

ACCEL FRONTLINE LIMITED

Registered Office: No. 75, Nelson Manickam Road, Aminjikarai, Chennai 600 029, Tamil Nadu. Tel.: +91-44-4225 2000; Fax.: +91-44-2374 1271; Email: info@accelfrontline.in

OPEN OFFER ("OFFER") FOR ACQUISITION OF UPTO 77,38,087 FULLY PAID UP EQUITY SHARES OF FACE VALUE RS. 10/- EACH, REPRESENTING 26% OF THE VOTING RIGHTS / EQUITY SHARE CAPITAL ON A FULLY DILUTED BASIS, FROM THE PUBLIC SHAREHOLDERS OF ACCEL FRONTLINE LIMITED ("AFL" OR "TARGET COMPANY") AT A PRICE OF RS. 45/- PER FULLY PAID UP EQUITY SHARE, BY CAC CORPORATION ("CAC" OR "ACQUIRER").

This Detailed Public Statement ("DPS") is being issued by Mehgrah Capital Advisors Private Limited, Manager to the Offer ("Manager"), for and on behalf of the Acquirer, in compliance with Regulation 13(4) read with Regulation 15(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations"), pursuant to the Public Announcement dated December 9, 2013 ("PA") sent to Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited ("NSE"), BSE Limited ("BSE") and Accel Frontline Limited on December 9, 2013. The Offer is being made by the Acquirer pursuant to and in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations.

I. ACQUIRER, SELLERS, TARGET COMPANY AND OFFER

A. INFORMATION ABOUT THE ACQUIRER

- For the purpose of this Offer, CAC Corporation ("CAC") is the Acquirer within the meaning of Regulation 2(1)(a) of the SEBI (SAST) Regulations.
- Computer Applications Co., Ltd. was founded in 1966 in Japan as an independent software development company. On October 18, 1979, the name was changed to CAC Computer Systems Co., Ltd. The name was further changed to its present name on January 01, 1998. The current principal/registered office of the Acquirer is situated at 24-1, Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo 103-0015, Japan.
- CAC Corporation provides information technology (IT) services worldwide. The company offers systems consultation, integration, development, operation, and maintenance services; business process outsourcing, data center, help desk and call center, desktop, information processing, software/hardware marketing, application operation, and security services. It provides financial information systems primarily for banks, trusts, securities business and insurance companies; research and development, production, sale, distribution, personnel and accounting solutions for pharmaceuticals; and total supply chain management solutions for the food services industry. In addition, the company offers IT solutions, such as value chain management encompassing design, procurement, manufacture, sales/distribution; corporate management, including personnel and accounting; and information management, through an enterprise information portal. Further, it provides enterprise solutions, data warehouse and business intelligence services; application development and maintenance; and independent verification and validation services.
- There are no Persons Acting in Concert ("PAC") in this Offer within the meaning of Regulation 2(1)(g) of the SEBI (SAST) Regulations.
- CAC is a professionally managed listed Company and there are no identified promoters or controlling shareholders of CAC.
- As on September 30, 2013, the total number of shares authorized to be issued are 8,62,84,000 shares and the total number of shares issued are 2,15,41,400 shares. The shares of CAC are widely held by institutional and individual shareholders.
- The shareholding pattern of CAC as on June 30, 2013 based on the category of shareholders is as under:

Category of Investor	Ownership of Stock, in %
Financial institutions	19.94
Financial instruments business operators	0.53
Other institution	30.70
Foreign corporations etc.	12.02
Individuals and others	36.81
Total	100.00

- Some of the key shareholders of CAC as on June 30, 2013 are as below:

Name of the Shareholders	Number of Shares (in Thousands)	Shareholding in %
Shogakukan Inc.	3,512	16.30
Japan Trustee Services Bank, Ltd. (Trust Account)	1,764	8.18
Astellas Pharma Inc.	1,077	5.00
Kirin Holdings Company, Limited	1,040	4.82
The Master Trust Bank of Japan, Ltd. (Trust Account)	931	4.32
CAC Employees' Shareholding Association	743	3.45
Sumitomo Mitsui Banking Corporation	484	2.24
The Chase Manhattan Bank N.A. London Secs Lending Omnibus Account (Local Custodian: Custody & Proxy Department, Mizuho Corporate Bank, Ltd.)	462	2.14
Toyo Tire & Rubber Co., Ltd.	289	1.34
State Street Bank and Trust Company 505041 (Local Custodian: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	265	1.23
Mellon Bank Treaty Clients Omnibus (Local Custodian: Custody & Proxy Department, Mizuho Corporate Bank, Ltd.)	182	0.84
Maruha Nichiro Holdings, Inc.	156	0.72
Kazuko Okubo	153	0.71
Sogo Rinsho Holdings Co., Ltd.	150	0.69
Tokyo Business Service Co., Ltd.	145	0.67
Total	11,357	52.72

