PT Boma-Bishma Indira, Indonesia and PT Balcke-Durr, Indonesia	14 Yashodham, Linking Road Extn., Santacruz (West), Mumbai 400054
2.	Mr. Nareshchandra	55 years	Director. Appointed on	B. Com, L.L.B., A.C.S; specializes	602 Tashkent

	V Shah S/o Late Vasantlal Shah		April 13, 2011	in corporate legal matters; Sr. Vice President (Legal) & Company Secretary; experience of 35 years in accounts, audit, corporate laws, income tax and arbitration	Apts, Prathamesh Complex, Veera Desai Road, Andheri (West), Mumbai 400053

Mr Thankappan Sadasiva Das being the managing director of the Target Company is on the Board of Directors of the Target Company. Mr Thankappan Sadasiva Das has recused himself and has not participated in any matter concerning or relating to the Offer including any preparatory steps leading to the Offer.

2.8.8 The shares of SRA are not listed on any stock exchange in India or abroad.

2.8.9 Based on the statutory stand-alone financial statements, audited by Lodha and Co., Chartered Accountants, and prepared in accordance with the accounting rules and principles applicable in India, the financial information of SRA is as follows:

Profit & Loss statement	**For the year ended March 31**		
	2009	**2010**	**2011**
	(Rs. lacs)	**(Rs. lacs)**	**(Rs. lacs)**
Income from Operations	0.0	0.0	0.0
Other Income (1)	0.1	0.1	7.1
Total income	0.1	0.1	7.1
Total expenditures	0.8	0.4	0.6
Profit before depreciation, interest and taxes (2)	(0.7)	(0.2)	6.5
Depreciation	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0
Net exceptional items (Income / Expense)	0.0	0.0	0.0
Profit before tax	(0.7)	(0.2)	6.5
Provision for tax	0.0	0.0	0.0
Profit after tax	(0.7)	(0.2)	6.5
Notes: (1) '*Other Income*' includes dividend on long term investments, interest on IT refund and miscellaneous income.			
(2) '*Profit before depreciation, interest and taxes*' is calculated as 'Total income' minus 'Total expenditures'.			
NOTE: The Rupee figures in the table above have been rounded to the nearest lac, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.			

Balance Sheet	For the year ended March 31		
	2009	2010	2010
	(Rs. lacs)	(Rs. lacs)	(Rs. lacs)
Source of funds			
Paid-up share capital	72.2	72.2	72.2
Reserves and surplus	59.2	51.4	57.9
Net Worth (1)	131.4	123.6	130.0
Secured loans	0.0	0.0	0.0
Unsecured loans	32.4	32.4	32.4
Minority Interest	0.0	0.0	0.0
Deferred tax liability (Net)	0.0	0.0	0.0
Total	**163.8**	**155.9**	**162.4**
Uses of funds			
Net fixed assets	0.0	0.0	0.0
Investments	156.0	156.0	156.0
Net current assets	0.1	(0.1)	6.4
Deferred tax assets (Net)	0.0	0.0	0.0
Total miscellaneous expenditure not written off	0.0	0.0	0.0
Profit and loss account	7.6	0.0	0.0
Total	**163.8**	**155.9**	**162.4**
Notes: (1) '*Net Worth*' is the sum of 'Paid-up share capital' and 'Reserves and surplus'.			
Note: The Rupee figures in the table above have been rounded to the nearest lac, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.			

Other Financial Data	For the year ended March 31		
	2009 (Rs.)	**2010 (Rs.)**	**2011 (Rs.)**
Dividend (%)	0.0	0.0	0.0
Reported earnings per share – basic and diluted	(0.1)	(0.0)	0.9
Return on Net Worth (%)(1)	NM	NM	4.99%
Book Value per Share (2)	18.2	17.1	18.0
Notes: (1) '*Return on Net Worth (%)*' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.			
(2) '*Book Value per Share*' is calculated as, 'Net Worth' divided by the number of 'Issued, Subscribed and Paid Up shares' at the end of the respective year, as presented in the audited financial statements.			

2.8.10 Contingent liabilities

According to the statutory audited accounts of SRA for the FY ending March 31, 2011, there are no contingent liabilities.

2.8.11 Explanation of the variation in total income and profit after tax in recent years

While there is not much variation in the total income and profit after tax as SRA is an investment holding company, the slight variation can be attributed to variation in dividend income and operating expenditure of the company.

2.8.12 **Significant accounting policies:**

1. System of Accounting

The Financial Statements are prepared on accrual basis and in accordance with the applicable mandatory Accounting Standards in India.

2. Revenue Recognition

Income and expenses are accounted for on accrual basis. Dividend Income is recognized when the right to receive is established. Sale of securities is recorded at the date of transaction.

3. Investments

Long term investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are valued at lower of cost and market value.

4. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the date of the balance sheet are translated at the exchange rate prevailing on such date and resultant gain or loss is recognized in the profit and loss account.

5. Taxes on Income

Provision for current tax is made on the assessable income computed for the accounting period in accordance with the Income Tax Act. Deferred tax is recognized, subject to the consideration of prudence, on timing differences, calculated by applying tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of business losses and capital losses under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence.

Deferred tax assets / liability are reviewed at the balance sheet date and restated as necessary to reflect realizable value.

6. Provisions, Contingent Liabilities, Contingent Assets

SRA recognizes a provision when there is a present 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 a reliable estimate can be made.

A disclosure by way of notes for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

Contingent assets are neither recognized nor disclosed.

2.8.13 SRA has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

2.9 Petron Investments Private Limited (PIPL)

2.9.1 PIPL was incorporated on June 30, 1980 under the laws of India. PIPL has its registered office located at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071; Tel. No. +91 22 40856200; Fax No. +91 22 40856250.

2.9.2 The authorized share capital of PIPL was Rs. 10,000,000 divided into 100,000 equity shares of Rs. 100 each. As on the date of the Public Announcement, the total issued and paid up share capital of PIPL was Rs. 7,602,000 divided into 76,020 equity shares of Rs. 100 each.

2.9.3 As on the date of the Public Announcement, 40% of the issued and paid up share capital of PIPL was held by Amritha, 40% of the issued and paid up share capital of PIPL was held by SRA and 20% of the issued and paid up share capital of PIPL was held by KSS Hungary. The Acquirer therefore indirectly held 100% of the issued and paid up share capital of PIPL through its ownership in Amritha, SRA and KSS Hungary.

2.9.4 PIPL is engaged in the business of investment in group companies by way of acquisition of shares, stocks, debentures and dealing in other securities, financing by way of making loans or advances to or subscribing to the capital of private industrial enterprises in India.

2.9.5 As on the date of the Public Announcement, PIPL held 3,936,327 Shares amounting to 52.22% of the Voting Share Capital. Details of earlier acquisitions made by PIPL in the Target Company, change in shareholding pursuant to such acquisitions and status of compliance with the SEBI (SAST) Regulations, other applicable regulations under the SEBI Act and other statutory requirements, as applicable, are as below:

Date	Particulars	No. of Shares acquired / (sold)	Capital as on date of acquisition / sale (Rs.)	Resultant shareholding	Status of compliance with SEBI (SAST) Regulations and other relevant statutory requirements
30.06.1980	Purchase / Further Issue	6,853	NIL	6,853	Complied with
30.06.1980	Bonus	1,047	6,853	7,900	Complied with
30.06.1983	Further Issue	2,000	7,900	9,900	Complied with
29.06.1984	Bonus	9,900	9,900	19,800	Complied with
24.06.1987	Bonus	9,900	19,800	29,700	Complied with

02.10.1989	Bonus	23,760	29,700	53,460	Complied with
29.02.1992	Face Value of Rs. 100 per share converted to Rs. 10 per share	534,600	-	534,600	Complied with
26.11.1992	Further Issue	360,000	534,600	894,600	Complied with
01.01.1993	Bonus	1,341,900	894,600	2,236,500	Complied with
29.08.1994	Further Issue	352,500	2,236,500	2,589,000	Complied with
03.10.1994	Bonus	1,294,527	2,589,000	3,883,527	Complied with
10.05.1995	IPO	52,125	3,883,527	3,935,652	Complied with
07.08.2003	Purchase	675	3,935,652	3,936,327	Complied with

2.9.6 There have been delays in compliance with the applicable provisions of chapter II of SEBI (SAST) Regulations by PIPL for the years 1997 to 2002, 2005 and 2006. Details of compliance, by PIPL, with the provisions of Chapter II of the SEBI (SAST) Regulations are set out in **Annexure I**. As on the date of the Public Announcement, SEBI has not initiated any action against PIPL for the said delays in compliance with Chapter II.

2.9.7 The details of the board of directors of PIPL, as on the date of the Public Announcement, are set forth below:

Sl. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Thankappan Sadasiva Das S/o M. A. Thankappan	66 years	Director. Appointed on January 10, 2008	B.E. (Mech.); Over 38 years experience in construction, project management and contracting for oil and gas and infrastructure and offshore projects. Held senior positions with Simon Carves India Ltd., Davy Powergas, PT Boma-Bishma Indira, Indonesia and PT Balcke-Durr, Indonesia	14 Yashodham, Linking Road Extn., Santacruz (West), Mumbai 400054
2.	Mr. Nareshchandra V Shah S/o Late Vasantlal Shah	55 years	Director. Appointed on April 13, 2011	B. Com, L.L.B., A.C.S; specializes in corporate legal matters; Sr. Vice President (Legal) & Company Secretary;	602 Tashkent Apts, Prathamesh Complex, Veera Desai Road,

				experience of 35 years in accounts, audit, corporate laws, income tax and arbitration	Andheri (West), Mumbai 400053

Mr Thankappan Sadasiva Das being the managing director of the Target Company is on the Board of Directors of the Target Company. Mr Thankappan Sadasiva Das has recused himself and has not participated in any matter concerning or relating to the Offer including any preparatory steps leading to the Offer.

2.9.8 The shares of PIPL are not listed on any stock exchange in India or abroad.

2.9.9 Based on the statutory stand-alone financial statements, audited by Lodha and Co., Chartered Accountants, and prepared in accordance with the accounting rules and principles applicable in India, the financial information of PIPL is as follows:

Profit & Loss statement	**For the year ended March 31**		
	2009	**2010**	**2011**
	(Rs. lacs)	**(Rs. lacs)**	**(Rs. lacs)**
Income from Operations	0.0	0.0	0.0
Other Income (1)	20.9	86.6	138.1
Total income	20.9	86.6	138.1
Total expenditures (2)	1.2	2.1	2.2
Profit before depreciation, interest and taxes (3)	19.7	84.5	135.8
Depreciation	2.7	1.6	0.8
Interest expenses	0.0	0.0	0.0
Net exceptional items (Income / Expense)	0.0	0.0	0.0
Profit before tax	17.0	82.9	135.0
Provision for tax (4)	6.2	25.7	3.8
Profit after tax	10.8	57.1	131.2

Notes: (1) '*Other Income*' includes dividend on long term investments, corporate guarantee comm. for bank finances to subs., interest income, excess provision written back and profit on sale of fixed assets.

(2) '*Total expenditures*' includes operating and other expenses.

(3) '*Profit before depreciation, interest and taxes*' is calculated as 'Total income' minus 'Total expenditures'.

(4) '*Provision for tax'* includes 'Current tax', 'Deferred tax', and taxes related to earlier years, as presented in the financial statements.

NOTE: The Rupee figures in the table above have been rounded to the nearest lac based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Balance Sheet	**For the year ended March 31**		
	2009	**2010**	**2011**
	(Rs. lacs)	**(Rs. lacs)**	**(Rs. lacs)**
Source of funds			

Paid-up share capital	76.0	76.0	76.0
Reserves and surplus	513.7	570.8	702.0
Net Worth (1)	589.7	646.8	778.0
Secured loans	0.0	0.0	0.0
Unsecured loans	0.0	0.0	0.0
Minority Interest	0.0	0.0	0.0
Deferred tax liability (Net)	3.7	2.1	1.8
Total	**593.4**	**648.9**	**779.8**
Uses of funds			
Net fixed assets (2)	17.2	6.7	5.8
Investments	169.9	169.9	169.9
Net current assets	406.3	472.4	604.1
Deferred tax assets (Net)	0.0	0.0	0.0
Total miscellaneous expenditure not written off	0.0	0.0	0.0
Total	**593.4**	**648.9**	**779.8**

Notes: (1) '*Net Worth'* is the total of 'Paid-up share capital' and 'Reserves and surplus', as presented in the audited financial statements.

(2) *'Net fixed assets'* is calculated as 'Fixed assets – Acc. Depreciation' ', as presented in the audited financial statements.

Note: The Rupee figures in the table above have been rounded to the nearest lac, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Other Financial Data	**For the year ended March 31**		
	2009 (Rs.)	**2010 (Rs.)**	**2011 (Rs.)**
Dividend (%)	0.0	0.0	0.0
Reported earnings per share – basic and diluted	14.2	75.2	172.6
Return on Net Worth (%)(1)	1.82%	8.84%	16.86%
Book Value per Share (2)	775.7	850.9	1,023.5

Notes: (1) '*Return on Net Worth (%)*' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.

(2) '*Book Value per Share*' is calculated as, 'Net Worth' divided by the number of 'Issued, Subscribed and Paid Up shares' at the end of the respective year, as presented in the audited financial statements.

2.9.10 Contingent liabilities

Contingent liabilities for FY ending March 31, 2011 include corporate guarantees given to consortium bankers of subsidiary company, associates and holding company for fund and non-fund based working capital – Rs. 984.52 crores (2010: Rs. 755.02 crores).

2.9.11 Explanation of the variation in total income and profit after tax in recent years

The rise in total income from 2009 to 2010 is due to income from sale of fixed asset and interest on loan to subsidiary. The rise in total income has resulted in higher profit after tax in 2010 compared to 2009. The rise in income from 2010 to 2011 is due to the increase in dividend income. The rise in total income has resulted in higher profit after tax in 2011 compared to 2010.

2.9.12 Significant accounting policies:

1. System of Accounting

The Financial Statements are prepared on accrual basis and in accordance with the applicable mandatory Accounting Standards in India.

2. Revenue Recognition

Income and expenses are accounted for on accrual basis. Dividend income is recognized when the right to receive is established. Sale of securities is recorded at the date of transaction. Income from letting out of plant and machinery is recognized as when services are rendered.

3. Fixed Assets & Depreciation

Fixed assets are stated at cost (including other expenses related to acquisition & installations) less accumulated depreciation.

Depreciation is provided on straight line method at the rates provided in Schedule XIV to the Companies Act, 1956.

4. Investments

Long term investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are valued at lower of cost and market value.

