LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as an Equity Shareholder(s) of Accel Frontline Limited. If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Meghraj Capital Advisors Private Limited (hereinafter referred to as "Manager to the Offer") or Link Intime India Pvt. Ltd. (hereinafter referred to as "Registrar to the Offer"). In case you have recently sold your shares in the Company, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement and Transfer Deed to the Member of Stock Exchanges through whom the said sale was effected.

CASH OFFER BY

CAC CORPORATION
(hereinafter referred to as "CAC" or "Acquirer")
Registered Office: 24-1, Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo 103-0015, Japan
Tel.: +81-3-6667-8000; Fax: +81-3-5641-3200; E-mail: kawamata@cac.co.jp

to acquire
upto 77,38,087 Equity Shares of face value of Rs. 10/- each, representing 26% of the Paid-up/Voting Equity Capital of

ACCEL FRONTLINE LIMITED
(hereinafter referred to as "AFL" or "Target Company")
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

at a price of Rs.45/- (Rupees Forty Five only) per Fully Paid Equity Share ("Offer Price") in cash (hereinafter referred to as the "Offer" or the "Open Offer"). The Offer is being made pursuant to Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ["SEBI (SAST) Regulations"].

Notes:

- This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.
- This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
- No approval from Foreign Investment Promotion Board ("FIPB") is required for the Acquirer buying shares from the promoters of the Company through Shareholders Agreement and to make equity investment in AFL on preferential basis. However, approval from the Reserve Bank of India ("RBI") would be required to complete the transfer of the equity shares tendered under this Offer from Non Resident Shareholders to the Acquirer. No other approvals, statutory or otherwise, are required under the Companies Act 1956 and / or any other applicable law and from any other bank and / or financial institutions for the said acquisition pursuant to this Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.
- The Acquirer can revise the Offer Price at any time up to 3 (three) working days prior to the opening of the Tendering Period of the Offer. The last date for such revision is February 5, 2014. In case of any revision in price, revised consideration will be paid to all Shareholders. Any upward revision or withdrawal of the Offer would be informed by way of a public announcement in the same Newspapers where the original Detailed Public Statement had appeared.
- **If there are competing offers, the public offers under all subsisting bids shall close on the same date. As per the information available with the Acquirer/Target Company, no competitive bid has been announced as of the date of this Letter of Offer.**
- **There is no competing offer.**
- The Registration of all the intermediaries associated with the Offer, viz. Meghraj Capital Advisors Private Limited, Manager to the Offer and Link Intime India Pvt. Ltd., Registrar to the Offer are valid and no action has been initiated by SEBI or any other Government body against them.

A copy of the Public Announcement, the Detailed Public Statement and the Letter of Offer (including Form of Acceptance-cum-Acknowledgement) is also available at the website of SEBI at www.sebi.gov.in and may be downloaded from there.

Manager to the Offer		**Registrar to the Offer**	
MEGHRAJ	**Meghraj Capital Advisors Private Limited**	LINK INTIME INDIA PVT LTD	**Link Intime India Pvt. Ltd.**
	SEBI Regn.No.:INM000001220		SEBI Regn. No.: INR000004058
	Contact: Mr. Harshal Kamdar		**Contact: Mr. Pravin Kasare**
	Unit No. 201, 2nd Floor, Rajan House Appasaheb Marathe Marg Babasaheb Worlikar Chowk, Prabhadevi Mumbai 400 025		C-13 Pannalal Silk Mills Compound LBS Marg, Bhandup West Mumbai 400 078
	Tel.: 91-22-6744 5100 / +91-77380 67851		Tel.: +91-22-2596 7878
	Fax: 91-22-6744 5150		Fax: +91-22-2596 0329
	E-mail: harshal@meghrajindia.com		Email: afl.offer@linkintime.co.in
Offer Opens on : February 10, 2014		**Offer Closes on : February 24, 2014**	
(For Schedule of the Major Activities of the Offer please refer the next page)			