- The Equity Shares of CAC Corporation are listed on the Tokyo Stock Exchange, Japan ("TSE") in the First Section. The Code on TSE is 4725 and the ISIN is JP3346300001. The number of shares listed on the Tokyo Stock Exchange is 2,15,41,400 shares. The trading is permitted in the lots of 100 shares on the Tokyo Stock Exchange.
- The closing price of the shares of the Acquirer as quoted on Tokyo Stock Exchange as on the date of the PA, i.e., December 9, 2013, is JPY 1,053 (Rs. 625.27, Conversion: 1 JPY = Rs. 0.593800) per share.
- As on the date of the PA, CAC does not hold any ownership interest in the Target Company. However, the Acquirer proposes to acquire a "Threshold Shareholding" of 51% of the Equity Shares of AFL pursuant to the Share Holders Agreement, the Share Subscription Agreement and the Open Offer, as described in detail in **Part II - Background to the Offer**.
- As on the date of the PA, none of the Directors and key employees of CAC have any interest in the Target Company and none of the Directors of the Acquirer are on the Board of Directors of the Target Company.
- The Acquirer may appoint their representatives on the Board of the Target Company after the expiry of 15 working days from the date of the DPS in accordance with Regulation 24(1) of the SEBI (SAST) Regulations. As on the date of this DPS, the Acquirer has not decided the representatives from their side.
- The Board of Directors of CAC comprises of Toshio Shimada, Akihiko Sako, Kazuki Kawamata, Toshihiro Adachi, Hirokazu Nagakura, Mitsuyo Hanada, Shigeru Matsushima, Michitaka Hirose and Yukiko Kuroda.
- The Board of Directors of the Acquirer has passed a resolution on December 11, 2013 to perform company divestiture to change the current structure of CAC Corporation to a Holding Company, subject to the approval of the shareholders in their annual meeting proposed to be held on March 27, 2014. The divestiture will be effective from April 1, 2014 and the name of the Acquirer will change to CAC Holding Corporation with effect from that date. This divestiture is not related to the Transaction (defined hereinafter in para. II-A-B in this DPS) and will not have any material impact either on the Transaction or on this Offer.
- The brief financial data of the Acquirer for the years ended December 31, 2010, December 31, 2011, December 31, 2012 and the financial data limited reviewed by the Auditor for 9 month period ended September 30, 2013 are given hereunder:

(Amounts in JPY Million, except EPS)

Period ended →	Year ended Dec 31, 2010	Year ended Dec 31, 2011	Year ended Dec 31, 2012	9 Months ended Sep 30, 2013
(A) Total Income	36,877.06	39,146.50	39,783.49	30,767.08
(B) Net Income / (Loss)	1,026.30	39.87	1,194.58	1,074.88
(C) EPS - Basic & Diluted in JPY	47.64	1.85	55.46	49.90
(D) Net Worth	20,316.13	19,294.09	20,200.74	22,000.90

(Amount in Rs. Lacs, except EPS)

Period ended →	Year ended Dec 31, 2010	Year ended Dec 31, 2011	Year ended Dec 31, 2012	9 Months ended Sep 30, 2013
(A) Total Income	2,03,045	2,68,858	2,53,262	1,97,371
(B) Net Income / (Loss)	5,651	274	7,605	6,392
(C) EPS - Basic & Diluted in Rs.	26	1	35	32
(D) Net Worth	1,11,861	1,32,512	1,28,598	1,41,136
JPY / Rs. (as on the period end date)	0.550600	0.636800	0.636600	0.641500

NOTE: JPY converted to INR as per rates from RBI website.

- CAC has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other Regulation.

B. INFORMATION ABOUT THE SELLERS

a. Seller 1 - Accel Limited ("AL")

- Accel Limited, incorporated on March 13, 1991, is a Public Limited Company under the Companies Act, 1956. The company was incorporated as a Private Limited Company under the name of "Accel Automation Private Ltd.". On July 01, 1997, its name was changed to Accel Automation Ltd. On August 12, 1998, the name was further changed to its present name i.e. Accel Limited. AL has its registered office at 75, III Floor, Nelson Manickam Road, Aminjikarai, Chennai - 600 029. As on date, AL is primarily engaged in investment activities.
- AL is part of the promoter group of the Target Company and is an unlisted Company.
- The shareholding of AL in the Target Company before the Transaction is 1,42,97,191 Equity Shares of Face Value of Rs. 10/- each, constituting 58.93% of the paid up capital of the Target Company. AL has agreed to sell at least 65,00,000 Equity Shares of Rs. 10/- each to the Acquirer, as per the terms agreed in the Shareholders Agreement (SHA), and referred in "Section II - Background of the Offer" of this DPS.
- AL has not been prohibited by SEBI from dealing in securities in terms of direction issued u/s 11B of SEBI Act or under any other Regulation.

b. Seller 2 - Mr. N. R. Panicker ("Mr. Panicker")

- Mr. Panicker, aged 59 years, son of Mr. C.N. Narayana Pillai, residing at AI 109, 4th Street, 9th Main Road, Shanti Colony, Anna Nagar, Chennai 600040, Tamil Nadu, is an Electronic Engineer, having work experience of about 36 years in the IT Industry.
- Mr. Panicker is a part of the promoter group of the Target Company.
- The shareholding of Mr. Panicker in the Target Company before the Transaction is 10,72,500 Equity Shares of Rs. 10/- each, constituting 4.42% of the paid up capital of the Target Company. Pursuant to the SHA, Mr. Panicker has agreed to sell 7,00,000 Equity Shares of Rs. 10/- each to the Acquirer.
- Mr. Panicker has not been prohibited by SEBI from dealing in securities in terms of direction issued u/s 11B of SEBI Act or under any other Regulation.

c. Seller 3 - Accel Systems Group Inc. ("ASG")

- ASG is a Foreign Body Corporate, incorporated in the United States of America. The registered office of ASG is located at 2050, Marconi Drive, Suite 300, Alpharetta, GA 30005. ASG is engaged in providing sales and marketing services for embedded software solutions, information technology solutions and animation contents.
- ASG is part of the promoter group of the Target Company and is an unlisted Company.
- The shareholding of ASG in the Target Company before the Transaction is 4,83,085 Equity Shares of Rs. 10/- each, constituting 1.99% of the paid up capital of the Target Company. Pursuant to SHA, ASG has agreed to sell 3,00,000 Equity Shares of Rs. 10/- each to the Acquirer.
- ASG has not been prohibited by SEBI from dealing in securities in terms of direction issued u/s 11B of SEBI Act or under any other Regulation.

d. Relationship between the Sellers:

- Accel Limited (Seller 1) is the Holding Company of the Accel Frontline Limited (Target Company) and Accel

Systems Group Inc. (Seller 3).