5. Foreign Currency Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency at the date of the balance sheet are translated at the exchange rate prevailing on such date and resultant gain or loss is recognized in the profit and loss account.

6. Taxes on Income

Provision for current tax is made on the assessable income computed for the accounting period in accordance with the Income Tax Act. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, calculated by applying tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of business losses and capital losses under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence.

Deferred tax assets / liability are reviewed at the balance sheet date and restated as necessary to reflect realizable value.

7. Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable amount. An impairment loss is charged to the profit & loss account when an asset is identified as impaired. Reversal of impairment loss recognized in prior periods is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

8. Provisions, Contingent Liabilities, Contingent Assets

PIPL recognizes a provision when there is a present 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 a reliable estimate can be made.

A disclosure by way of notes for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

2.9.13 PIPL has not incorporated or promoted any company in India in the period of 3 years preceding the date of the Public Announcement.

3. REASONS FOR THE OFFER, FUTURE PLANS AND DISCLOSURE IN TERMS OF REGULATION 21 (2) OF THE SEBI (SAST) REGULATIONS

3.1 The Acquirer and Persons Acting in Concert are making this Offer pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations as the Acquirer has completed a restructuring of its group whereby: (a) it has acquired, indirectly through its wholly owned subsidiary, KSS Hungary, the legal and beneficial ownership in 52.47% of the Voting Share Capital; and (b) a 33.34% interest in the issued and fully paid up A ordinary share capital of the Acquirer has been transferred by KSS Infra and KSS Holding to FI. Additionally, KSS Holding, KSS Infra, FI and the Acquirer have entered into the SHA under which KSS Holding, KSS Infra and FI have each been granted affirmative vote rights on decisions regarding certain specified matters at both the board and the shareholders' level in respect of the Acquirer and all companies controlled by the Acquirer at the time of signing of the SHA or at any point of time in the future, which will include the Target Company.

3.2 The KSS group intends to maximize value for the shareholders and the profits of the KSS group by putting into place a more efficient holding structure for its businesses through a single entity that can serve as a vehicle for future investment.

3.3 The Acquirer does not have any plans at present to dispose of or otherwise encumber any assets of the Target Company in the next 2 years, except in the ordinary course of business of the Target Company or to the extent required for the purpose of restructuring and/or rationalization of assets, investments, or liabilities of the Target Company for commercial reasons and operational efficiencies. The Board of Directors will make decisions on these matters in accordance with the requirements of the business of the Target Company and applicable laws.

3.4 Except as otherwise disclosed in the Public Announcement, this Letter of Offer or in the ordinary course of business, the Acquirer and the Persons Acting in Concert undertake that they 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, to the extent required by applicable laws.

3.5 The Acquirer does not have any intention to change the Board of Directors of the Target Company during the Offer period as a direct consequence of the Offer except in the ordinary course of business and in compliance with applicable laws.

3.6 As per Clause 40A of the listing agreement with the BSE and NSE ("**Listing Agreement**"), the Target Company is required to maintain at least 25% public shareholding on a continuous basis. In the event that the acquisition made in pursuance of the Offer results in the public shareholding of the Target Company falling below such minimum level, the Acquirer undertakes to comply with the requirements of Clause 40A of the Listing Agreement by adopting one of the methods specified therein.

4. BACKGROUND OF THE TARGET COMPANY

4.1 Petron Engineering Construction Limited, the Target Company, is a public company limited by shares, incorporated on July 19, 1976 under the Companies Act, 1956, with its registered office located at Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071; Tel. No. +91 22 40856200; Fax No. +91 22 40856250.

4.2 The Target Company was originally incorporated as 'Petron Engineering Construction Limited' (43A Deemed Public Company) and was accorded the status of a full fledged public company with the name 'Petron Engineering Construction Limited' with a new certificate of incorporation dated January 17, 1995.

4.3 The Target Company is engaged in the businesses of fabrication, erection and installation of plant and machinery and equipment for refineries, cement plants, fertilizer plants, petro-chemical plants, power plants and other industrial plants and undertaking shutdown and annual turnaround contracts for repairs, revamp and reconditioning of large industrial projects. The Target Company, as an organization offers total solutions in engineering construction, with feasibility study, estimation, procurement and managerial and administrative support for project construction.

4.4 The Target Company has the following manufacturing facilities:

Petron Mechanical: This division is located at Plot No. A-328, TTC Industrial Area, Mahape, Thane – Belapur Road, Thane. It manufactures tanks, chimney and supporting structural works as well as overhead crane components and mechanical components.

Rockwool Insulation Division: This division is located at Plot No. A-307, TTC Industrial Area, Mahape, Thane – Belapur Road, Thane. It carries out insulation jobs for refractory and mechanical assembly. It also carries out shut down maintenance work for refineries, glass manufacturing plants and power plants.

Petrofab Division: This division is located at Plot No. 224, Padra – Jambusar Road, Dabhasa, Baroda 391 440, Gujarat. It manufactures skids, windmill components, vessels mechanical components, heaters etc.

The authorized share capital of the Target Company is Rs. 100,000,000 divided into 10,000,000 equity shares of Rs. 10 each. As on the date of the Public Announcement, the issued and paid-up equity share capital of the Target Company was Rs. 75,384,000 divided into 7,538,400 fully paid up equity shares of face value Rs. 10/- each. Details of the subscribed and paid up share capital of the Target Company are set forth below:

Paid-up Shares	No. of Shares / Voting rights	% of Voting Rights
Fully paid-up Shares	7,538,400	100
Partly paid-up Shares	Nil	Nil
Total Shares	7,538,400	100
Total Voting Rights	7,538,400	100

4.5 As on the date of the Public Announcement, the Promoter Shareholders of the Target Company held 3,955,523 Shares comprising 52.47% of the Voting Share Capital and comprise the following entities/ individuals:

S. No.	Name of Entity/Individual	Shares	% of Total Fully Paid-up Share Capital
1.	Petron Investments Private Limited	3,936,327	52.22
2.	Kazstroy Engineering (UK) Limited	10,130	0.13
3.	SRA Finance and Investments Private Limited	4,533	0.06
4.	Amritha Sharanya Leasing and Investments Private Limited	4,533	0.06
	TOTAL	**3,955,523**	**52.47**

4.6 As on the date of the Public Announcement, the shareholding pattern of the Target Company was as follows:

S. No.	Shareholder's Category	No. and Percentage of Shares held (%)	
1.	Promoter Shareholders	3,955,523	52.47
2.	FII / Mutual Funds / FIs / Banks	1,351,727	17.93
3.	Public	2,231,150	29.60
	Total	**100%**	

4.7 The build-up of the subscribed and paid up Voting Share capital of the Target Company since inception is as follows:

Date of Allotment	No. of Shares issued	% of Shares	Cumulative paid up capital	Mode of allotment	Identity of allottees (promoter/ ex promoters /others)	Status of compliance
18.10.1976	1,050	0.14%	105,000	First issue against cash	Promoters	Complied with*
09.06.1978	1,050	0.14%	210,000	Further issue against cash	Promoters	Complied with*
30.06.1980	5,800	0.77%	790,000	Further issue against cash	Promoters Relatives Including PIPL	Complied with*
30.06.1980	2,100	0.28%	1,000,000	Bonus	Promoters	Complied

Date of Allotment	No. of Shares issued	% of Shares	Cumulative paid up capital	Mode of allotment	Identity of allottees (promoter/ ex promoters /others)	Status of compliance
					Relatives Including PIPL	with*
30.06.1983	5,540	0.73%	1,554,000	Further issue against cash	Promoters Relatives Including PIPL	Complied with*
08.11.1983	1,950	0.26%	1,749,000	Further issue against cash	Employees	Complied with*
29.06.1984	17,490	2.32%	3,498,000	Bonus	Promoters Relatives & Employees Including PIPL	Complied with*
24.06.1987	17,490	2.32%	5,247,000	Bonus	Promoters Relatives & Employees Including PIPL	Complied with*
02.10.1989	41,976	5.57%	9,444,600	Bonus	Promoters Relatives & Employees Including PIPL	Complied with*
31.12.1991	5,454	0.72%	9,990,000	Further issue against cash	Promoters Relatives	Complied with*
29.02.1992	**999,000**	**13.25%**	**9,990,000**	**Face Value of Rs. 100 per share converted to Rs. 10 per share#**		
26.11.1992	360,000	4.78%	13,590,000	Further issue against cash	PIPL	Complied with*
01.01.1993	2,038,500	27.04%	33,975,000	Bonus	Promoters Relatives & Employees Including PIPL	Complied with*
29.08.1994	352,500	4.68%	37,500,000	Further issue against	PIPL	Complied with*

Date of Allotment	No. of Shares issued	% of Shares	Cumulative paid up capital	Mode of allotment	Identity of allottees (promoter/ ex promoters /others)	Status of compliance
				cash		
03.10.1994	1,875,000	24.87%	56,250,000	Bonus	Promoters Relatives & Employees Including PIPL	Complied with*
10.05.1995	1,909,100	25.33%	75,341,000	Further issue against cash	Public Issue	Complied with*
09.07.1997	4,300	0.06%	75,384,000	Further issue against cash	Public Issue (Against Tradable warrants)	Complied with*
Total	**7,538,400**	**100.00%**				

On February 29, 1992 face value of equity shares of Rs. 100/- each was split into 10 equity shares of Rs. 10/- each.

* *Carried out Board Resolution & ROC filing of Return of Allotment (Form No. 2) filed.*

4.8 The Target Company has no convertible instruments or stock options or any other instruments which may result in issuance of Shares by the Target Company prior to the expiration of 15 days after the Closure of the Offer. Further, there are no partly paid shares of the Target Company.

4.9 None of the Shares of the Target Company are subject to any lock-in.

4.10 The Shares are listed on NSE and BSE.

4.11 The trading of Shares has not been suspended either on BSE or NSE.

4.12 There have been no instances of non-listing of some and / or all Shares at any stock exchange.

4.13 There have been delays in compliance with the applicable provisions of Chapter II of the SEBI (SAST) Regulations by the Target Company and its promoters for the years 1998 to 2002, 2005 and 2006. Details of the compliance by the Target Company and its promoters are provided in **Annexure II**. As on the date of the Public Announcement, SEBI has not initiated any action against the Target Company and/or its promoters for the said delays in compliance with Chapter II. However, SEBI may initiate action against the Target Company and its promoters at a later stage in terms of the SEBI (SAST) Regulations and provisions of the SEBI Act, 1992 for non-compliance with Chapter II of the SEBI (SAST) Regulations by the Target Company and/or its promoters.

4.14 The Target Company is compliant with the requirements of the Listing Agreement with the stock exchanges except for the submission of the limited review report for the quarter ended December 31, 2007 as the auditors, M/s. Sankaran & Co., had resigned on January 16, 2008 and the office of the auditors remained vacant till April 20, 2008. No penal action has been initiated or taken by BSE or NSE.

4.15 The details of the Board of Directors of the Target Company, as on the date of the Public Announcement, are set forth below:

S. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
1.	Mr. Thankappan Sadasiva Das S/o M. A. Thankappan	66 years	Managing Director. Appointed on May 14, 2007	B.E.(Mech.); Over 38 years experience in construction, project management and contracting for and gas and infrastructure and offshore projects. Held senior positions with Simon Carves India Ltd., Davy Powergas, PT Boma-Bishma Indira, Indonesia and PT Balcke-Durr, Indonesia	14, Yashodham, Linking Road Extn., Santacruz (West), Mumbai 400054
2.	Dr. Sankaranarayana Rama Iyer S/o Sankaranarayana Iyer	72 years	Director. Appointed on January 30, 2009	M.Tech. and Ph.D.; expertise in process technology, design engineering, project management and construction management of large projects both in India and abroad	Flat No. 32, Rashmi, Demonte Park Road, Bandra, Mumbai 400050
3.	Mr. Raghunathan Sankaran S/o Ramachandran Raghunathan	65 years	Director. Appointed on June 29, 2009	M.A., M.B.A; 35 years experience in financial services and business consulting in capital markets, corporate finance, institutional relationships, government & regulatory management. Director of a	401 Sand Pebbles, Perry Cross Road, Bandra (West), Mumbai 400050

S. No.	Name	Age	Designation and Date of Appointment	Qualifications and Experience	Residential Address
				number of companies and also on the advisory board of HDFC Real Estate Venture Fund and N.M. Rothschild	
4.	Mr. Ravi Prakash Keswani S/o Lt. Bhagwan Motiram Keswani	48 years	Director. Appointed on March 20, 2010	B. Com (Hons.), Bachelor of Law (LLB) Fellow Member of Institute of CA; experience of 23 years working with large corporates in finance & treasury, accounts, taxation, commercial, project costing & budgeting control, corporate strategy; mergers & acquisition etc. CFO of KSS group	11-L/72, Lajpat Nagar, New Delhi 110024

4.16 The Target Company has not been involved in any other merger, demerger or spin off in the 3 years preceding the date of the Public Announcement.

4.17 Based on the financial statements, audited by Lodha & Co., Chartered Accountants, and prepared in accordance with the generally accepted accounting principles ("**GAAP**") in India the financial information of the Target Company is as follows:

Profit & Loss statement	**For the year ended March 31**		
	2009	**2010**	**2011**
	(Rs. lacs)	**(Rs. lacs)**	**(Rs. lacs)**
Income from Operations	45,713.6	53,196.9	49,910.4
Other income	462.8	178.6	232.5
Total income	46,176.5	53,375.5	50,142.9
Total expenditures (1)	43,638.7	48,210.7	44,054.1
Profit before depreciation, interest and taxes (2)	2,537.8	5,164.8	6,088.9
Depreciation	682.8	903.2	1092.7
Interest expenses	708.9	675.1	380.9

Net exceptional items (Income / Expense)	0.0	0.0	0.0
Profit before tax	1,146.1	3,586.5	4,615.3
Provision for tax (3)	499.4	1,198.2	1,519.9
Profit after tax	646.7	2,388.3	3,095.4

Notes: (1) '*Total expenditures*' includes costs of materials and cost of goods and operating expense, personnel expenses and other expenses.

(2) '*Profit before depreciation, interest and taxes*' is calculated as 'Total income' minus 'Total expenditures'.

(3) '*Provision for tax'* includes '*Current tax'*, '*Deferred tax'*, '*Fringe benefits tax'* and minimum alternate tax credit entitlement in the audited financial statements.