No.	Activity	Schedule		Revised Schedule	
		Date	**Day**	**Date**	**Day**
1	Public Announcement (PA)	December 09, 2013	Monday	December 09, 2013	Monday
2	Detailed Public Statement (DPS)	December 16, 2013	Monday	December 16, 2013	Monday
3	Last date for a Competing Offer	January 07, 2014	Tuesday	January 07, 2014	Tuesday
4	Identified Date*	January 17, 2014	Friday	January 27, 2014	Monday
5	Last date by which Letter of Offer will be dispatched to shareholders of the Target Company	January 24, 2014	Friday	February 3, 2014	Monday
6	Last date for revising the Offer Price/ Number of Equity Shares	January 28, 2014	Tuesday	February 5, 2014	Wednesday
7	Last Date by which Board of Directors of the Target Company shall give its recommendation**	January 29, 2014	Wednesday	February 6, 2014	Thursday
8	Offer Opening Public Announcement Date	January 30, 2014	Thursday	February 7, 2014	Friday
9	Date of commencement of Tendering Period (Offer Opening Date)	January 31, 2014	Friday	February 10, 2014	Monday
10	Date of Expiry of Tendering Period (Date of Closure of the Offer)	February 13, 2014	Thursday	February 24, 2014	Monday
11	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	March 11, 2014	Tuesday

** 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.*

***The Committee of Independent Directors of the Target Company published its recommendations on January 29, 2014 in the same newspapers in which the DPS was published*.

RISK FACTORS

1. **Risks related to the Offer**:
   a. In the event of regulatory and statutory approvals not being received in a timely manner or litigation leading to stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the Schedule of the Major Activities indicated in this Letter of Offer. Consequently, in case of delay of the Offer process, the payment of consideration to the Public Shareholders of AFL whose shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirer may be delayed.
   b. The tendered shares will lie to the credit of a designated Escrow Account until the completion of the Offer formalities. During such period, there may be fluctuation in the market price of the shares of AFL. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer Period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder of AFL on whether to participate or not to participate in the Offer.
   c. The Open Offer is an offer to acquire not more than 26% of the Equity Share Capital of the Target Company from the Eligible Shareholders. In the case of over subscription in the Open Offer, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the Eligible Shareholders in the Open Offer will be accepted.
   d. Shareholders should note that the Shareholders who tender the Equity Shares in acceptance of the Offer shall not be entitled to withdraw such acceptances during the tendering period even if the acceptance of the Equity Shares in this Offer and dispatch of consideration are delayed.
   e. Litigation, regulatory measures and similar claims could affect the Offer.
   f. The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Letter of Offer, the Detailed Public Statement and the Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, or the Manager to the Offer) would be doing so at their own risk.

g. This Letter of Offer has not been registered or approved in any jurisdiction outside India. Recipients of this Letter of Offer resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements.
h. The Shareholders who are not persons resident in India (including NRIs, erstwhile OCBs and FIIs) and who had required any approvals (including from RBI and/or FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them in this Offer, along with the other documents required to accept this Offer. Approval of RBI is required for transfer of shares from NRIs and erstwhile OCBs under Open Offer in terms of SEBI (SAST) Regulations, 2011, to the Non-Resident Acquirer.
i. As of the date of this Letter of Offer, to the best of the knowledge of the Acquirer, RBI approval would be sought for transfer of Shares from Non Resident Shareholders tendering their Shares in Open Offer to the Acquirer. Apart from this, there are no statutory approvals or regulatory approvals required to implement the Offer. However, in case of any other regulatory or statutory approval being required at a later date before the Closure of the Offer, the Offer shall be subject to all such approvals and the Acquirer shall make the necessary applications for such approval. The Acquirer reserves the right to withdraw the Offer in accordance with Regulation 23(1)(a) of the SEBI (SAST) Regulations in the event the requisite statutory approvals that may be necessary at a later date are refused.
j. The Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as 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 the tax provisions set forth in this Letter of Offer.

2. **Risks associated with the Acquirer**:
   a. The Acquirer makes no assurance with respect to the continuation of the past trend of the financial performance of AFL.
   b. The Acquirer makes no assurance with respect to its investment/ divestment decisions relating to its proposed shareholding in AFL.
   c. The Acquirer cannot provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and the Acquirer expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether or not to participate in the Offer.
   d. In the event the requisite approvals for the purpose of this Offer or that may be necessary at a later date are refused, the Offer may be withdrawn as per provisions of Regulation 23(1)(a) of the SEBI (SAST) Regulations and as instructed by SEBI.