- Mr. N. R. Panicker (Seller 2) is the Promoter of Accel Limited (Seller 1).
- Mr. N. R. Panicker (Seller 2) along with his family holds 70.92% in Accel Limited (Seller 1).

C. INFORMATION ABOUT THE TARGET COMPANY

- For the purpose of this Offer, Accel Frontline Limited ("AFL") is the Target Company within the meaning of Regulation 2(1)(z) of the SEBI (SAST) Regulations.
- AFL was incorporated as Accel Computers Limited under the provisions of the Companies Act, 1956 as a public limited company on June 8, 1995 and obtained the Certificate of Commencement of Business on June 22, 1995. On October 21, 1999, the Target Company changed its name to Accel ICIM Systems & Services Limited. On August 27, 2004, the name was changed to Accel ICIM Frontline Limited. On November 3, 2005, the name was further changed to its present name i.e. Accel Frontline Limited.
- The Registered Office of AFL is presently situated at No. 75, Nelson Manickam Road, Aminjikarai, Chennai 600 029, Tamil Nadu; Tel.: +91-44-4225 2000; Fax.: +91-44-2374 1271; Email: info@accelfrontline.in. AFL had its Registered Office address at SFI Complex, 179, Valluvarcottam High Road, Nungambakkam, Chennai - 600 034, Tamil Nadu since incorporation and on April 3, 2000 the same was shifted to its present address.
- AFL is an end-to-end Information Technology services provider specializing in IT Infrastructure Management, System Integration, IT software services and warranty management services. AFL has a strong pan-India presence in the domestic IT infrastructure management market and serves a number of leading MNCs in India and Indian corporate houses. AFL has offices in India, the UAE, Singapore, the UK and USA. It has software development centers located in Thiruvananthapuram, Kochi, Chennai and Noida.
- AFL has a paid up share capital of Rs. 24,26,18,730/- (Rupees Twenty Four Crore Twenty Six Lacs Eighteen Thousand Seven Hundred Thirty only) comprising of 2,42,61,873 fully paid up Equity Shares of Rs 10/- each as on the date of the PA ("Current Share Capital").
- Pursuant to the proposed Preferential Issue, the share capital of AFL would be Rs. 29,76,18,730/- (Rupees Twenty Nine Crore Seventy Six Lacs Eighteen Thousand Seven Hundred Thirty only) comprising of 2,97,61,873 fully paid up Equity Shares of Rs 10/- each ("Fully Diluted Share Capital").
- The Equity Shares of AFL are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and are frequently traded as defined in Regulation 2(1)(j) of the SEBI (SAST) Regulations. The trading of Equity Shares of AFL is not suspended on NSE and BSE.
- The Audited Financial details of AFL for the last three years ending March 31, 2011, March 31, 2012 and March 31, 2013 and the results for the interim period of 6 months ended September 30, 2013 (Limited Review) are as under:

(Rs. In Lacs, except EPS)

Period ended	Year ended Mar 31, 2011	Year ended Mar 31, 2012	Year ended Mar 31, 2013	6 Mths ended Sep 30, 2013-Limited Review
Total Revenue	39,605	48,614	40,138	18,870
Net Income / (Loss)	1,019	377	119	101
EPS-Basic & Diluted in Rs.	4.53	1.56	0.49	0.42
Net Worth	11,504	9,752	9,885	9,264