NOTE: The Rupee figures in the table above have been rounded to the nearest lac, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Balance Sheet	**For the year ended March 31**		
	2009	**2010**	**2011**
	(Rs. lacs)	**(Rs. lacs)**	**(Rs. lacs)**
Source of funds			
Paid-up share capital	755.1	753.8	753.8
Reserves and surplus	6,906.5	9,106.0	12,011.9
Net Worth (1)	7,661.6	9,859.8	12,765.7
Secured loans	2,989.9	2,455.6	2,832.9
Unsecured loans	2,326.4	2,534.0	0.0
Minority Interest	0.0	0.0	0.0
Deferred tax liability (Net)	693.7	678.6	291.2
Total	13,671.5	15,528.1	15,889.8
Uses of funds			
Net fixed assets (2)	6,364.7	6,600.1	9,728.2
Investments	0.0	0.0	0.0
Net current assets	7,306.9	8,928.0	6,161.7
Deferred tax assets (Net)	0.0	0.0	0.0
Total miscellaneous expenditure not written off	0.0	0.0	0.0
Total	13,671.5	15,528.1	15,889.8

Notes: (1) '*Net Worth'* is the total of 'Paid-up share capital' and 'Reserves and surplus', as presented in the audited financial statements.

(2) '*Net fixed assets*' is calculated as 'Fixed assets - Acc. Depreciation' plus 'Capital Work in Progress including Capital Advances', as presented in the audited financial statements.

Note: The Rupee figures in the table above have been rounded to the nearest lac, based on figures in the audited financial statements. Consequently, totals in the table above may contain rounding differences.

Other Financial Data	**For the year ended March 31**		
	2009 (Rs.)	**2010 (Rs.)**	**2011 (Rs.)**
Dividend (%)	0.0%	20%(Rs 2 per share)	20%(Rs 2 per share)(3)

Reported earnings per share – basic and diluted	8.6	31.7	41.1
Return on Net Worth (%)[(1)]	8.44%	24.22%	24.25%
Book Value per Share [(2)]	101.6	130.8	169.3
Notes: (1) '*Return on Net Worth (%)*' is calculated as 'Profit after Tax' for the respective year, divided by the 'Net Worth' at the end of the respective year, as presented in the audited financial statements.			
(2) '*Book Value per Share*' is calculated as, '*Net Worth*' divided by the number of '*Issued, Subscribed and Paid Up shares*' at the end of the respective year, as presented in the audited financial statements.			
(3) 'Dividend' recommended by board, shareholder's approval pending.			

4.18 **Contingent liabilities**

Details of contingent liabilities of the Target Company as on March 31, 2011 are as follows:

Nature of the dues	Period to which the amount relates	Forum where dispute is pending	Amount (Rs.)	Total Amount (Rs.)
Sales Tax Matter				
	2008	Sales Tax Office, Angul	2,096,675	
	2004-05	High Court , Chennai	1,944,392	
	2006-07	Asst. Commissioner of sales Tax, Mumbai	100,000	
	2006-07	Jt. Commissioner of Commercial Taxes, Kolkata	807,261	
	2004-05	Sales Tax Authority, Maharashtra	169,822	
	2007-08	Jt. Commissioner of Commercial Taxes, Kolkata	2,589,556	**7,707,706**
Excise Duty				
	2001	Asst. Commissioner of Excise, Zone II	302,640	
	2004	Commissioner of Central Excise, Vododara	388,314	**690,954**
Service Tax	2004-05	Service Atx Commissioner, Rohtak	9,510,513	
	2009	Dy. Commissioner of CEST, Sitapur	622,703	**10,133,216**
Income Tax	2006-07	CIT (Appeal) 14, Mumbai	52,702,160	
	2007-08	CIT (Appeal) 14, Mumbai	273,380,370	
	2008-09	CIT (Appeal) 14, Mumbai	439,757,810	**765,840,340**
Labour				

Matters				
	2007-08	Bihar Building & other Construction Workers Welfare Board, Bhagalpur, Bihar	3,970,102	
	2007	Labour Court, Baroda	200,000	
	2008	Labour Court, Kahalgaon	100,000	
	2009	Labour Court, W.C. Comm. Panipat	36,905	
	2008	Labour Court	40,500	
	2008	Labour Court	18,930	
	2007	High Court, Madhya Pradesh	23,475,514	**27,841,951**

4.19 **Explanation of the variation in total income and profit after tax in recent years**

Total Income for the FY ended March 31, 2011 was lower than FY ended March 31 2010 due to lower revenue realization on account of changes in project schedules. The increase in 'profit after tax' is attributed to higher operational efficiency and productivity enhancement initiatives which has resulted in higher operating margins.

Total Income or the FY ended March 31, 2010 was higher than FY ended March 31, 2009 due to higher revenue realization from various projects in the cement, power and refinery sectors. The higher sales contributed to a rise in profit after tax.

4.20 **Significant accounting policies:**

4.20.1 **Background & nature of operations**

The Target Company is a company incorporated on July 19, 1976 under the Companies Act, 1956 (the 'Act'). The Target Company is primarily engaged in the business of engineering, procurement and construction of plants for oil refineries, power, cement, petrochemical, fertiliser and other industries.

4.20.2 **Basis of accounting, use of estimates and preparation of financial statements**

The Target Company maintains its accounts on accrual basis, unless stated otherwise, following the historical cost convention (except for the revaluation of certain fixed assets) in accordance with generally accepted accounting principles in India (the 'GAAP') and comply with the applicable accounting standards (the 'AS').

The preparation of financial statements in conformity with the GAAP requires that the management of the Target Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as at the date of the financial statements. Actual results could differ from these estimates. Difference between the actual results and estimates are recognised in the period in which determined.

4.20.3 **Revenue recognition**

(a) Sales and contract revenue include duty, taxes and adjustments towards price variation as per contracts, wherever applicable.

(b) Revenue is recognised based on the nature of activity to the extent it is probable that the economic benefits will flow to the Target Company and the revenue can be reliably measured with reasonable certainty of its recovery.

(c) Revenue from sale of goods is recognised when substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

(d) Revenue from engineering and construction contracts and project-related activities is recognised in accordance with Accounting Standard (the 'AS') -7 (Revised), Construction Contracts, issued by the Institute of Chartered Accountants of India (the 'ICAI') by adding the aggregate cost and proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost incurred-to-date for work performed to estimated contract cost. Unbilled revenue is carried as project work-in-progress.

(e) As the long-term contract necessarily extends beyond one year, revision of cost and revenue estimated during the course of the contract are reflected in the accounting period in which the facts requiring such revision become known.

(f) The revenue on account of extra claims and the expenditure on account of liquidated damages/cost escalations on construction contracts are accounted for at the time of acceptance/settlement by the customers due to uncertainties attached thereto. Similarly, insurance claims are accounted for on settlement with insurers.

(g) Revenue from service related activities including hire charges are recognised in accordance with the terms of agreements with the customers.

(h) Other items of income are accounted as and when the right to receive arises.

4.20.4 **Employee benefits**

(a) **Short-term benefits**

These are recognised as an expense at the undiscounted amount in the profit and loss account of the period in which the related services are rendered.

(b) **Defined contribution plans**

The Target Company has defined contribution plans for post employments benefits in the form of superannuation fund for management employees, provident fund for all employees and employees' state insurance (the 'ESI') scheme, as applicable, which are managed by the Life Insurance Corporation of India, Regional Provident Fund Office and the ESI Corporation respectively. These contributions are recognised as expenses of the period when employees have rendered services entitling them to contributions.

(c) **Defined benefit plans**

The Target Company has defined benefit plans for post-employment benefits in the form of gratuity for all employees which are managed by a separate trust. The provisions for such benefits are accounted as an expense of the period to which it relates based on the basis of actuarial valuation carried out by the independent actuary using the projected unit credit method.

(d) **Other long-term benefits**

Liability for leave encashment is recognised as an expense of the period to which it relates based on the actuarial valuation carried out by the independent actuary using the projected unit credit method. The provision for sick leave, if warranted, is made based on prudent accounting practices.

Actuarial gains/losses in respect of post-employment and other long-term benefits are charged to the profit and loss account.

4.20.5 **Fixed assets**

Fixed assets are stated at cost of acquisition (except for the items of revalued assets which are stated at the values determined by the approved valuers) less accumulated depreciation/amortisation/impairment. The cost of acquisition includes attributable interest and all expenses of bringing the respective fixed assets to working condition for the intended use. Own manufactured fixed assets are capitalised at cost including an appropriate share of overheads.

4.20.6 **Leases**

(a) Finance leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

(b) If there is no reasonable certainty that the Target Company will obtain the ownership by the end of the lease term, capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(c) Lease arrangements where the risks and benefits incidental to ownership and control of the leased item substantially vest with the lessor, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight line basis over the lease term.

(d) Assets given under finance lease are recognised as receivables at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

(e) Assets leased out under operating lease are capitalised. Rental income is recognised on accrual basis over the lease term.

(f) Initial direct costs relating to assets given on finance leases are charged to profit and loss Account.

4.20.7 **Depreciation and amortization**

(a) **Owned assets**

Depreciation on owned fixed assets is provided based on Straight Line Method (the 'SLM') in accordance with the rates and manner provided in the Schedule XIV to the Act (except lease hold land which is amortised over the period of lease).

(b) **Revalued assets**

Depreciation is provided as per the SLM on the values and at the rates given by the approved valuers. The difference between depreciation provided based on revalued amount and that on historical cost is transferred from revaluation reserve to profit and loss account.

(c) **Assets carried at historical cost**

For additions to fixed assets prior to 1st June, 1986 – by applying the rates of depreciation prescribed under the Income-tax Act, 1961 and rules made thereunder in force as on the respective dates of additions.

For additions to fixed assets on or after 1st June, 1986 – by applying the rates of depreciation in force on the respective dates of additions as prescribed in Schedule XIV to the Act as per the SLM (except on temporary/construction buildings which are depreciated over the expected life of the project). Depreciation on assets costing Rs.5,000 or less at the rate of 100%.

(d) **Leased assets**

Assets acquired under finance leases are depreciated based on SLM over the lease term. Where there is reasonable certainty that the Target Company shall obtain ownership of the assets at the end of the lease term, such assets are depreciated at the rates prescribed under Schedule XIV to the Act or at the higher rates adopted by the Target Company for similar assets.

4.20.8 **Impairment of assets**

(a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(b) After impairment, depreciation/depletion is provided in subsequent periods on the revised carrying amount of the asset over its remaining useful life.

(c) Impairment loss recognised in an earlier period will be reversed in a later period depending on changes in circumstances to the extent that the discounted future net cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior periods.

(a)

4.20.9 **Investments**

Long-term investments are measured at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

4.20.10 **Borrowing costs**

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

4.20.11 **Inventories**

Inventories are valued after providing for obsolescence, as under:

(a) Finished & semi-finished goods, raw materials, components, construction materials, stores, spares and loose tools & tackles at lower of cost or net realisable value.

(b) Cost includes related overheads determined on the first in first out basis.

4.20.12 **Foreign exchange transactions and translations**

(a) The reporting currency of the Target Company is Indian Rupee. The Target Company translates foreign currency transactions into Indian Rupees at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities (for e.g. cash, receivables, payables etc.) denominated in foreign currency are translated into Indian Rupees at the rate of exchange prevailing at the balance sheet date. Non-monetary items (fixed assets, inventories, investments etc.) which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(b) All exchange differences arising on the settlement/restatement are recognised as income or expenses in the period in which they arise except those arising from investments in non-integral operations.

(c) All transactions of integral foreign operations are translated as if the transactions of those foreign operations were the transactions of the Target Company itself. In translating the financial statements of a non-integral foreign operation for incorporating in financial statements, the Target Company translates the assets and liabilities at the rate of exchange prevailing at the balance sheet date. Income and expenses of non-integral operations are translated using rates at the date of transactions.

4.20.13 **Sales tax and excise duty on work contract:**

Where the Target Company has contractual right to claim amounts, invoiced as taxes, from the clients, the same are not charged as expenditure and in other case where liability would be on the Target Company, it is accounted for on accrual basis

4.20.14 **Income taxes**

Tax expense comprises of current and deferred tax. Current income-tax and fringe benefit tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the period, and quantified using the tax rates and laws enacted or substantively enacted as at the balance sheet date.

Deferred tax assets are recognised and carried forward to the extent there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

4.20.15 **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted number of equity shares outstanding during the period is adjusted for events of bonus issue, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares equity outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

4.20.16 **Provisions, contingent liabilities and contingent assets**

(a) Provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current estimates.

(b) Contingent liabilities are disclosed where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

(c) Contingent assets are not recognised.

4.21 The shareholding pattern of the Target Company before and after the Offer is as follows:

	Shareholding/Voting rights prior to Offer (as on the date of the Public Announcement)		**Shares/Voting rights to be acquired in the Offer (assuming full acceptances)**		**Shareholder/Voting rights after the Offer (assuming full acceptances)**	
	(A)		**(B)**		**(A+B)**	
Shareholder Category	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Promoter Shareholders other than Acquirer / Person Acting in Concert	10,130	0.13%	-	-	-[(1)]	-[(1)]
Sub-total (1)	10,130	0.13%	-	**-**	**-**	**-**
2. Acquirer / Persons Acting in Concert						
Indian Bodies Corporate	3,945,393	52.34%	-	-	3,945,393	52.34%
Foreign Bodies Corporate	-	-	1,507,680	20%	1,517,810	20.13%
Sub-total (2)	**3,955,523**	**52.47%**	**1,507,680**	**20%**	**5,463,203**	**72.47%**

	Shareholding/Voting rights prior to Offer (as on the date of the Public Announcement)		Shares/Voting rights to be acquired in the Offer (assuming full acceptances)		Shareholder/Voting rights after the Offer (assuming full acceptances)	
	(A)		(B)		(A+B)	
3. Public (other than Acquirer and Persons Acting in Concert)						
3 (a). Institutions						
Mutual Funds/ UTI	**853,444**	11.32%				
Financial Institutions/ Banks	**250**	-				
Central Government/ State Government(s)	-	-				
Insurance Companies	-	-				
Foreign Institutional Investors	**2,617**	0.03%				
Sub-total 3(a)	**856,311**	11.36%				
3 (b). Non-institutions						
Bodies Corporate	454,698	6.03%				
Individuals						
Individual shareholders holding nominal share capital up to Rs. 1 lac	1,278,977	16.97%	**Nil**		**Based on responses to the Offer**	
Individual shareholders holding nominal share capital in excess of Rs. 1 lac	952,173	12.63%				
Others						
Trust	-	-				
Foreign Nationals	-	-				
NRIs	40,718	0.54%				
Clearing Members	-	-				
OCBs	-	-				
Sub-total 3(b)	**2,726,566**	36.17%				
Total (3)	**3,582,877**	47.53%	-	-	**2,075,197**	**27.53%**
TOTAL (1 to 3)	**7,538,400**	100.00%	-	-	**7,538,400**	100.00%

Note 1: It is proposed that KSS Engineering will transfer its 10,130 Shares aggregating to 0.13% of the Target Company to KSS Hungary in an off market transaction before the date of Closure of the Offer.

