



KSK Energy Ventures Limited

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Press release

KSK Energy fully tied up funding for Rs 6,874 crore 1800MW Chhattisgarh power project

MUMBAI, 23rd SEPTEMBER 2008: KSK Energy Ventures Limited is going ahead with 1800MW power project being set up by its fully owned subsidiary Wardha Power Company Private Limited ("Wardha") at Chhattisgarh

"The 1800 MW power project at Chhattisgarh is being set up by our company KSK Energy Ventures Limited ("KSK") through its fully owned subsidiary the Wardha Power Company Private Limited ("Wardha"). KSK has already incurred over Rs. 500 crore on the project and is not dependent on any financial contribution from Lehman ", said S Kishore, Director, KSK Energy Ventures Limited .

The total cost of the Project is Rs 6874 crores to be funded by equity of Rs 1718 crores and debt of Rs 5156 crores. An equity of Rs 1245 crore has been fully raised during the company's recently concluded Initial Public Issue, which in addition to the earlier equity contributions, is more than sufficient to meet the equity requirements of the above project. The debt of Rs 5156 crores is financially fully tied up with a host of banks and institutions in consortium , such as IDFC, Axis Bank , Bank of India , Bank of Baroda, UCO Bank, LIC, Union Bank of India, Canara Bank, Andhra Bank, Indian Bank, Central Bank of India and others .

The fuel for the project will be based exclusively on Coal supplies from the Morga-II Coal Block in terms of the Coal Supply and Investment Agreement dated 16th November 2006 and its subsequent amendments formalized between GMDC Limited KSK and Wardha. KSK has been working in close cooperation with GMDC , on this project.

A specific Memorandum of Understanding on 15th February 2008 has been executed with the Government of Chhattisgarh to facilitate implementation and in pursuance thereof, have now started acquisition of land for the project. Wardha has already received allocation of water for the project from the Government of Chhattisgarh.

The Terms of Reference (TOR) for EIA Study has been issued and the Environmental Clearance from the Ministry of Environment & Forests, Government of India, is expected shortly.

Wardha has invited tenders from leading equipment suppliers for supply of equipment. After Pre bid conference in May 2008, the company has not only received bids from reputed contractors but also commenced techno commercial evaluation of the same for shortlist. Wardha anticipates to complete the process of negotiation and placing orders for the equipment before end of October 2008.

All of the above is non-dependent on Lehman Brothers or any of its affiliates. The association of Lehman Brothers is limited to the shareholding held by them in KSK, which is also under lock-in till July 2009 .

Additionally, KSK Power Ventur plc, which owns 55.25% of KSK Energy Ventures, is itself listed on the London Stock Exchange and would be not only keen but ably backed by its large institutional shareholders and contractual rights to pickup the shareholding of Lehman brothers, if it comes up for sale after the expiry of the lock-in period.

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