D. DETAILS OF THE OFFER

- The Acquirer is making an Offer under Regulations 3(1) and 4 of the SEBI (SAST) Regulations to the public shareholders of the Target Company to acquire up to 77,38,087 fully paid-up Equity Shares of Rs. 10/- each, representing 26% of the Fully Diluted Share Capital, at a price of Rs. 45/- (Rupees Forty Five only) per share payable in cash and subject to the terms and conditions mentioned hereinafter.
- This Offer is not subject to any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.
- This is not a competing Offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
- The Offer is not as a result of global acquisition resulting in indirect control of AFL.
- The Offer is being made to all the Public Shareholders of the Target Company, in term of the Regulation 7(6) of the SEBI (SAST) Regulations, other than the Acquirer and Sellers.
- Pursuant to the Regulation 17 of the SEBI (SAST) Regulations, the Acquirer has deposited Rs. 34,82,13,915/- (Rupees Thirty Four Crore Eighty Two Lacs Thirteen Thousand Nine Hundred Fifteen only) in cash in the Escrow Account opened with ICICI Bank at its branch at 215, Free Press House, Free Press Marg, Nariman Point, Mumbai 400 021, on December 11, 2013, which is equivalent to 100% (One Hundred per cent) of the Purchase Consideration payable to the Shareholders assuming full acceptance of all the Shares offered to be purchased in this Offer.
- The Acquirer or their Directors have neither acquired nor been allotted any Equity Shares of AFL during the 52-week period prior to the date of the PA.
- The Offer Price of Rs. 45/- (Rupees Forty Five only) per Equity Share is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations.
- Public Announcement as per Regulation 13(2)(g) was submitted to NSE, BSE, SEBI and the Target Company on Monday, December 9, 2013, the date of the Board Meeting in which the SHA was signed and the Preferential Issue was approved by the Board of the Directors of the Target Company.
- All Equity Shares tendered in acceptance of the Offer will be acquired by the Acquirer subject to terms and conditions set out in this Detailed Public Statement and the subsequent Letter of Offer.
- As on the date of this DPS, to the best of the knowledge and belief of the Acquirer, other than approval from the Reserve Bank of India (RBI), for the acquisition of the Equity Shares from the non-resident shareholders of the Target Company, there are no statutory approvals required to acquire the Equity Shares tendered pursuant to this Offer.
- NRI and OCB holders of Equity Shares, if any, must obtain all requisite approvals required to tender the Equity Shares held by them pursuant to this Offer (including without limitation, the approval from the RBI) and submit such approvals, along with the other documents required in terms of the Letter of Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs and FIs) had required any approvals (including from the RBI or the FIPB) in respect of the Equity Shares held by them, they will be required to submit the previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves its right to reject such Equity Shares tendered in this Offer.
- The Equity Shares of the Target Company proposed to be acquired by the Acquirer under the Offer will be acquired by the Acquirer as fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.
- While, as of the date of this DPS, no other statutory approvals are required by the Acquirer to complete the Offer, if any other statutory approvals are required by the Acquirer at a later date before the closure of the Tendering Period, the Offer will be subject to such statutory approval(s). If such statutory approval(s), as may be required at a later date, are not obtained for reasons beyond the reasonable control of the Acquirer, or in the event any such statutory approval is finally refused, the Acquirer shall have the right to withdraw the Offer in terms of Regulation 23 of the SEBI (SAST) Regulations. In the event of withdrawal of this Offer, a public announcement will be made (through the Manager to the Offer) stating the grounds and reasons for the withdrawal of the Offer in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, within 2 (two) working days of such withdrawal in the same newspapers in which this DPS has been published and such public announcement will also be sent to the SEBI, NSE, BSE and AFL at its registered office.
- As stipulated in Regulation 23 of the SEBI (SAST) Regulations, the Acquirer will not withdraw the Offer, even if the proposed acquisition through Preferential Issue is not approved by the shareholders of AFL.

- The Acquirer does not have any plans to sell, lease, dispose of or otherwise encumber any substantial assets of AFL or its subsidiaries in the next two years from the date of the closure of this Offer, other than in ordinary course of business, except with the prior approval of the shareholders of AFL as stipulated in Regulation 25(2) of SEBI (SAST) Regulations.
- The minimum public shareholding required for continuous listing of shares of AFL is 25% (Twenty Five per cent) of the total paid-up Equity Share Capital. Pursuant to this Offer, assuming full acceptance, the Acquirer and the Sellers who form a part of the new Promoter Group, could hold more than 75% Equity Shares and the public shareholding could possibly fall below 25%. This may lead to non-compliance of Clause 40A of the Listing Agreement of AFL with the NSE and BSE for the purpose of listing on a continuous basis. CAC and the Sellers agree and undertake that, in such a case, they shall take all the necessary steps to bring the public shareholding to minimum 25% to be in compliance with the Listing Agreement.

II. BACKGROUND OF THE OFFER

A. DETAILS OF ACQUISITION

- This mandatory Offer got triggered pursuant to the acquisition of Equity Shares by way of the Shareholders Agreement ("SHA") and the Issue of Equity Shares on a preferential basis by way of the Share Subscription Agreement ("SSA"), accompanied by Change in Control, in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations.
- The Acquirer proposes to acquire minimum "Threshold Shareholding" in the Target Company pursuant to SHA, SSA and this Open Offer ("Transaction").
- "Threshold Shareholding" shall mean (i) acquisition of 51% of the Current Share Capital of the Target Company through acquisition of Equity Shares from the Sellers pursuant to SHA and this Open Offer, or (ii) the acquisition of 51% of the Equity Shares of the Target Company on a Fully Diluted Basis consequent to acquisition of the Equity Shares from the Sellers through the SHA, the Preferential Issue pursuant to the SSA and this Open Offer.
- CAC has entered into a Shareholders Agreement dated December 9, 2013 with Accel Limited ("Seller 1"), Mr. N. R. Panicker ("Seller 2") and Accel Systems Group Inc. ("Seller 3") collectively referred to as "Sellers" and the Target Company. The Sellers form a part of the Promoter Group of the Target Company. The SHA is for the acquisition of up to 1,23,73,556 Equity Shares ("Sale Shares") of Rs 10/- each, representing 51% of the Current Share Capital of the Target Company, at a price of Rs. 45/- (Rupees Forty Five only) per Equity Share aggregating to Rs. 55,68,10,020/- (Rupees Fifty Five Crore Sixty Eight Lacs Ten Thousand Twenty only) payable in cash, subject to the terms and conditions laid out in the SHA ("Secondary Sale"). Of the Sale Shares, the Sellers are committed to sell at least 75,00,000 Equity Shares in the proportion as per below:

Name of Sellers	Pre-Transaction Shares	Min. Sale of Shares under SHA
1. Accel Limited (Seller 1)	1,42,97,191	65,00,000
2. Mr. N. R. Panicker (Seller 2)	10,72,500	7,00,000
3. Accel Systems Group Inc, USA (Seller 3)	4,83,085	3,00,000
Total	1,58,52,776	75,00,000