4.22 The details of the change in shareholding of the Promoter Shareholders of the Target Company are set forth below:

Date of Allotment / Acquisition	No. of shares Issued/purchased	No. of shares sold	Cumulative No. of shares held	Mode of Acquisition	% of Total Paid-up Capital	Total Paid-up Capital	Status of compliance with the SEBI (SAST) Regulations, applicable regulations under the SEBI

							Act, 1992 and other statutory requirements as applicable
PIPL							
30.06.1980	6,853	0	6,853	Purchase/ Further Issue/Sale	68.53%	10,000	Complied with
30.06.1980	1,047	0	7,900	Bonus	79.00%	10,000	Complied with
30.06.1983	2,000	0	9,900	Further Issue	63.71%	15,540	Complied with
29.06.1984	9,900	0	19,800	Bonus	56.60%	34,980	Complied with
24.06.1987	9,900	0	29,700	Bonus	56.60%	52,470	Complied with
02.10.1989	23,760	0	53,460	Bonus	56.60%	94,446	Complied with
29.02.1992	-	-	**534,600**		**Face Value of Rs.100 Per share converted to Rs.10 per share**		
26.11.1992	360,000	0	894,600	Further Issue	65.83%	1,359,000	Complied with
01.01.1993	1,341,900	0	2,236,500	Bonus	65.83%	3,397,500	Complied with
29.08.1994	352,500	0	2,589,000	Further Issue	69.04%	3,750,000	Complied with
03.10.1994	1,294,527	0	3,883,527	Bonus	69.04%	5,625,000	Complied with
10.05.1995	52,125	0	3,935,652	IPO	52.24%	7,534,100	Complied with
07.08.2003	675	0	3,936,327	Purchase	52.22%	7,538,400	Complied with
SRA							
10.05.1995	4,533	0	4,533	IPO	0.06%	7,534,100	Complied with
Amritha							
10.05.1995	4,533	0	4,533	IPO	0.06%	7,534,100	Complied with
KSS Engineering							
09.07.2008*	10,130	0	10,130	Open Offer	0.13%	7,538,400	Complied with

* The open offer closed on July 9, 2008. The shares acquired in the open offer were transferred from the depository escrow account to KSS Engineering.

4.23 The Target Company has complied with the corporate governance requirements prescribed in Clause 49 of the Listing Agreement. The compliance with these conditions has been certified by a practising company secretary for the FY 2008-09 and FY 2010-11 by certificates dated June 29, 2009 and May 25, 2011 respectively. For the FY 2009-10, the company secretary has by certificate dated May 31, 2010 certified that the Target Company has complied with Clause 49 of the Listing Agreement except for non-compliance with the requirement of twothirds of the members of the audit committee being independent directors specified in Clause 49 II (B) which was not complied with for the period November 16, 2009 to March 20, 2010 due to the resignation of one of the independent directors who was a member of the audit committee.

4.24 Brief details of pending material litigations / proceedings involving the Target Company as on March 31, 2011 are set forth below:

4.24.1 Litigation against the Target Company:

(A) Labour cess matters:

Sr. No.	Particulars	Year / Period of Dispute	Amount Claimed (Rs.)	Background of the case	Status
1.	Building and Other Construction Workers' Welfare Cess Act, 1996 Bhagalpur, Bihar. Levy of Cess at 1% on Contract Value	2007-08	3,970,102	The authority served a notice on July 12, 2008 to pay cess and summoned on July 25, 2008. The cess was payable within 30 days after the close of the year or site, whichever is earlier.	Demand notice was served in July 2008 which was replied to. No further notice has been received.
2.	Building and Other Construction Workers' Welfare Cess Act, 1996 Madhya Pradesh. Levy of Cess at 1% on Contract Value	2007	23,475,514	Imposed 1% labour welfare cess on the gross value of the contracts, vide notification no. 1344 (December 7, 2007) and ex-parte passed an order to pay.	Writ Petition was filed. High Court permitted to prefer an appeal under Rule 14 of the Act. An appeal was filed before Appellate Authority in August 2009. Appellate Authority passed an order on March 26, 2010 to make payment. This has been contested by filing fresh writ before the Madhya Pradesh High Court at Jabalpur.

(B) Sales tax matters:

Sr. No.	Particulars	Year / Period of Dispute	Amount Claimed (Rs.)	Background of the case	Status
1.	Sales Tax Authority, Orissa.	2008	2,096,675	NTPC awarded a contract to BHEL. Target Company was sub-contractor of BHEL. Sales Tax authority exempted the Target Company from payment of tax for the FY 2000-01 to 2003-04. During F.Y. 2004-	Appeal filed in May, 2008; yet to be heard.

				05, the Target Company also became contractor to IOCL, Paradip which is exempted by the state government for sales tax. Hence, no sales tax could be levied on Target Company. On this basis, the Target Company has appealed.	
2.	Sales Tax Authority, Tamil Nadu.	2004-05	3,887,866	Sales tax authority has levied an additional tax at 1% on turnover. The Target Company has opted for payment of tax under composition scheme and accordingly paid the tax.	Writ Petition has been filed before Madras High Court. Amount deposited Rs. 1,943,474/-. Madras High Court has granted interim stay of recovery.
3.	Sales Tax Authority, Mumbai, Maharashtra.	2006-07	100,000	Penalty for late filing of VAT audit report for the FY 2006-07.	Written submission made on August 10, 2009. Order awaited.
4.	Sales Tax Authority, West Bengal	2006-07	807,261	Appeal for further time for submitting E1 Form was not considered by assessing officer.	Second appeal filed on April 9, 2010 before Appellate Authority.
6.	Sales Tax Authority, Maharashtra	2004-05	BST demand after adjusting refund 22,9024 Interest 170,798 Penalty 5,000 ------------ 404,822 Less 235,000 ------------ 169,822	Disallowance of set-off claimed in sales tax return.	Appeal filed on June 25, 2010 before Appellate Authority. Interim stay granted on payment of Rs. 235,000 (paid on July 21, 2010).
7.	Joint Commissioner of Commercial Taxes, Kolkata	2007-08	2,589,556	As per assessing officer, the entire transaction was as per execution of work contract and so no deduction for inter-state sale was allowed. Also due to non-submission of C & E-1 forms.	Appeal filed. Written submission made. Hearing yet to be concluded.

(C) Central excise matters:

Sr. No.	Particulars	Year / Period of Dispute	Amount Claimed (Rs.)	Background of the case	Status
1.	Central Excise Authority, Navi Mumbai	2001	302,640	Demand for duty on ‘duty paid imported goods’ of client Sterlite Industries (India) Ltd.	Rs. 50,000 paid. Appeal filed. Stay of demand granted.

2.	Central Excise Authority, Vadodara, Gujarat.	2004	388,314	Target Company cleared certain items under Chapter 3 which attracted central excise at 13%. The department claimed excise at 15%. Appeal before Commissioner (Appeals) at Vadodara went in favour of the Target Company and accordingly a refund of Rs.3.88 lacs was received.	The excise department is in appeal against the Target Company. Last hearing was fixed in August 2008 which has been adjourned. New date of hearing is awaited.

(D) Service tax matters

Sr. No.	Particulars	Year / Period of Dispute	Amount Claimed (Rs.)	Background of the case	Status
1.	Service Tax Department, Rohtak, Haryana	2004-06	9,510,513	Penalty for late deposit of service tax.	Deposited Rs. 2,377,625. Stay has been granted (Order dated January 15, 2009.)
2.	Service Tax Department, Sitapur, Uttar Pradesh +Penalty +Penalty	06.08.09	206,901 413,802 2,000	Penalty for wrong credit utilization of Cenvat.	Target Company has filed an appeal with the Commissioner (Lucknow). Already deposited 25% of the amount (Rs. 155,676) with the department. The personal hearing was on August 27, 2010 and the matter was remanded to the original adjudicating authority for denovo adjudication in the light of the observations made after giving the Target Company opportunity of personal hearing. Assistant Commissioner, Sitapur fixed hearing on December 10, 2010. Order is awaited.

(E) Income tax matters:

Sr. No.	Particulars	Year / Period of Dispute	Amount Claimed (Rs.)	Background of the case	Status
1.	CIT (Appeal) 22 Mumbai	Assessment year 2005-06	1,689,331	Penalty U/s. 271(1)(c) of the Income Tax Act. Disallowance of expenses not allowed by Appellate Authority.	Appeal partly allowed under CIT(A)'s Order dated August 10, 2010 received on September 20, 2010. Appeal filed

					before income tax appellate tribunal. Amount of Rs. 1,815,790 paid on June 30, 2010.

Income-tax Assessments have been completed up to assessment year 2008-09 (FY 2007-08).

(F) Income tax deduction at source

Sr. No.	Particulars	Year / Period of Dispute	Amount Claimed (Rs.)	Background of the case	Status
1.	CIT (Appeal) 14 Mumbai	Assessment year 2007-08	52,702,160	• E-TDS Returns have been filed for deduction under Section 192 (salary) and under Section 194C (contractors/ sub-contractors), under Section 194J (payment to professionals), under Section 194H (payment towards commission/brokerage) and under Section 194I (payment towards rent/hire charges) of the Income Tax Act. • Though deductions are claimed against above sections, the income tax department has considered them under Section 194 (deemed dividend) of the Income Tax Act. • Target Company has claimed that this is due to non-compatibility of its software vis-à-vis software of NSDL which has led to wrongly showing less deduction of tax at source by the Target Company leading to demand of tax and interest.	• Application for rectification filed on April 25, 2011. • Appeal filed on April 26, 2011. • Stay of recovery of demand filed on April 27, 2011.
2.	CIT (Appeal) 14 Mumbai	Assessment year 2008-09	273,380,370	• E-TDS Returns have been filed for deduction under Section 192 (salary), under Section 194C	• Application for Rectification filed on April 25, 2011. • Appeal filed on April 26, 2011.

				(contractors/sub-contractors), under Section 194J (payment to professionals), under Section 194H (payment towards commission/brokerage), and under Section 194I (payment towards rent/hire charges) of the Income Tax Act. • Though deductions are claimed against above sections, the income tax department has considered them under Section 194 (deemed dividend) of the Income Tax Act. Target Company has claimed that this is due to non-compatibility of its software vis-à-vis software of NSDL which has led to wrongly showing less deduction of tax at source by the Target Company leading to demand of tax and interest.	• Stay of recovery of demand filed on April 27, 2011.
3.	CIT (Appeal) 14 Mumbai	Assessment year 2009-10	439,757,810	• E-TDS Returns have been filed for deduction under Section 192 (salary), under Section 194C (contractors/sub-contractors), under Section 194J (payment to professionals), under Section 194H (payment towards commission/brokerage), and under Section 194I (payment towards rent/hire charges) of the Income Tax Act. • Though deductions are claimed against above sections, the income tax department has considered them under section 194 (deemed dividend) of the	• Application for Rectification filed on April 25, 2011. • Appeal filed on April 26, 2011. • Stay of recovery of demand filed on April 27, 2011.

				Income Tax Act. • Target Company has claimed this is due to non-compatibility of its software vis-à-vis software of NSDL which has led to wrongly showing less deduction of tax at source by the Target Company leading to demand of tax and interest.	

4.24.2 Details of litigation by the Target Company:

Sr. No.	Particulars	Year / Period of Dispute	Amount Claimed (Rs.)	Background of the case	Status
1.	Arbitration petition filed against Bharat Heavy Electricals Limited, Kolkata.	2010	3,359 lacs + interest	• Target Company was sub-contractor to BHEL for execution of contract related to boilers for NTPC's power unit 5 and 7 at Kahalgaon, Bihar. • According to the Target Company, the execution of contract was delayed due to labour unrest, non-availability of front for execution, non-availability of equipment for installation and erection etc. • Target Company has claimed that it has completed the job as agreed between its managing director and chief managing director and director (power). • Target Company has put up various claims stating that it has incurred heavy expenditure on execution and incurred a loss. • In terms of the contract, Target Company has invoked arbitration proceedings and submitted claim petition	The hearing was fixed on August 10, 2010 and was adjourned to October 10, 2010, which was again adjourned to January 14, 2011. Since Target Company revised its claim from Rs. 2,943 lacs to Rs. 3,359 lacs, BHEL has objected to the same as it requires procedure to be followed to amend the claim. Target Company's counsel stated that it is not necessary to follow particular procedure to amend with reference to section 23(3) of the Arbitration Act, 1996. Hence, the arbitrator was requested to give direction in this matter. Target Company has submitted an affidavit of evidence of Mr.

				against BHEL to the sole arbitrator. • Further, BHEL has also submitted counter statement and counter claim.	T.S. Das, Managing Director on January 14, 2011.
2.	Winding up petition against Kolkata Radiant Properties Pvt. Ltd.	November 2010	3,164,753	The Target Company has claimed that an amount of Rs. 3,164,753 is due and payable by Kolkata Radiant Properties Pvt. Ltd. to Target Company. There have been a number of correspondences exchanged and a statutory legal notice was also served on Kolkata Radiant Properties Pvt. Ltd. asking them to pay the aforesaid amount to Target Company. Kolkata Radiant Pvt. Ltd. have 'not claimed' the said notice and therefore Target Company has filed a winding up petition under sections 433, 434	The petition has been admitted and the court has ordered to issue show cause notice to Kolkata Radiant Properties Pvt. Ltd. as to why an order for winding up should not be passed against it. Kolkata Radiant Properties Pvt. Ltd. appeared and filed their affidavit in opposition. Target Company has also filed its affidavit in reply to the same.

				and 439 of the Companies Act, 1956 before the High Court of Calcutta.	

4.24.3 There is no material litigation pending against the Target Company, except as disclosed and provided for by the Target Company (based on the advice of the statutory auditors) as part of the contingent liabilities disclosed in the audited financial results as of March 31, 2011.

4.25 The details of the compliance officer of the Target Company are as follows:

Name: Naresh Shah
Address: Swastik Chambers, 6th Floor, Sion Trombay Road, Chembur, Mumbai 400071, India
Tel. No. +91 22 40856226
Fax No. +91 22 67973509 / 67973510
Email: nvshah@petronengineering.com

5. OFFER PRICE

5.1 The Shares are listed on BSE and NSE. Based on the information available for the relevant periods (Source: www.bseindia.com and www.nseindia.com) and with May 21, 2011 as the reference date, the Shares are frequently traded on NSE and BSE, as the same are not infrequently traded within the meaning of Explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations. For the purpose of Regulation 20(4) of the SEBI (SAST) Regulations, the Shares are most frequently traded on NSE. The annualized trading turnover during the preceding 6 months preceding the date of the Public Announcement, in terms of number and percentage of the total listed Shares, on BSE and NSE, is as follows:

Name of stock exchange(s)	Total number of Shares traded during the 6 calendar months prior to the month in which Public Announcement was made.	Total number of listed Shares	Annualized trading turnover (in terms of % to total listed Shares
BSE	1,020,278	7,538,400	27.07%
NSE	1,532,166	7,538,400	40.65%

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

5.2 Under Regulation 20(12) of the SEBI (SAST) Regulations, the offer price for indirect acquisition or control is to be determined with reference to the date of the public announcement for the parent company and the date of the public announcement for acquisition of the shares of the Target Company, whichever is higher.