- The Acquirer has also expressed its desire to subscribe to fresh Equity Shares of the Target Company by way of allotment of Equity Shares on preferential basis. The Board of Directors in their meeting held on December 9, 2013, has approved the issuance of 55,00,000 fully paid up Equity Shares (representing 18.48% of the Fully Diluted Share Capital) on preferential basis to the Acquirer, in accordance with the SEBI (ICDR) Regulations and any other laws that may be applicable, subject to shareholders' approval ("Preferential Issue"). The price per Equity Share for the said Preferential Issue shares shall be in accordance with the Chapter VII of the SEBI (ICDR) Regulations. The Acquirer has signed the Share Subscription Agreement ("SSA") with the Target Company for the purpose of this Preferential Issue.
- The summary of the salient features of the SHA are as below:

- The Sellers have agreed to sell up to 1,23,73,556 Equity Shares ("Sale Shares"), constituting 51% (Fifty One Percent) of the Current Share Capital held by the Promoters in the manner and proportion as agreed with CAC and CAC has agreed to purchase and acquire from the Promoters, the Sale Shares at Rs. 45/- per Equity Share together with all rights, title and interest therein on the terms and conditions contained in the SHA.
- Subject to compliance of the SEBI (SAST) Regulations and the terms and conditions of this Agreement and

the Share Subscription Agreement, CAC has agreed to acquire the Equity Shares of the Target Company so that, in the aggregate, CAC acquires at least 51% ("Threshold Shareholding") of the paid-up Share Capital on Fully Diluted Basis, through a combination of (i) the purchase of up to 1,23,73,556 shares owned by the Promoters, (ii) the acquisition of the 55,00,000 Subscription Shares pursuant to the preferential allotment contemplated by the Share Subscription Agreement and/or (iii) the acquisition of up to 77,38,087 Equity Shares constituting 26% (Twenty Six Percent) of the Share Capital on a Fully Diluted Basis, acquired pursuant to the Open Offer.

- Pursuant to the SHA, the Acquirer proposes to acquire at least 75,00,000 Equity Shares (First Tranche) of the Target Company from the Sellers which will be transferred following the expiry of 21 working days from the date of the DPS, in compliance with regulations 22(2) and 17(1) of the SEBI (SAST) Regulations. Additional Shares shall be acquired (if required) based on the outcome of the Preferential Issue and this Open Offer, following the closure of the Open Offer.
- The Promoters will, immediately upon receipt of the consideration for the Equity Shares as mentioned above, lend an amount equal to Rs. 13.66 Crore as an unsecured, interest bearing loan to the Target Company for an initial period of 5 (five) years.
- CAC shall have the right to nominate 2 (two) Directors on the Board of the Target Company at any time after CAC having acquired the First Tranche Shares from the Promoters.
- During the period from the date of signing the SHA and until such time as CAC Directors have been appointed to the Board, the Target Company and the Promoters shall procure that any person nominated by CAC shall be entitled to attend all meetings of the Board and/or Shareholders' Meetings as an observer and for this purpose, the Target Company shall provide CAC with notice of such meetings.
- The SHA contains customary warranties from the Sellers in relation to authority to execute, valid title to their Equity Shares and in relation to the due incorporation, share capital, business, operations and legal compliance of the Target Company and its subsidiaries. The Acquirer has provided customary warranties including in relation to its authority to execute and financial capacity. The SHA contains non-competition and non-solicitation obligations from the Sellers and the Acquirer.
- The completion of the sale and purchase of the Sale Shares in terms of the SHA is subject to customary closing conditions as agreed between the Acquirer and the Sellers, including receipt of applicable regulatory clearances.
- Post-acquisition, the Sellers will continue as part of the "Promoter and Promoter Group" and necessary filings will be made to classify the Acquirer as a "promoter" of the Target Company.
- The Target Company shall appoint Directors to the Board in accordance with this Agreement and the Restated Charter Documents and the number of Directors, constituting the entire Board for the time being shall be 6 (Six).
- CAC shall, so long as it holds such number of Equity Shares as would constitute 25% of the Share Capital of the Target Company on Fully Diluted Basis, have the right to nominate 2(two) Directors, one of whom shall be designated as the Vice Chairman of the Board.
- Mr. N. R. Panicker is the Chairman and Managing Director and will continue to be Promoter Director of AFL. He shall be re-designated as the Executive Chairman of the Company with effect from the First Completion Date as defined under SHA, on the terms and conditions as will be contained in the new contract to be entered into before the First Completion Date. Mr. N. R. Panicker has agreed to be associated with the Company in this capacity for an initial period of 2 (two) years and thereafter on a yearly basis.
- Tag-Along and Drag-Along Rights: The rights relating to the Tag-Along Shares shall be exercisable at the discretion of CAC or the Promoters as the case may be and the Drag-Along rights shall be exercisable at the discretion of CAC only in the manner provided in the SHA.
- Details of the Selling Shareholders:

Name of Sellers	Details of Shares / Voting Rights held by the Selling Shareholders			
	Pre Transaction		Post Transaction*	
	Number	In %	Number	In %
1. Accel Limited (Seller 1)	1,42,97,191	58.93	77,97,191	26.20
2. Mr. N. R. Panicker (Seller 2)	10,72,500	4.42	3,72,500	1.25
3. Accel Systems Group Inc, USA (Seller 3)	4,83,085	1.99	1,83,085	0.62
Total	1,58,52,776	65.34	83,52,776	28.07

* Post Transaction, shareholding of Sellers is calculated on a fully diluted share capital, i.e., including the Preferential Issue

Note: Incremental shares required by CAC to reach Threshold Shareholding shall be sold by Seller 1 only

- The summary of the salient features of the SSA are as below:

- Subject to the provisions of SEBI (ICDR) Regulations, as amended from time to time and in accordance with the terms of the SSA, CAC has agreed to subscribe for, and the Target Company has agreed to issue and allot to CAC, 55,00,000 Equity Shares, representing 18.48% of the Share Capital on a Fully Diluted Basis on the Completion Date ("Subscription Shares") at a price of Rs. 45/- (Rupees Forty Five only) per Subscription Share. CAC shall pay the Target Company an aggregate amount of Rs.24,75,00,000/- (Rupees Twenty Four Crore Seventy Five Lacs only) ("Consideration") for the issue and allotment of the Subscription Shares.
- It is further agreed that the Target Company shall not and the Promoters shall ensure that the Target Company does not utilize a part or whole of the Consideration until completion of the transaction, except with the prior written consent of CAC. Provided that in no event shall the Consideration be utilized by the Company for any secondary purchases of the securities of any company.
- The CAC, the Target Company and the Promoters shall ensure that all necessary Corporate Approvals and Regulatory Approvals are obtained by the respective parties for issuance and allotment of Subscription Shares.
- The Target Company has provided certain undertakings in relation to the business and affairs of the Target Company and have agreed to not undertake certain actions between the date of execution of the SSA and the date of issuance and allotment of the Subscription Shares including in relation to declaration of dividends, amendments to the charter documents of the Target Company, incurring of indebtedness, etc.
- The SSA contains customary representations and warranties from the Target Company including in relation to authority, valid issuance of the Subscription Shares, share capital of the Target Company, compliance with labour laws, related party transactions, etc. The Acquirer has provided customary representations and warranties including in relation to authority, financial capacity, etc.
- Pending Completion of Transaction, the Promoters and the Target Company shall not, directly or indirectly, participate in, solicit or encourage (or permit any advisor or other person acting on its behalf to do so) negotiations or discussions with any person relating to the sale or other disposal of the Target Company (or any shares therein) or any of the material assets of the Target Company or its Subsidiaries or enter into any agreement or arrangement with any other party in relation to such matters.
- The Acquirer hereby makes this Offer to Public Shareholders of the Target Company (other than the parties to the SHA) to acquire up to 77,38,087 Equity Shares of the Target Company of face value of Rs 10/- each, representing in aggregate 26% of the Fully Diluted Share Capital of the Target Company, as on the 10th working day after closing of tendering period, at a price of Rs 45/- (Rupees Forty Five only) per fully paid up Equity Share ("Offer Price") payable in cash subject to the terms and conditions mentioned in this DPS and in the subsequent Letter of Offer. This Offer is not subject to any minimum level of acceptance.
- The Target Company requires funds for expansion purposes, granting loan to subsidiaries for its projects, supporting the growth plans, funding the long-term working capital and general corporate purposes. The Acquirer decided to infuse funds into the Target Company by subscribing to Equity Shares of the Target Company. The primary intention to subscribe to additional equity shares is to infuse funds and acquire majority shares and gain controlling stake in the Target Company.
- The Acquirer shall not have any voting rights over the Equity Shares under the Preferential Issue until the completion of 21 working days from the date of the DPS and they would be held under a separate Share Escrow Account (Demat Escrow) maintained with Ventura Securities Ltd. as required under the SEBI (SAST) Regulations. These Equity Shares under the Preferential Issue would be transferred from the Share Escrow Account to the Acquirer on completion of 21 working days from the date of this DPS.
- The Secondary Sale shares shall be transferred to the Acquirer only after the expiry of 21 working days from the date of this DPS and would be eligible for voting rights thereafter pursuant to Regulation 22 of SEBI (SAST) Regulations.

- The Equity Shares are being acquired by the Acquirer for cash consideration.

B. OBJECT OF ACQUISITION AND FUTURE PLANS WITH RESPECT TO THE TARGET COMPANY

CAC is interested in expanding its business operations in India. CAC and AFL offer IT and ITES services complementary to each other. CAC plans to grow the overseas business by leveraging on the delivery capabilities of AFL. AFL will continue running its existing business and also be used as a delivery center for CAC's global operations. The strategic partnership is expected to provide major opportunities to both partners. While CAC will gain an immediate platform in the fast growing Indian IT services market, AFL will be able to access CAC's relationships in Japan to provide IT services from India as a service hub. AFL will now be able to keenly bid for providing IT infrastructure services for the major industrial corridors being built in India by leading Japanese companies.

III. SHAREHOLDING AND ACQUISITION DETAILS

- The current and proposed shareholding of the Acquirer in Target Company and the Details of their acquisition are as follows:

Details	Acquirer's Shareholding	
	No. of Shares	Shares in %
Shareholding as on the date of Public Announcement	0	0

d. The Offer Price of **Rs. 45/-** (Rupees Forty Five only) per Equity Share is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations in view of the following:

Particulars	Price
(a) the highest negotiated price per Share of the Target Company for any acquisition under the agreement attracting the obligation to make a Public Announcement of an Open Offer (i.e. the SHA and the SSA)	Rs. 45/-
(b) the volume-weighted average price paid or payable for acquisitions, whether by the Acquirer or by any Person Acting in Concert with him, during the fifty-two weeks immediately preceding the date of the PA	Not Applicable
(c) the highest price paid or payable for any acquisition, whether by the Acquirer or by any Person Acting in Concert with him, during the twenty six weeks immediately preceding the date of the PA	Not Applicable
(d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the PA as traded on the stock exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period, i.e. NSE	Rs. 30.78
(e) where the shares are not frequently traded, the price determined by the Acquirer and the Manager to Offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies	Not Applicable

e. There have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters under regulation 8(9) of the SEBI (SAST) Regulations.

f. In the event of further acquisition of Shares of the Target Company by the Acquirer during the offer period, whether by subscription or purchase, at a price higher than the Offer Price, the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer shall not acquire any Shares of the Target Company after the third working day prior to the commencement of the tendering period and until the expiry of the tendering period.

g. If there is any revision in the Offer Price on account of future purchases / competing offers, such revision will be done only up to the period prior to three (3) working days before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the escrow amounts; (ii) make a public announcement in the same newspapers in which DPS has been published; and (iii) simultaneously with the issue of such announcement, inform the SEBI, the Stock Exchanges and the Target Company at its Registered Office of such revision. The revised Offer Price would be paid to all shareholders whose shares are accepted under the Offer.

h. If the Acquirer acquires Shares of the Target Company during the period of twenty six weeks after the closure of tendering period at a price higher than the Offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all Shareholders whose Shares have been accepted in this Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event that such acquisition is made under another open offer under the SEBI (SAST) Regulations, or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009 or open market purchases made in the ordinary course on the Stock Exchanges, not being negotiated acquisition of Shares of the Target Company in any form.

V. Financial Arrangements:

a. Assuming full acceptance of the Offer for the acquisition of up to 77,38,087 fully paid up Equity Shares of face value of Rs.10/- each at Rs. 45/- (Rupees Forty Five only) per Share, the total funds requirement to meet this Offer obligation is Rs. 34,82,13,915/- (Rupees Thirty Four Crore Eighty Two Lacs Thirteen Thousand Nine Hundred Fifteen only) (**Purchase Consideration**).

b. In accordance with the Regulation 17(1) of the SEBI (SAST) Regulations, the Acquirer has deposited cash amounting to Rs. 34,82,13,915/- (Rupees Thirty Four Crore Eighty Two Lacs Thirteen Thousand Nine Hundred Fifteen only), representing 100% of the Purchase Consideration on December 11, 2013 in the Escrow Account No. 000405103978 designated as "CAC CORPORATION CASH ESCROW ACCOUNT", opened with ICICI Bank at its branch at 215, Free Press House, Free Press Marg, Nariman Point, Mumbai 400 021.

c. The Acquirer has deposited 100% of the Purchase Consideration into the Escrow Account in terms of its intentions/rights under: (i) Regulations 22(2) of the SEBI (SAST) Regulations, to facilitate its acquisition of the Secondary Sale Shares and control over the Target Company following the expiry of 21 working days from the date of this DPS, and (ii) Regulation 24(1) of the SEBI (SAST) Regulations, to facilitate appointment of person(s) representing the Acquirer on the Board of Directors of the Target Company following the expiry of 15 working days from the date of this DPS.

d. The Manager to the Offer has been empowered to operate the Escrow Account and to realize the value of Escrow Account in terms of SEBI (SAST) Regulations.

e. Grant Thornton Taiyo ASG LLC, vide its Certificate dated November 27, 2013, has certified that the Networth of the Acquirer as on September 30, 2013, is sufficient to meet its financial obligation under this Offer. The Acquirer has sufficient liquid funds and has deposited 100% of the Purchase Consideration in the Escrow Account.

f. On the basis of the above, the Manager to the Offer has satisfied itself that the Acquirer has adequate and firm financial arrangements to implement the Offer in accordance with the Regulations.

g. In case of revision of the Offer Price and / or the Offer Size, the Acquirer shall make further deposits into the Escrow Account to ensure compliance with Regulation 17 of the SEBI (SAST) Regulations.

VI. STATUTORY AND OTHER APPROVALS

a. As on the date of this DPS, to the best of the knowledge and belief of the Acquirer, other than approvals from the Reserve Bank of India (RBI) for the acquisition of the Equity Shares from the non-resident shareholders of the Target Company, there are no statutory approvals required to acquire the Equity Shares tendered pursuant to this Offer. If any statutory approvals are required or become applicable at a later date before the completion of the Offer, the Offer would be subject to the receipt of such statutory approvals. The Acquirer will not proceed with the Offer in the event such statutory approvals are refused in terms of Regulation 23 of the SEBI (SAST) Regulations. In case of delay in receipt of any statutory approval, SEBI may allow the Acquirer, if satisfied that such delay in receipt of the requisite statutory approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer, to diligently pursue such approval and subject to such terms and conditions as may be specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, permit the Acquirer to delay the commencement of the tendering period for the Offer pending receipt of such statutory approvals or grant an extension of time to the Acquirer to make the payment of the consideration to the public shareholders whose Equity Shares have been accepted in the Offer.

b. NRI and OCB holders of Equity Shares, if any, must obtain all requisite approvals required to tender the Equity Shares held by them pursuant to this Offer (including without limitation, the approval from the RBI) and submit such approvals, along with the other documents required in terms of the Letter of Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs and FIs) had required any approvals (including from the RBI or the FIPB) in respect of the Equity Shares held by them, they will be required to submit the previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves its right to reject such Equity Shares tendered in this Offer.

c. The Equity Shares of the Target Company proposed to be acquired by the Acquirer under the Offer will be acquired by the Acquirer as fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

d. As on the date of this DPS, no other statutory approvals other than the one mentioned above are required by the Acquirer to complete the Open Offer. If any other statutory approvals are required by the Acquirer at a later date before the closure of the Tendering Period, the Offer will be subject to such statutory approval(s).