5.3 The Acquirer submitted the draft letter of offer to SEBI on May 30, 2011 in accordance with Regulation 18(1) of the SEBI (SAST) Regulations. SEBI in its observation letter dated July 21, 2011 has observed that the date of announcement of the parent acquisition should also be taken as a reference date for the purpose of computation of offer price. Since the SPA at the parent level was executed on March 2, 2011, and taking a period of four days for the Acquirer to collate and publish the public announcement of the parent acquisition in accordance with the SEBI (SAST) Regulations, SEBI has directed that March 6, 2011 should also be taken as the reference date for computation of the 26 week and 2 week average of the price of Shares.

5.4 Accordingly, in terms of Regulation 20(12) of the SEBI (SAST) Regulations and the observations made by SEBI in the observation letter dated July 21, 2011, the relevant dates for the calculation of the Offer Price have been taken to be March 6, 2011, which is four days from the date of execution of the SPA and the date of the Public Announcement i.e. May 21, 2011.

5.5 The Offer Price of Rs. 386.58 per Share is justified in terms of Regulation 20(4) and 20(12) of the SEBI (SAST) Regulations, since it is the highest of the following:

1.	The negotiated price	N/A
2.	The highest price paid by the Acquirer or Persons Acting in Concert for the acquisition, if any, including by way of allotment in a public or rights or preferential issue of Shares of the Target Company during the 26 week period prior to the date of the Public Announcement	N/A
3.	The average of the weekly high and low of the closing prices of the Shares on NSE during the 26 week period prior to the date of the Public Announcement	Rs. 347.14 per Share
4.	The average of the daily high and low of the prices of the Shares on NSE during the 2 week period prior to the date of the Public Announcement	Rs. 386.58 per Share
5.	The average of the weekly high and low of the closing prices of the Shares on NSE during the 26 week period prior to March 6, 2011	Rs. 373.78 per Share
6.	The average of the daily high and low of the prices of the Shares on NSE during the 2 week period prior to March 6, 2011	Rs. 312.93 per Share

Source: www.bseindia.com and www.nseindia.com

5.6 In view of the above, the Offer Price of Rs. 386.58 per Share is justified as per the SEBI (SAST) Regulations.

5.7 The Acquirer has not acquired any Shares in the open market during the Offer period.

6. FINANCIAL ARRANGEMENTS

6.1. The total funding requirement for the acquisition of up to 1,507,680 Shares held by the Shareholders of the Target Company at Rs. 386.58 per Share is Rs. 582,840,000 (the "**Maximum Consideration**").

6.2. The Acquirer has cash reserves sufficient to fully fund the Offer. For the purposes of funding the Offer, the Acquirer has been granted an unsecured term loan facility by KSS UK.

6.3. M/s V.C. Shah & Co., having its office at Rajgir Chambers, 3rd Floor, 12-14, Shahid Bhagat Singh Road, Opp. Old Custom House, Mumbai 400001, who is an independent Chartered Accountant, has in a letter dated May 21, 2011 confirmed that the Acquirer has sufficient means and financial capability to enable the Acquirer to meet its obligations under the SEBI (SAST) Regulations.

6.4. The Acquirer, the Manager to the Offer and Citibank N.A., a national banking association duly constituted in accordance with the laws of the United States of America, and carrying on the business of banking in India as a scheduled commercial bank, and acting through its branch in India located at Plot C-61, Bandra-Kurla Complex, G-Block, Bandra (East), Mumbai 400051 ("**Escrow Bank**") have entered into an open offer escrow agreement, dated May 6, 2011 ("**Escrow Agreement**") in accordance with Regulation 28 of the SEBI (SAST) Regulations. Pursuant to the Escrow Agreement, the Acquirer has made a cash deposit of Rs. 180,000,000 which is more than 25% of the Maximum Consideration, in an escrow account with the Escrow Bank ("**Escrow Account**"). The Manager to the Offer has been duly authorised to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations under the Escrow Agreement.

6.5. Based on the above, the Manager to the Offer is satisfied of the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfil its obligations under the SEBI (SAST) Regulations.

7. STATUTORY APPROVALS

7.1. The Acquirer has received an approval dated June 21, 2011 from the RBI under FEMA whereby the RBI has conveyed its 'no objection' to the acquisition of up to 1,507,680 Shares representing 20% of the issued share capital of the Target Company by the Acquirer along with Persons Acting in Concert from the Shareholders on a repatriation basis pursuant to an open offer under the SEBI (SAST) Regulations. In terms of the approval, the acquisition of Shares tendered by any OCB shall be subject to specific approval of the RBI.

7.2. As on the date of this Letter of Offer, there are no other statutory approvals required to implement the Offer, other than that specified in paragraph 7.1. If any other statutory approval(s) become applicable prior to completion of the Offer, the Offer will also be subject to such other statutory approval(s). The Acquirer shall have the right not to proceed with the Offer and withdraw the same in accordance with the terms of Regulation 27 of the SEBI (SAST) Regulations in the event that any such statutory approval(s) is (are) not received.

7.3. In case of delay in receipt of any statutory approval(s), the SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as may be directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the wilful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approvals, SEBI has the power to forfeit the Escrow Account in accordance with Regulation 22(13) of the SEBI (SAST) Regulations.

8. TERMS AND CONDITIONS OF THE OFFER

8.1. All Shares tendered in the Offer will be acquired by the Acquirer, subject to the terms and conditions set out in this Letter of Offer.

8.2. 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.

8.3. The Offer shall open on August 5, 2011 and will remain open until August 24, 2011.

8.4. All owners (registered or unregistered) of Shares (other than the Acquirer and the Persons Acting in Concert), are eligible to participate in the Offer any time before the Closure of the Offer, i.e. no later than August 24, 2011.

8.5. The Acquirer shall not be responsible in any manner for any loss of Share certificates and other documents during transit and also for the non-receipt of the Shares held in dematerialized form due to inaccurate/incomplete particulars/instructions and the Shareholders are advised to adequately safeguard their interests in this regard.

8.6. Shares that are subject to charge, lien or encumbrance are liable to be rejected in the Offer. Applications in respect of Shares that are the subject matter of litigation wherein the Shareholders are prohibited from transferring Shares during the pendency of the said litigation will be rejected, if the directions / orders permitting transfer of these Shares are not received together with the Shares tendered under the Offer.

8.7. The Acquirer reserves the right to withdraw the Offer pursuant to Regulation 27 of the SEBI (SAST) Regulations. If there is a withdrawal of the Offer by the Acquirer, the same will be communicated by way of a public announcement in the same newspapers in which the Public Announcement appeared.

8.8. If there is a competitive bid:

(i) The offers to the public Shareholders under all of the subsisting bids shall close on the same date.

(ii) As the Offer Price / Offer Size can be revised until the date 7 working days prior to the date of Closure of the Offer / bids, it would, therefore, be in the interest of the Shareholders to wait until the commencement of that period to know the final offer price of each offer/bid and tender their acceptance accordingly.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 This Letter of Offer with the Form of Acceptance cum Acknowledgement and Form of Withdrawal will be mailed to the Shareholders (other than the Acquirer and the Persons Acting in Concert), whose names appear on the register of members of the Target Company and to the beneficial owners of the Shares of the Target Company whose names appear in the beneficial records of the respective depositories as on the close of business on May 27, 2011 (the "**Specified Date**").

9.2 Shareholders can also download this Letter of Offer and the Form of Acceptance cum Acknowledgement from the SEBI website at www.sebi.gov.in and send in their acceptances by filling the same.

9.3 The Registrar to the Offer has opened a special depository account with National Securities Depositories Limited ("**NSDL**") called "LIIPL PECL OPEN OFFER ESCROW DEMAT ACCOUNT" ("**Depository Escrow Account**"). The name of the Depository Participant ("**DP**") is VENTURA SECURITIES LIMITED, DP ID is IN303116 and the Client ID is 10748136. Shareholders having their beneficiary account in Central Depository Services (India) Limited ("**CDSL**") shall use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the Depository Escrow Account.

9.4 *Shareholders holding Shares in dematerialized form*: 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 DP, in favour of the special depository account LIIPL PECL OPEN OFFER ESCROW DEMAT ACCOUNT, to the Registrar to the Offer at Link Intime India Private Limited, Unit: PECL Open offer, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078; Tel. No. +91 22 2596 0320; Fax No. +91 22 2596 0329; E-mail: pecl.offer@linkintime.co.in, either by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the Closure of the Offer, *i.e.* no later than August 24, 2011, in accordance with the instructions specified in this Letter of Offer. Shareholders having their beneficiary account in CDSL will in addition have to use an inter-depository delivery instruction slip. The credit for the delivered Shares should be received in the Depository Escrow Account on or before the Closure of the Offer, *i.e.* no later than August 24, 2011. The documents can also be delivered to any of the collection centres mentioned in paragraph 9.6 below.

9.5 *Shareholders who are holding Shares in physical form*: Share certificate holders who wish to tender their Shares in the Offer will be required to send the Form of Acceptance cum Acknowledgement, original Share certificates and transfer deeds, duly signed, and addressed to the Registrar to the Offer, either by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the Closure of the Offer, *i.e.* no later than August 24, 2011, in accordance with the instructions specified in this Letter of Offer. 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.

9.6 In addition to the above-mentioned address, the Shareholders who wish to accept the Offer can also deliver the Form of Acceptance cum Acknowledgement along with all of the relevant documents to any of the collection centers below, in accordance with the procedure as set out in this Letter of Offer. All of the centers mentioned below will be open as follows:

S. No.	Collection Center	Contact Person	Address of Collection Center	Phone No.	Fax	Email	Mode of delivery
1.	**Mumbai**	Nilesh Chalke	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai 400078	022-25960320	022-25960329	nilesh.chalke@linkintime.co.in	Hand Delivery & Registered Post
2.	**Mumbai**	Vivek Limaye	Link Intime India Pvt. Ltd, 203, Davar House, Next to Central Camera, D N Road, Fort Mumbai 400001	022-22694127	022-25960329	vivek.limaye@linkintime.co.in	Hand Delivery

S. No.	Collection Center	Contact Person	Address of Collection Center	Phone No.	Fax	Email	Mode of delivery
3.	**Ahmedabad**	Hitesh Patel	Link Intime India Pvt. Ltd, 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad 380009	079-2646 5179	079-2646 5179 (**Telefax**)	ahmedabad@linkintime.co.in	Hand Delivery
4.	**Bangalore**	Prashant D. Shedbal	Link Intime India Pvt. Ltd, 543/A, 7th Main, 3rd Cross, Hanumanthanagar, Bangalore 560019	080-26509004	080-26509004 (**Telefax**)	bangalore@linkintime.co.in	Hand Delivery
5.	**Baroda**	Alpesh Gandhi	Link Intime India Pvt. Ltd, B Tower, 102 B & 103, Sangrila Complex, First Floor, Radhakrishna Char Rasta, Akota, Vadodara 390020	0265-2356573 / 2356796 / 2356794	0265-2356791	vadodara@linkintime.co.in	Hand Delivery
6.	**Coimbatore**	S. Dhanalakshmi	Link Intime India Pvt. Ltd, Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore 641028	0422-2314792 / 2315792	0422-2314792 (**Telefax**)	coimbatore@linkintime.co.in	Hand Delivery
7.	**Kolkata**	S.P. Guha	Link Intime India Pvt. Ltd, 59C, Chowringhee Road, 3rd Floor, Kolkata 700020	033-22890539/40	033-22890539/40 (**Telefax**)	kolkata@linkintime.co.in	Hand Delivery

S. No.	Collection Center	Contact Person	Address of Collection Center	Phone No.	Fax	Email	Mode of delivery
8.	**New Delhi**	Swapan Naskar	Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi 110028	011-41410592/93/94	011-41410591	delhi@linkintime.co.in	Hand Delivery
9.	**Pune**	P. N. Albal	Link Intime India Pvt. Ltd, Block No 202 2nd Floor, Akshay Complex, Near Ganesh Temple, Off Dhole Patil Road, Pune 411001	020 - 26051629 / 0084	020 - 26053503 **(Telefax)**	pune@linkintime.co.in	Hand Delivery
10.	**Chennai**	Mrs. Solly Soy	C/o SGS Corporate Solutions India Pvt. Ltd, Indira Devi Complex, II Floor, No. 20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai 600017	044-2815 2672, 044-4207 0906	044-2815 2672 (Telefax)	chennai@saspartners.com	Hand Delivery

Business hours: Monday to Friday: 10 AM to 3 PM; Saturday: 10 AM to 1 PM
Closed: Sunday and bank holidays

9.7 All owners (registered or unregistered) of Shares (other than the Acquirer and the Persons Acting in Concert) are eligible to participate in the Offer any time before the Closure of the Offer, *i.e.* no later than August 24, 2011. Unregistered Shareholders can also send their application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares tendered, distinctive numbers, folio number, together with the original Share certificates, valid transfer deeds, the original contract notes issued by the broker through whom they acquired their Shares and valid share transfer forms as received from the market, either by hand delivery on weekdays or by registered post, so that the same are received on or before the Closure of the Offer, *i.e.* no later than August 24, 2011. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. No indemnity is required from the unregistered Shareholders.

9.8 In case of non-receipt of this Letter of Offer, the eligible persons may send their application to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares tendered, distinctive numbers, folio number, together with the documents as mentioned above so as to reach the Registrar to the Offer on or before the Closure of the Offer, *i.e.* no later than August 24, 2011, or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares tendered, 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 Depository Escrow Account, so as to reach the Registrar to the Offer on or before the Closure of the Offer, *i.e.* no later than August 24, 2011. In case the aforesaid documents have not been received by the Registrar to the Offer, but the Shares are received in the Depository Escrow Account, the Offer shall be deemed to have been accepted.

9.9 Applications in respect of Shares of the Target Company that are the subject of litigation, wherein the shareholders of the Target Company may be prohibited from transferring their 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 under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

9.10 Shareholders having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the Depository Escrow Account with NSDL.

9.11 Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed in time for the credit in the Depository Escrow Account, to be received on or before the Closure of the Offer, *i.e.* no later than August 24, 2011, or else their application will be rejected.