e. If any such statutory approval(s) that may be required at a later date are not obtained for reasons beyond the reasonable control of the Acquirer, or in the event that such statutory approval is finally refused, the Acquirer shall have the right to withdraw the Offer in terms of Regulation 23 of the SEBI (SAST) Regulations. In the event of withdrawal of this Offer, a public announcement will be made (through the Manager to the Offer) stating the grounds and reasons for the withdrawal of the Offer in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, within 2 (two) working days of such withdrawal in the same newspapers in which this DPS has been published and such public announcement will also be sent to the SEBI, NSE, BSE and AFL at its registered office.

f. Barring unforeseen circumstances beyond its control, the Acquirer would endeavor to obtain such approvals, if required, and complete all procedures relating to Offer within 10 days of the expiry of the tendering period. In terms of Regulation 18(11) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days from the date of closure of Offer. In case the Acquirer fails to obtain requisite statutory approvals in time, on account of any willful default or neglect or inaction or no-action, then action will be initiated by SEBI.

g. As stipulated in Regulation 23 of the SEBI (SAST) Regulations, the Acquirer will not withdraw the Offer, even if the proposed acquisition through Preferential Issue is not approved by the shareholders of AFL.

VII. TENTATIVE SCHEDULE OF ACTIVITY:

Activity	Date	
	Date	Day
Public Announcement (PA)	December 9, 2013	Monday
Detailed Public Statement (DPS)	December 16, 2013	Monday
Last date for a Competing Offer	January 07, 2014	Tuesday
Identified Date*	January 17, 2014	Friday
Last Date by which the Letter of Offer to be dispatched to shareholders	January 24, 2014	Friday
Last date for revising the Offer Price/ Number of Shares	January 28, 2014	Tuesday
Last Date by which Board of Target Company shall give its recommendation	January 29, 2014	Wednesday
Offer Opening PA Date	January 30, 2014	Thursday
Date of commencement of Tendering Period (Offer Opening Date)	January 31, 2014	Friday
Date of Expiry of Tendering Period (Offer Closing Date)	February 13, 2014	Thursday
Last date of communicating rejection/ acceptance and payment of consideration for applications accepted/return of unaccepted Share Certificates/credit of unaccepted Shares to Demat account	March 03, 2014	Monday

*Identified Date is only for the purpose of determining the names of Shareholders of AFL as on such date to whom the Letter of Offer would be sent.

VIII. PROCEDURE FOR TENDERING THE SHARES IN CASE OF NON RECEIPT OF LETTER OF OFFER

a. In case of non-receipt of the Letter of Offer, the eligible person(s) holding Equity Shares of AFL in physical form, may send their consent on plain paper stating the name, address, number of Shares held, distinctive numbers, certificate numbers and the number of Equity Shares Offered along with the Share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer before the closure of the Offer.

b. In case of non-receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in "Off-market, or counterfoil of the delivery instruction in Off-market" mode, duly acknowledged by the DP, in favor of the special depository account, so as to reach the Registrar to the Offer on or before the closure of the Offer.

IX. The detailed procedure for tendering the shares in the Offer will be available in the Letter of Offer.

X. OTHER INFORMATION

a. The Directors of the Acquirer accept full responsibility for the information contained in the Public Announcement (PA) date December 9, 2013 and this Detailed Public Statement (DPS), other than such information that has been sourced from public sources or provided and confirmed by the Target Company and shall be jointly or severally responsible for the fulfillment of the obligations under the Offer and as laid down in SEBI (SAST) Regulations.

b. The Acquirer and its Directors accept full responsibility for the obligations of the Acquirer as laid down in terms of the SEBI (SAST) Regulations and for the information contained in the PA, this DPS, except in relation to the information pertaining to the Target Company and the Sellers, for which the Acquirer has relied on the information provided by the Target Company and / or the Sellers and has not independently verified the accuracy of such information.

c. The Acquirer will be solely responsible for fulfillment of applicable obligations under the SEBI (SAST) Regulations.

d. Pursuant to regulation 12 of the SEBI (SAST) Regulations, the Acquirer has appointed Meghraj Capital Advisors Private Limited as the Manager to the Offer.

e. The Acquirer has appointed Link Intime India Private Limited as the Registrar to the Offer. Address: C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400078; Contact Person: Mr. Pravin Kasare; Email: afl.offer@linkintime.co.in; Tel.: +91 22 2596 7878; Fax: +91 22 2596 0329; SEBI Registration Number: INR00004058.

f. The Public Announcement, the Detailed Public Statement and the Letter of Offer (along with Form of Acceptance-cum-Acknowledgement) would also be available on the SEBI website: www.sebi.gov.in

g. In this DPS, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping. The conversion rates for JPY to Indian Rupees for the various dates in this DPS have been taken from the RBI website.

h. Details of Manager to the Offer and Registrar to the Offer

MANAGER TO THE OFFER	
	<p>Meghraj Capital Advisors Private Limited Unit No. 201, 2nd Floor, Rajan House, Appasaheb Marathe Marg, Babasaheb Worlikar Chowk, Prabhadevi, Mumbai 400 025. Tel.: +91-22-6744 5100 / +91-77380 67851; Fax.: +91-22-6744 5150 E-mail: harshal@meghrajindia.com Contact Person: Mr. Harshal Kamdar SEBI Regn. No.: INM00001220</p>

REGISTRAR TO THE OFFER	
	<p>Link Intime India Pvt. Ltd. C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078. Tel.: +91-22-2596 7878; Fax.: +91-22-2596 0329 Email: afl.offer@linkintime.co.in Contact Person: Mr. Pravin Kasare SEBI Regn. No.: INR00004058</p>

ISSUED BY THE MANAGER TO THE OFFER
Meghraj Capital Advisors Private Limited
On behalf of the Acquirer
CAC Corporation

Place: Mumbai
Date: Monday, December 16, 2013