9.12 The Shareholders should also provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder) if the original Shareholder is dead;
- duly attested power of attorney if any person apart from the Shareholder has signed the application form and / or transfer deeds;
- in case of companies, the necessary corporate authorization (including certified copy of board resolutions); and
- any other relevant documents.

9.13 The Shares and all other relevant documents should only be sent to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer, the Persons Acting in Concert or the Target Company.

9.14 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, Shareholders wishing to withdraw the Shares tendered by them in the Offer may do so up to 3 working days prior to the 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 centers mentioned above as per the mode of delivery indicated therein on or before August 19, 2011.

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

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

- *In case of physical Shares*: name, address, distinctive numbers, folio number, number of Shares tendered; and

- *In case of dematerialized Shares*: name, address, number of Shares tendered, 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 Depository Escrow Account.

(iii) Shareholders can also download the Form of Withdrawal from the SEBI website at www.sebi.gov.in and send in their withdrawal by filling the same

9.15 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 those holders of Shares whose names appear on the register of members.

9.16 The Shares are compulsorily traded in dematerialized form; hence the minimum acceptance will be one Share.

9.17 The Registrar to the Offer will hold in trust the Shares held in physical form and in credit of the Depository Escrow Account, the Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders who have accepted the Offer until the cheques/drafts for the consideration or the unaccepted Shares are dispatched/returned. In case of Shares tendered in physical form, where the original Share certificates are required to be split, all the documents will be returned only upon receipt of Share certificates from the Target Company.

9.18 If the aggregate of the valid responses to the Offer exceeds the Offer Size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.

9.19 Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by registered post/speed post at the Shareholders'/unregistered Shareholders' sole risk to the sole/first Shareholder. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

9.20 The Acquirer can revise the Offer Price or the Offer Size upwards up to 7 working days prior to the Closure of the Offer (*i.e.* on or before August 12, 2011). If there is any upward revision in the Offer Price or the Offer Size by the Acquirer until the last date of revision, *i.e.* August 12, 2011, the same will be communicated to the Shareholders by way of a public announcement in the same newspapers in which the Public Announcement appeared. The Acquirer will pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer.

9.21 Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed in time for the credit in the Depository Escrow Account, to be received on or before the Closure of the Offer, *i.e.* no later than August 24, 2011 or else their application will be rejected.

9.22 Compliance with tax requirements:

As per the provisions of Section 195(1) of the Income Tax Act, 1961 (**"Income Tax Act"**) any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). The consideration received by the Shareholders for Shares accepted in the Offer may be chargeable to tax in India either as capital gains under section 45 of the Income Tax Act or as business profits, as the case may be, depending on the facts and circumstances of the case. The Acquirer will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate as per the Income Tax Act. It may be noted:

(i) While tendering Shares under the Offer, NRI, OCBs, FIIs and other non-resident Shareholders will be required to submit: (i) any previous RBI approvals (specific or general) that they may have been required to obtain prior to acquiring the Shares; and (ii) a 'no objection certificate' ("**NOC**") or a tax clearance certificate ("**Tax Clearance Certificate**") or certificate for deduction of tax at a lower rate ("**Certificate for Deduction of Tax at Lower Rate**") from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, failing which the Acquirer 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 on the entire consideration amount payable to such Shareholder.

(ii) As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act to an FII as defined in Section 115AD of the Income Tax Act. However, the interest payment for delay in payment of consideration, if any, will not be governed by this provision. FIIs should certify ("**FII Declaration**") certain details including the nature of the FIIs income under the Income Tax Act (capital gain or otherwise) arising from a sale of Shares in the Target Company. In the absence of the FII Declaration that the Shares are held on investment/capital account or where income from the sale of shares is not capital gain, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable to the category of the Shareholder under the Income Tax Act, on the entire consideration amount payable. FIIs may also submit a Tax Clearance Certificate from the income tax authorities while tendering the shares, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act. Where such Tax Clearance Certificate is provided, the Acquirer shall deduct tax in accordance with the same.

(iii) For interest payments, if any, NRIs, OCBs, FIIs and other non-resident Shareholders will be required to submit a NOC, Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by Acquirer before remitting the consideration, failing which the Acquirer 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, on the consideration payable as interest to such Shareholder.

(iv) NRIs, OCBs, FIIs and other non-resident Shareholders would be required to submit their PAN for income tax purposes. In case PAN is not submitted, the Acquirer will arrange to deduct tax at the rate of 20% or the rate, as may be applicable to the category of the Shareholder under the Income Tax Act, whichever is higher.

(v) In case of resident Shareholders, unless otherwise specified under the Income Tax Act, tax will be deducted only on the interest component exceeding Rs. 5,000 at the applicable current prevailing rates. If the resident Shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such Shareholders will be required to submit a NOC or a Tax Clearance Certificate or a Certificate for Deduction of Tax at Lower Rate from the income tax authorities under the Income Tax Act, indicating the amount of tax to be deducted by Acquirer or a self-declaration in form 15G or form 15H as may be applicable. Shareholders eligible to receive interest component exceeding Rs. 5,000 would be required to submit their PAN for income tax purposes. All resident Shareholders would be required to submit their PAN for income tax purposes. Clauses relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in the release of purchase consideration.

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

(vii) 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 and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

9.23 Payment to those Shareholders whose Share certificates and / or other documents are found valid and in order and are approved by the Acquirer will be by way of a crossed account payee cheque / demand draft / pay order/ through National Electronic Clearing Service ("**NECS**"). 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. 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 Acknowledgement. In order to receive payment through NECS, Shareholders are requested to provide their consent for receipt of payment through NECS along with account details including account number, name of the bank and its address and MICR Code of the bank branch.

** Dispatches involving payment of any value will be made by registered post / speed post at the Shareholder's sole risk. All other dispatches will be made by ordinary post at the Shareholder's sole risk.*

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

9.25 The Acquirer and Persons Acting in Concert reserve the right to withdraw the Offer pursuant to Regulation 27 of the SEBI (SAST) Regulations. Any such withdrawal will be notified in the form of a public announcement in the same newspapers in which the Public Announcement appeared.

10. DOCUMENTS FOR INSPECTION

10.1 The following documents are available for inspection by the Shareholders at the office of the Manager to the Offer at Citigroup Global Markets India Private Limited, Bakhtawar, 12th Floor, Nariman Point, Mumbai 400 021, India between 10:30 a.m. and 3:00 p.m. on all working days (except Saturdays, Sundays and bank holidays) till the Closure of the Offer, *i.e.* August 24, 2011:

(a) Copy of the Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer and the Persons Acting in Concert;

(b) Copy of the share purchase agreement dated March 2, 2011 executed by KSS Holding, KSS Infra and Mittal Investments; and deed of amendment and assignment dated March 2, 2011 executed by KSS Holding, KSS Infra, Mittal Investments and FI;

(c) Copy of the shareholders agreement dated May 19, 2011 executed by the Acquirer, KSS Holding, KSS Infra, ELQ and FI;

(d) Copy of the sale and purchase agreement dated March 31, 2008 and addendum dated June 20, 2008 executed by KSS Engineering, KSS UK and KazStroyService Holding Limited;

(e) Audited annual reports of the Target Company for the years ending March 31, 2009, 2010 and 2011;

(f) Audited annual reports of the Acquirer, KSS UK, KSS Holding, KSS Infra, SRA, Amritha and PIPL for the years ending December or March 31, 2009, 2010 and 2011 (as applicable);

(g) Copy of the letter dated May 20, 2011 from Citibank, N.A. confirming the amount of Rs. 180,000,000 kept in the Escrow Account – Cash towards the proposed Offer in accordance with the SEBI (SAST) Regulations;

(h) Copy of the Public Announcement published on May 23, 2011;

(i) Copy of the letter dated July 21, 2011 from SEBI in terms of provision to Regulation 18(2) of the SEBI (SAST) Regulations;

(j) Copy of the RBI approval dated June 21, 2011 for the Acquirer to acquire up tp 1,507,680 Shares in the Offer;

(k) Copy of the agreement between the Registrar to the Offer and Acquirer as the depository participant for opening the Depository Escrow Account for the purpose of the Offer;

(l) Copy of the escrow agreement dated May 6, 2011 entered into between the Acquirer, the Manager to the Offer and the Escrow Bank; and

(m) Copies of board resolutions dated May 19, 2011 passed by each of the Acquirer, KSS UK, KSS Holding, KSS Infra, FI, KSS Hungary, SRA, Amritha and PIPL.

11. DECLARATION BY THE ACQUIRER AND PERSONS ACTING IN CONCERT

11.1 The Acquirer, the Persons Acting in Concert and their respective directors accept full responsibility for the information contained in the Public Announcement and the Letter of Offer and also for the obligations of the Acquirer and Persons Acting in Concert as laid down in terms of the SEBI (SAST) Regulations.

11.2 Each of the Acquirer and the Persons Acting in Concert shall be, severally and jointly, responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations and for their obligations laid down in the SEBI (SAST) Regulations.

11.3 All information contained in this Letter of Offer is as on the date of the Public Announcement, unless expressly stated otherwise.

11.4 Certain financial details contained in this Letter of Offer are denominated in US Dollars ("**USD**"). The Rupee equivalent quoted in each case for USD is calculated based on the RBI reference rate of Rs. 44.93 per USD as on May 20, 2011 (*Source: RBI website as on May 20, 2011*).

On behalf of **KazStroyService Global B.V.** Sd/- Simon Byrne Authorized Signatory Place : Date : July 28, 2011	On behalf **of KazStroyService Limited** Sd/- Simon Byrne Authorized Signatory Place : Date : July 28, 2011
On behalf of **KazStroyService Holding B.V.** Sd/- David Overbeek Authorized Signatory Place : Date : July 28, 2011	On behalf of **KazStroyService Infrastructure B.V.** Sd/- Simon Byrne Authorized Signatory Place : Date : July 28, 2011
On behalf of **Fraseli Investments S.a.r.l.** Sd/- Rajan Tandon Authorized Signatory Place : Date : July 28, 2011	On behalf of **KazStroyService Hungary Kft.** Sd/- Jan Hendrik Siemssen Authorized Signatory Place : Date : July 28, 2011
On behalf of **SRA Finance and Investments Private Limited** Sd/- Naresh Shah Authorized Signatory Place : Date : July 28, 2011	On behalf of **Petron Investments Private Limited** Sd/- Naresh Shah Authorized Signatory Place : Date : July 28, 2011

On behalf of **Amritha Sharanya Leasing and Investments Private Limited** Sd/- Naresh Shah Authorized Signatory Place : Date : July 28, 2011	

Enclosed:
(1) Form of Acceptance cum Acknowledgement
(2) Form of Withdrawal
(3) Transfer deed for Shareholders holding Shares in physical form

ANNEXURE – I

Status of compliance with the provisions of Chapter II of the Regulations by the Acquirer / PACs

S. No.	Regulation/Sub-Regulation	Date of Disclosure Event	Due date of compliance mentioned in Regulation	Actual date of compliance	Delay, if any	Remarks
Amritha						
1.	6(3)	20.02.1997	19.04.1997	05.11.1997	199	
2.	8(2)	26.12.1997	16.01.1998	11.03.2004	2245	
3.	8(2)	06.11.1997	27.11.1997	11.03.2004	2295	
4.	8(2)	31.03.1998	21.04.1998	11.03.2004	2150	
5.	8(2)	31.03.1999	21.04.1999	11.03.2004	1785	
6.	8(2)	31.03.2000	21.04.2000	11.03.2004	1420	
7.	8(2)	31.03.2001	21.04.2001	24.09.2001	157	
8.	8(2)	10.09.2001	01.10.2001	24.09.2001	0	
9.	8(2)	31.03.2002	21.04.2002	18.09.2002	151	
10.	8(2)	27.09.2002	17.10.2002	01.10.2002	0	
11.	8(2)	31.03.2003	21.04.2003	08.04.2003	0	
12.	8(2)	29.09.2003	19.10.2003	15.10.2003	0	
13.	8(2)	31.03.2004	21.04.2004	21.04.2004	0	
14.	8(2)	29.09.2004	19.10.2004	15.10.2004	0	
15.	8(2)	31.03.2005	21.04.2005	26.04.2005	4	
16.	8(2)	29.09.2005	19.10.2005	15.10.2005	0	
17.	8(2)	31.03.2006	21.04.2006	27.04.2006	5	
18.	8(2)	29.09.2006	19.10.2006	16.10.2006	0	
19.	8(2)	31.03.2007	21.04.2007	16.04.2007	0	
20.	8(2)	28.12.2007	17.01.2008	21.01.2008	0	
21.	8(2)	31.03.2008	21.04.2008	09.04.2008	0	
22.	8(2)	29.08.2008	18.09.2008	17.09.2008	0	
23.	8(2)	31.03.2009	21.04.2009	15.04.2009	0	
24.	8(2)	18.09.2009	09.10.2009	08.10.2009	0	
25.	8(2)	31.03.2010	21.04.2010	09.04.2010	0	
26.	8(2)	03.08.2010	24.09.2010	16.08.2010	0	
27.	8(2)	31.03.2011	21.04.2011	07.04.2011	0	
SRA						
1.	6(3)	20.02.1997	19.04.1997	05.11.1997	199	
2.	8(2)	26.12.1997	16.01.1998	11.03.2004	2245	
3.	8(2)	06.11.1997	27.11.1997	11.03.2004	2295	
4.	8(2)	31.03.1998	21.04.1998	11.03.2004	2150	
5.	8(2)	31.03.1999	21.04.1999	11.03.2004	1785	
6.	8(2)	31.03.2000	21.04.2000	11.03.2004	1420	

7.	8(2)	31.03.2001	21.04.2001	24.09.2001	157	
8.	8(2)	10.09.2001	01.10.2001	24.09.2001	0	
9.	8(2)	31.03.2002	21.04.2002	18.09.2002	151	
10.	8(2)	27.09.2002	17.10.2002	01.10.2002	0	
11.	8(2)	31.03.2003	21.04.2003	08.04.2003	0	
12.	8(2)	29.09.2003	19.10.2003	15.10.2003	0	
13.	8(2)	31.03.2004	21.04.2004	21.04.2004	0	
14.	8(2)	29.09.2004	19.10.2004	15.10.2004	0	
15.	8(2)	31.03.2005	21.04.2005	26.04.2005	4	
16.	8(2)	29.09.2005	19.10.2005	15.10.2005	0	
17.	8(2)	31.03.2006	21.04.2006	27.04.2006	5	
18.	8(2)	29.09.2006	19.10.2006	16.10.2006	0	
19.	8(2)	31.03.2007	21.04.2007	16.04.2007	0	
20.	8(2)	28.12.2007	17.01.2008	21.01.2008	0	
21.	8(2)	31.03.2008	21.04.2008	09.04.2008	0	
22.	8(2)	29.08.2008	18.09.2008	17.09.2008	0	
23.	8(2)	31.03.2009	21.04.2009	15.04.2009	0	
24.	8(2)	18.09.2009	09.10.2009	08.10.2009	0	
25.	8(2)	31.03.2010	21.04.2010	09.04.2010	0	
26.	8(2)	03.08.2010	24.09.2010	16.08.2010	0	
27.	8(2)	31.03.2011	21.04.2011	07.04.2011	0	
PIPL						
1.	6(1), 6(3)	20.02.1997	19.04.1997	05.11.1997	199	
2.	8(2)	26.12.1997	16.01.1998	11.03.2004	2245	
3.	8(2)	06.11.1997	27.11.1997	11.03.2004	2295	
4.	8(2)	31.03.1998	21.04.1998	11.03.2004	2150	
5.	8(2)	31.03.1999	21.04.1999	11.03.2004	1785	
6.	8(2)	31.03.2000	21.04.2000	11.03.2004	1420	
7.	8(2)	31.03.2001	21.04.2001	24.09.2001	157	
8.	8(2)	10.09.2001	01.10.2001	24.09.2001	0	
9.	8(2)	31.03.2002	21.04.2002	18.09.2002	151	
10.	8(2)	27.09.2002	17.10.2002	01.10.2002	0	
11.	8(2)	31.03.2003	21.04.2003	08.04.2003	0	
12.	8(2)	29.09.2003	19.10.2003	15.10.2003	0	
13.	8(2)	31.03.2004	21.04.2004	21.04.2004	0	
14.	8(2)	29.09.2004	19.10.2004	15.10.2004	0	
15.	8(2)	31.03.2005	21.04.2005	26.04.2005	4	
16.	8(2)	29.09.2005	19.10.2005	15.10.2005	0	
17.	8(2)	31.03.2006	21.04.2006	27.04.2006	5	
18.	8(2)	29.09.2006	19.10.2006	16.10.2006	0	
19.	8(2)	31.03.2007	21.04.2007	16.04.2007	0	
20.	8(2)	28.12.2007	17.01.2008	21.01.2008	0	
21.	8(2)	31.03.2008	21.04.2008	09.04.2008	0	

22.	8(2)	29.08.2008	18.09.2008	17.09.2008	0	
23.	8(2)	31.03.2009	21.04.2009	15.04.2009	0	
24.	8(2)	18.09.2009	09.10.2009	08.10.2009	0	
25.	8(2)	31.03.2010	21.04.2010	09.04.2010	0	
26.	8(2)	03.08.2010	24.09.2010	16.08.2010	0	
27.	8(2)	31.03.2011	21.04.2011	07.04.2011	0	

ANNEXURE – II

Status of compliance with the provisions of Chapter II of the Regulations by the Target Company / Promoters

S. No.	Regulation/ Sub-Regulation	Date of Disclosure Event	Due date of compliance mentioned in Regulation	Actual date of compliance	Delay, if any	Remarks
Target Company						
1	6(2), 6(4)	20.02.1997	19.05.1997	07.11.1997	171	
2	8(3)	26.12.1997	26.01.1998	18.03.2004	2241	
3	8(3)	06.11.1997	06.12.1997	18.03.2004	2291	
4	8(3)	31.03.1998	30.04.1998	18.03.2004	2146	
5	8(3)	31.03.1999	30.04.1999	18.03.2004	1781	
6	8(3)	31.03.2000	30.04.2000	18.03.2004	1416	
7	8(3)	31.03.2001	30.04.2001	26.09.2001	148	
8	8(3)	10.09.2001	10.10.2001	26.09.2001	0	
9	8(3)	31.03.2002	30.04.2002	20.09.2002	142	
10	8(3)	27.09.2002	27.10.2002	07.10.2002	0	
11	8(3)	31.03.2003	30.04.2003	16.04.2003	0	
12	8(3)	29.09.2003	29.10.2003	30.10.2003	0	
13	8(3)	31.03.2004	30.04.2004	28.04.2004	0	
14	8(3)	29.09.2004	29.10.2004	18.10.2004	0	
15	8(3)	31.03.2005	30.04.2005	27.04.2005	0	
16	8(3)	29.09.2005	29.10.2005	15.10.2005	0	
17	8(3)	31.03.2006	30.04.2006	28.04.2006	0	
18	8(3)	29.09.2006	29.10.2006	17.10.2006	0	
19	8(3)	31.03.2007	30.04.2007	17.04.2007	0	
20	8(3)	28.12.2007	28.01.2008	23.01.2008	0	
21	8(3)	31.03.2008	30.04.2008	10.04.2008	0	
22	8(3)	29.08.2008	18.09.2008	17.09.2008	0	

23	8(3)	31.03.2009	29.04.2009	24.04.2009	0	
24	8(3)	18.09.2009	18.10.2009	15.10.2009	0	
25	8(3)	31.03.2010	30.04.2010	13.04.2010	0	
26	8(3)	03.08.2010	03.08.2010	25.08.2010	0	
27	8(3)	31.03.2011	30.04.2011	27.04.2011	0	
28	7(3)	02.11.2010	04.11.2010	04.11.2010	0	Notice received U/R 7(2) from Reliance Mutual Fund on 02.11.2010.
Amritha						
1.	6(3)	20.02.1997	19.04.1997	05.11.1997	199	
2.	8(2)	26.12.1997	16.01.1998	11.03.2004	2245	
3.	8(2)	06.11.1997	27.11.1997	11.03.2004	2295	
4.	8(2)	31.03.1998	21.04.1998	11.03.2004	2150	
5.	8(2)	31.03.1999	21.04.1999	11.03.2004	1785	
6.	8(2)	31.03.2000	21.04.2000	11.03.2004	1420	
7.	8(2)	31.03.2001	21.04.2001	24.09.2001	157	
8.	8(2)	10.09.2001	01.10.2001	24.09.2001	0	
9.	8(2)	31.03.2002	21.04.2002	18.09.2002	151	
10.	8(2)	27.09.2002	17.10.2002	01.10.2002	0	
11.	8(2)	31.03.2003	21.04.2003	08.04.2003	0	
12.	8(2)	29.09.2003	19.10.2003	15.10.2003	0	
13.	8(2)	31.03.2004	21.04.2004	21.04.2004	0	
14.	8(2)	29.09.2004	19.10.2004	15.10.2004	0	
15.	8(2)	31.03.2005	21.04.2005	26.04.2005	4	
16.	8(2)	29.09.2005	19.10.2005	15.10.2005	0	
17.	8(2)	31.03.2006	21.04.2006	27.04.2006	5	
18.	8(2)	29.09.2006	19.10.2006	16.10.2006	0	
19.	8(2)	31.03.2007	21.04.2007	16.04.2007	0	
20.	8(2)	28.12.2007	17.01.2008	21.01.2008	0	
21.	8(2)	31.03.2008	21.04.2008	09.04.2008	0	
22.	8(2)	29.08.2008	18.09.2008	17.09.2008	0	
23.	8(2)	31.03.2009	21.04.2009	15.04.2009	0	
24.	8(2)	18.09.2009	09.10.2009	08.10.2009	0	
25.	8(2)	31.03.2010	21.04.2010	09.04.2010	0	
26.	8(2)	03.08.2010	24.09.2010	16.08.2010	0	

27.	8(2)	31.03.2011	21.04.2011	07.04.2011	0	
SRA						
1.	6(3)	20.02.1997	19.04.1997	05.11.1997	199	
2.	8(2)	26.12.1997	16.01.1998	11.03.2004	2245	
3.	8(2)	06.11.1997	27.11.1997	11.03.2004	2295	
4.	8(2)	31.03.1998	21.04.1998	11.03.2004	2150	
5.	8(2)	31.03.1999	21.04.1999	11.03.2004	1785	
6.	8(2)	31.03.2000	21.04.2000	11.03.2004	1420	
7.	8(2)	31.03.2001	21.04.2001	24.09.2001	157	
8.	8(2)	10.09.2001	01.10.2001	24.09.2001	0	
9.	8(2)	31.03.2002	21.04.2002	18.09.2002	151	
10.	8(2)	27.09.2002	17.10.2002	01.10.2002	0	
11.	8(2)	31.03.2003	21.04.2003	08.04.2003	0	
12.	8(2)	29.09.2003	19.10.2003	15.10.2003	0	
13.	8(2)	31.03.2004	21.04.2004	21.04.2004	0	
14.	8(2)	29.09.2004	19.10.2004	15.10.2004	0	
15.	8(2)	31.03.2005	21.04.2005	26.04.2005	4	
16.	8(2)	29.09.2005	19.10.2005	15.10.2005	0	
17.	8(2)	31.03.2006	21.04.2006	27.04.2006	5	
18.	8(2)	29.09.2006	19.10.2006	16.10.2006	0	
19.	8(2)	31.03.2007	21.04.2007	16.04.2007	0	
20.	8(2)	28.12.2007	17.01.2008	21.01.2008	0	
21.	8(2)	31.03.2008	21.04.2008	09.04.2008	0	
22.	8(2)	29.08.2008	18.09.2008	17.09.2008	0	
23.	8(2)	31.03.2009	21.04.2009	15.04.2009	0	
24.	8(2)	18.09.2009	09.10.2009	08.10.2009	0	
25.	8(2)	31.03.2010	21.04.2010	09.04.2010	0	
26.	8(2)	03.08.2010	24.09.2010	16.08.2010	0	
27.	8(2)	31.03.2011	21.04.2011	07.04.2011	0	
PIPL						
1.	6(1), 6(3)	20.02.1997	19.04.1997	05.11.1997	199	
2.	8(2)	26.12.1997	16.01.1998	11.03.2004	2245	
3.	8(2)	06.11.1997	27.11.1997	11.03.2004	2295	
4.	8(2)	31.03.1998	21.04.1998	11.03.2004	2150	
5.	8(2)	31.03.1999	21.04.1999	11.03.2004	1785	
6.	8(2)	31.03.2000	21.04.2000	11.03.2004	1420	
7.	8(2)	31.03.2001	21.04.2001	24.09.2001	157	
8.	8(2)	10.09.2001	01.10.2001	24.09.2001	0	
9.	8(2)	31.03.2002	21.04.2002	18.09.2002	151	
10.	8(2)	27.09.2002	17.10.2002	01.10.2002	0	
11.	8(2)	31.03.2003	21.04.2003	08.04.2003	0	
12.	8(2)	29.09.2003	19.10.2003	15.10.2003	0	

13.	8(2)	31.03.2004	21.04.2004	21.04.2004	0	
14.	8(2)	29.09.2004	19.10.2004	15.10.2004	0	
15.	8(2)	31.03.2005	21.04.2005	26.04.2005	4	
16.	8(2)	29.09.2005	19.10.2005	15.10.2005	0	
17.	8(2)	31.03.2006	21.04.2006	27.04.2006	5	
18.	8(2)	29.09.2006	19.10.2006	16.10.2006	0	
19.	8(2)	31.03.2007	21.04.2007	16.04.2007	0	
20.	8(2)	28.12.2007	17.01.2008	21.01.2008	0	
21.	8(2)	31.03.2008	21.04.2008	09.04.2008	0	
22.	8(2)	29.08.2008	18.09.2008	17.09.2008	0	
23.	8(2)	31.03.2009	21.04.2009	15.04.2009	0	
24.	8(2)	18.09.2009	09.10.2009	08.10.2009	0	
25.	8(2)	31.03.2010	21.04.2010	09.04.2010	0	
26.	8(2)	03.08.2010	24.09.2010	16.08.2010	0	
27.	8(2)	31.03.2011	21.04.2011	07.04.2011	0	
KSS Engineering						
1.	8(2)	31.03.2009	21.04.2009	15.04.2009	0	
2.	8(2)	18.09.2009	9.10.2009	8.10.2009	0	
3.	8(2)	31.03.2010	21.04.2010	9.04.2010	0	
4.	8(2)	03.08.2010	24.09.2010	16.08.2010	0	
5.	8(2)	31.03.2011	21.04.2010	7.04.2011	0	
6.	8(2)	07.07.2011	28.07.2011	18.07.2011	0	

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT
Petron Engineering Construction Limited Open Offer

From:

Folio No. / DP ID No. / Client ID No.:

Address:
Tel no:
Fax no:
Email ID:

OFFER OPENS ON : Friday, August 5, 2011
LAST DATE OF WITHDRAWAL: Friday, August 19, 2011
OFFER CLOSES ON : Wednesday, August 24, 2011

To,
The Acquirer
C/o Link Intime India Private Limited
Unit : PECL Open offer
Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078

Please tick () shareholders status (For taxation / TDS purpose)	
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income up to Rs. 10,00,000
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income exceeding Rs. 10,00,000
	Person resident in India who is a partnership firm
	Person resident in India who is a domestic company
	Person resident outside India who is a company
	Person resident outside India who is an individual / association of persons having an aggregate income up to Rs. 10,00,000
	Person resident outside India who is an individual / association of persons having an aggregate income exceeding Rs. 10,00,000
	Domestic venture capital fund and mutual fund which is a domestic company
	International venture capital fund which is a domestic company
	International venture capital fund which is a foreign company
	Person resident outside India which is a partnership firm
	Non-Resident Indian(s)
	Foreign Institutional Investors
	Multilateral Agency
	Bilateral Development Financial Institution
	Financial Institutions
	Banks
	Insurance Company
	Others (Specify)

Dear Sir,

Subject: Open Offer by KazStroyService Global B.V. ("Acquirer") to the equity shareholders of Petron Engineering Construction Limited ("Target Company") to acquire up to 1,507,680 (one million five hundred seven thousand and six hundred eighty) equity shares, pursuant to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Offer")

I / We refer to the Letter of Offer dated July 28, 2011for acquiring the equity shares held by me / us in Petron Engineering Construction Limited. I / We, the undersigned have read the Letter of Offer and understood its content including the terms and conditions as mentioned therein.

 SHARES IN DEMATERIALIZED FORM

I / We, holding equity shares in dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "off-market" mode, duly acknowledged by the Depository Participant (**"DP"**) in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No. of equity shares

I/We have made an off-market transaction for crediting the Shares to the special depository account as per the following particulars:

Depository Name	National Securities Depository Limited
DP Name	Ventura Securities Limited
DP ID Number	IN303116
Client ID	10748136
Beneficiary Account Name	LIIPL PECL Open Offer Escrow Demat Account
ISIN	INE742A01019
Market	Off market

- -TEAR ALONG THIS LINE -

ACKNOWLEDGEMENT SLIP
Petron Engineering Construction Limited Open Offer

Received from Mr. / Ms. / M/s.__________________ residing at ____

a Form of Acceptance cum Acknowledgement for shares along with:

 Copy of delivery instruction slip from DP ID________________________ Client ID ___________________________

 ________Share Certificate(s) ___________transfer deed(s) under folio number (s) ___________for accepting the Offer made by the Acquirer

Stamp of Collection Center:		Signature of Official:		Date of Receipt:	

I / We note and understand that the equity shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I / We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

SHARES IN PHYSICAL FORM

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

S. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of equity shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details)				**Total No. of equity shares**	

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

For NRIs / OCBs / FIIs / Foreign Shareholders:

I / We have enclosed the following documents:

- No Objection Certificate / Tax Clearance Certificate / Certificate for Deduction of Tax at Lower Rate from Income Tax Authorities.
- RBI approvals for acquiring equity shares of Petron Engineering Construction Limited hereby tendered in the Offer.
- Copy of Permanent Account Number / PAN Card

I / We, confirm that the tax deduction on account of equity shares of Petron Engineering Construction Limited held by me / us is to be deducted on (tick whichever is applicable):

- Long-term capital gains
- Short-term capital gains
- Trade Account

In order to claim the benefit of lower rate of tax deduction under the applicable Double Taxation Avoidance Agreement (**"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

For FII Shareholders:

I / We, confirm that the equity shares of Petron Engineering Construction Limited are held by me / us on (select whichever is applicable):

- Investment / Capital Account
- Trade Account

In case the equity 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 DTAA entered into between India and your country of residence. Where the tax is to be deducted on account of long-term capital gains, shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the equity shares have been held for more than one year. In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), shareholders should obtain a tax clearance certificate from the appropriate income tax authorities certifying the net income chargeable to capital gains tax. In the absence of the above, tax will be deducted at the maximum marginal rate on the entire consideration paid to the shareholder(s).

- -TEAR ALONG THIS LINE -

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

Link Intime India Private Limited

Unit: PECL Open offer
Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078
Tel: +91 22 2596 0320, Fax: +91 22 2596 0329
E-mail: pecl.offer@linkintime.co.in, Contact Person: Mr. Nilesh Chalke

For the purpose of determining whether the capital gains are short-term or long-term in nature, the Acquirer shall take action based on the certification submitted along with this Form of Acceptance cum Acknowledgment by the shareholder(s). NRI / OCB / other non-resident shareholders should provide certification as to their residential status along with this Form of Acceptance cum Acknowledgment. Declarations in this Form of Acceptance-cum-Acknowledgment as to the fact whether the shares are held, by the NRI / OCB / other non-resident shareholders, on investment / capital account or on trade account and whether the equity shares are held as long-term capital asset or short-term capital asset should be accompanied with appropriate evidence. In case the Acquirer is of the view that the information / documents provided by the shareholder is inaccurate or incomplete or insufficient, then tax may be deducted at source at the applicable maximum marginal rate on the entire consideration paid to the shareholder(s).

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding equity shares in physical form should provide details of the bank account of the first / sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For equity shares that are tendered in dematerialized form, the Bank account as obtained from the beneficiary download to be provided by the depositories will be considered and the payment instruments will be issued with the said Bank particulars, and not any details provided herein.

Name of the Bank		Branch	
Address and telephone number of the branch		Ledger Folio Number	
Account No.		Current / Savings / NRE / NRO (Others : please specify)	
9 Digit MICR Code		IFSC Code	

Details for RTGS / NEFT

In addition to the 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: ____

I / We confirm that the equity shares of Petron Engineering Construction Limited, which are being tendered herewith by me / us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever. I/We confirm that there are no tax or other claims pending against us which may affect the legality of the transfer of shares under the Income Tax Act, 1961, I / We authorize the Acquirer to accept the equity shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I / we further authorize the Acquirer to return to me / us, Share certificates(s) / equity shares in respect of which the Offer is not found valid / not accepted without specifying the reasons therefor.

I / We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by registered post / Speed post / ordinary post as may be applicable at my / our risk, the draft / cheque / warrant, in full and final settlement of the amount due to me / us and / or other documents or papers or correspondence to the sole / first holder at the address mentioned below. In case I / we have tendered my equity shares in dematerialized form, I / we authorize Acquirer and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

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

I / We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incorrect or incomplete information, I will not hold the Acquirer, the Persons Acting in Concert, the Target Company, the Registrar to the Offer or the Manager to the Offer responsible.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDER(S)	**PAN**	**SIGNATURE(S)**
First / Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp and necessary Board Resolution must be attached.

Address of First / Sole Shareholder:

Place:

Date:

INSTRUCTIONS FOR SUBMISSION OF ACCEPTANCE CUM ACKNOWLEDGEMENT FORM

NO SHARES / FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT SHOULD BE SENT TO THE ACQUIRER OR TO THE PERSONS ACTING IN CONCERT OR TO THE MANAGER TO THE OFFER OR TO PETRON ENGINEERING CONSTRUCTION LIMITED.

1. In the case of dematerialized Shares, the Shareholders are advised to ensure that their Shares are credited in favour of 'LIIPL PECL Open Offer Escrow Demat Account', on or before the Closure of the Offer, i.e. Wednesday, August 24, 2011. The Form of Acceptance cum Acknowledgement of dematerialized Shares not credited in favour of the 'LIIPL PECL Open Offer Escrow Demat Account' on or before the Closure of the Offer will be rejected.

2. Shareholders should enclose the following along with the Form of Acceptance cum Acknowledgement:-

   a. Shareholders holding Shares in dematerialized form:-

   Beneficial owners should enclose:

   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
   - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
   - For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance cum Acknowledgement.

   In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Depository Escrow Account, the Offer shall be deemed to be accepted.

   b. Shareholders holding Shares in physical form:-

   Registered Shareholders should enclose:

   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all Shareholders whose names appear on the Share certificates.
   - Original Share certificate(s).
   - Valid Share transfer deed(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 "**Petron Engineering Construction Limited"** and duly witnessed at the appropriate place. A blank Share transfer form is enclosed along with this Letter of Offer.

   In case of registered Shareholder(s) - non-receipt of the aforesaid documents, but receipt of the Share certificates along with the duly completed Share transfer form, the Offer shall be deemed to be accepted.

   Unregistered owners should enclose:

   - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
   - Original Share certificate(s).
   - Original broker contract note.
   - Valid Share transfer forms as received from the market.
   - Valid Share transfer deed.

   Unregistered Shareholders should not sign the Share transfer deed. The Share transfer deed should be valid for transfer. The details of the buyer under the Share transfer deed(s) should be left blank failing which the Share transfer deed(s) will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance cum Acknowledgement and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

3. Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed in time for the credit in the LIIPL PECL Open Offer Escrow Demat Account, to be received on or before the Closure of the Offer, *i.e.* no later than August 24, 2011, or else their application will be rejected.

4. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their Shares in favour of the LIIPL PECL Open Offer Escrow Demat Account with NSDL.

5. In case of Share(s) held in joint names, names should be filled up in the same order in the Form of Acceptance cum Acknowledgement and in the Share transfer deed as the order in which they hold Shares, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer. All joint holders of the Share(s) must sign on the Form of Acceptance cum Acknowledgement.

6. In case 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.

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

   - Duly attested death certificate and succession certificate/ probate/ letter of administration (in case of single Shareholder) in case the original Shareholder is dead.
   - Duly attested power of attorney if any person apart from the Shareholder has signed the Form of Acceptance cum Acknowledgement and/or Share transfer deed(s).
   - In case of companies, the necessary corporate authorization, including certified copy of board resolution(s).

8. NRI, OCBs, FIIs and other non-resident Shareholders should enclose:

   a. copy of any previous RBI approvals (specific or general) that they may have been required to obtain prior to acquiring the Shares.

   b. copy of PAN card.

   c. a 'no objection certificate' or a tax clearance certificate or certificate for deduction of tax at a lower rate from the income tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, failing which the Acquirer 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.

9. Non-resident Shareholders should also refer to paragraph 9.22 of the Letter of Offer and the Form of Acceptance cum Acknowledgement for additional documents that may need to be submitted for claiming tax benefits.

10. The Form of Acceptance cum Acknowledgement and other related documents should be submitted at any of the collection centers mentioned in paragraph 9.6 of the Letter of Offer (as per the mode and time of delivery specified therein) or should be sent to the Registrar to the Offer at Link Intime India Private Limited, Unit: PECL Open offer, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078; Tel. No. +91 22 2596 0320; Fax No. +91 22 2596 0329; E-mail: pecl.offer@linkintime.co.in, either by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the Closure of the Offer, *i.e.* no later than Wednesday, August 24, 2011.

FORM OF WITHDRAWAL
Petron Engineering Construction Limited Open Offer

From:
Folio No. / DP ID No. / Client ID No.:
Address :
Tel no:
Fax no:
Email ID:

OFFER OPENS ON : Friday, August 5, 2011	
LAST DATE OF WITHDRAWAL : Friday, August 19, 2011	
OFFER CLOSES ON : Wednesday, August 24, 2011	

To,
The Acquirer
C/o Link Intime India Private Limited
Unit : PECL Open offer
Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078

Please tick () shareholders status (For taxation / TDS purpose)	
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income up to Rs. 10,00,000
	Person resident in India who is an individual / HUF / Association of Persons, having an aggregate income exceeding Rs. 10,00,000
	Person resident in India who is a partnership firm
	Person resident in India who is a domestic company
	Person resident outside India who is a company
	Person resident outside India who is an individual / association of persons having an aggregate income up to Rs. 10,00,000
	Person resident outside India who is an individual / association of persons having an aggregate income exceeding Rs. 10,00,000
	Domestic venture capital fund and mutual Fund who is a domestic company
	International venture Capital Fund who is a domestic Company
	International venture Capital Fund who is a foreign Company
	Person resident outside India which is a Partnership firm
	Non-Resident Indian(s)
	Foreign Institutional Investors
	Multilateral Agency
	Bilateral Development Financial Institution
	Financial Institutions
	Banks
	Insurance Company
	Others (Specify ______________________)

Dear Sir,

Subject: Open Offer by KazStroyService Global B.V. ("Acquirer") to the equity shareholders of Petron Engineering Construction Limited ("Target Company") to acquire up to 1,507,680 (one million five hundred seven thousand and six hundred eighty) equity shares, pursuant to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Offer")

I / We refer to the Letter of Offer dated July 28, 2011 for acquiring the equity shares held by me / us in Petron Engineering Construction Limited. I / We, the undersigned have read the Letter of Offer and understood its content including the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw my / our equity shares from the Offer and I / we further 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 equity shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. Friday, August 19, 2011.

I / We note the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in dematerialized form in the DP account due to inaccurate / incomplete particulars / instructions.

I / We also note and understand that the Acquirer will return the original Share certificate(s), share transfer deed(s) / equity shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

- -TEAR ALONG THIS LINE -

ACKNOWLEDGEMENT SLIP
Petron Engineering Construction Limited Open Offer

Received from Mr. / Ms. / M/s.__________________ residing at ____

a Form of Withdrawal for ____shares along with :

- Copy of delivery instruction slip from DP ID________________________ Client ID ____________________________
- Copy of acknowledgement slip issued when depositing dematerialized equity shares
- Copy of acknowledgement slip issued when depositing physical equity shares for withdrawing from the Offer made by the Acquirer

Stamp of Collection Center:		Signature of Official:		Date of Receipt:	

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

S. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of equity shares withdrawn
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details) **Total No. of equity shares**					

I / We hold the following equity shares in dematerialized form and had executed an off-market transaction for crediting the equity shares to the "LIIPL PECL OPEN OFFER ESCROW DEMAT ACCOUNT". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our equity shares have been tendered are as follows:

DP Name	DP ID	Client ID	Beneficiary Name	No. of equity shares withdrawn

I / We note that the equity shares will be credited back only to that depository account from which the equity 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 equity shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,
Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDER(S)	SIGNATURE(S)
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note : In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp and necessary Board Resolution must be attached.

Address of First / Sole Shareholder:

____

Place:

Date:

- -TEAR ALONG THIS LINE -

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

Link Intime India Private Limited
Unit : PECL Open offer
Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078
Tel: +91 22 2596 0320, Fax: +91 22 2596 0329
E-mail: pecl.offer@linkintime.co.in, Contact Person: Mr. Nilesh Chalke

INSTRUCTIONS FOR SUBMISSION OF FORM OF WITHDRAWAL

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. no later than Friday, August 19, 2011.

2. Shareholders should enclose the following:-

   a. **Shareholders holding Shares in dematerialized form**:-

      Beneficial owners should enclose:

      - Duly signed and completed Form of Withdrawal.
      - Acknowledgement slip in original / copy of the submitted Form of Acceptance cum Acknowledgement / plain paper application submitted in case delivered by registered post A.D.
      - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

   b. **Shareholders holding Shares in physical form**:-

      Registered Shareholders should enclose:

      - Duly signed and completed Form of Withdrawal.
      - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance cum Acknowledgement/ plain paper application submitted in case delivered by registered post A.D.
      - In case of partial withdrawal, valid Share transfer deed(s) for the remaining Shares (i.e. Shares not withdrawn), duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **"Petron Engineering Construction Limited"** and duly witnessed at the appropriate place.

      Unregistered owners should enclose:

      - Duly signed and completed Form of Withdrawal.
      - Acknowledgement slip in original/ copy of the submitted Form of Acceptance cum Acknowledgement/ plain paper application submitted in case delivered by registered post A.D.

3. The withdrawal of Shares will be available only for the Share certificates/Shares that have been received by the Registrar to the Offer/ credited into the LIIPL PECL Open Offer Escrow Demat Account.

4. The intimation of returned Shares to the Shareholders will be at the address as per the records of Petron Engineering Construction Limited / depository as the case may be.

5. Request for withdrawal from unregistered Shareholders can be considered to the extent the Shares tendered and received are found to be valid.

6. A separate request for withdrawal should be submitted for each Folio/ DP ID/ Client ID.

7. 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 Petron Engineering Construction Limited. The facility of partial withdrawal is available only to registered Shareholders.

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

9. The Form of Withdrawal and other related documents should be submitted at any of the collection centers mentioned in paragraph 9.6 of the Letter of Offer (as per the mode of delivery specified therein) or should be sent to the Registrar to the Offer at Link Intime India Private Limited, Unit: PECL Open offer, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078; Tel. No. +91 22 2596 0320; Fax No. +91 22 2596 0329; E-mail: pecl.offer@linkintime.co.in, either by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the last date of withdrawal, *i.e.* no later than Friday, August 19, 2011.

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