The risk factors set forth above pertain to the Offer and are not in relation to the present or future business operations of the Target Company or its subsidiaries or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer or associating with the Acquirer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for analyzing all the risks with respect to their participation in the Offer.

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DEFINITIONS/ABBREVIATIONS

The following definitions apply throughout this Letter of Offer unless mentioned otherwise:

Terms	Definitions
Acquirer / CAC	Acquirer for the purposes of this Offer is CAC Corporation within the meaning of the Regulation 2(1)(a) of the SEBI (SAST) Regulations
AFL / Target Company	Accel Frontline Limited, within the meaning of the Regulation 2(1)(z) of the SEBI (SAST) Regulations
Board / Board of Directors	Board of Directors of the Target Company
BSE	BSE Limited
Book Value per Share	= [Equity Capital + Free Reserve (excluding Revaluation Reserve/ Capital Reserve) - Debit balance in Profit & Loss A/c – Misc expenditure not written off] / Number of Equity Shares of the Target Company
CDSL	Central Depository Services (India) Limited
Closure of the Tendering Period / Date of Closure of the Offer / Closure of the Offer	Closing Date of the Offer being February 24, 2014
Companies Act	The Companies Act, 1956
Depositories	Central Depository Services (India) Limited and National Securities Depository Limited
DPS / Detailed Public Statement	Detailed Public Statement published on behalf of the Acquirer on December16, 2013 in all editions of Business Standard in both English and Hindi, Chennai edition of Makkal Kural in Tamil and the Mumbai edition of Navshakti in Marathi
DP	Depository Participant
Earnings Per Share / EPS	= Profit After Tax available to Equity Shareholders / Weighted Average Number of Equity Shares
Eligible persons to participate in the Offer / Eligible Shareholders / Shareholders	All Public Shareholders (registered or unregistered, including beneficial owners) of Equity Shares of the Target Company, except the Acquirer and the Promoter Group (which includes the Sellers)
Equity Shares/ Shares	Fully paid-up Equity Share(s) of face value of Rs.10/- each of AFL
Escrow Account	Escrow Account established in accordance with Regulation 17(1) of the SEBI (SAST) Regulations with ICICI Bank at its branch at 215, Free Press House, Free Press Marg, Nariman Point, Mumbai 400 021, bearing Escrow Account No. 000405103978 designated as **"CAC CORPORATION CASH ESCROW ACCOUNT"**
Escrow Agreement	Escrow Agreement dated December 9, 2013 between the Acquirer, the Escrow Agent and the Manager to the Offer
Escrow Amount	Amount of Rs. 34,82,13,915/- (Rupees Thirty Four Crore Eighty Two Lacs Thirteen Thousand Nine Hundred Fifteen only), representing 100% of the Purchase Consideration, assuming full acceptance
Escrow Bank / Escrow Agent	ICICI Bank at its branch at 215, Free Press House, Free Press Marg, Nariman Point, Mumbai 400 021
FIPB	Foreign Investment Promotion Board
Form of Acceptance	Form of Acceptance-cum-Acknowledgment enclosed with this Letter of Offer
ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subsequent amendments thereto
Identified Date	January 27, 2014 being the date for the purpose of identifying the Shareholders to whom this Letter of Offer will be sent
INR or Rupees or Rs.	Indian Rupees
JPY	Japanese Yen
Letter of Offer/ LOO	This Letter of Offer dated January 30, 2014, including the Form of Acceptance
Listing Agreement	The Listing Agreement entered into by the Target Company with the Stock Exchanges
Manager to the Offer/ Merchant Banker	Meghraj Capital Advisors Private Limited appointed by the Acquirer pursuant to SEBI (SAST) Regulations

Terms	Definitions
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer / Open Offer	This Offer by the Acquirer to acquire up to 77,38,087 fully paid up Equity Shares representing 26% of the voting share capital of the Target Company (AFL) at a price of Rs. 45/- (Rupees Forty Five only) per share in cash being made in terms of this Letter of Offer, in accordance with the SEBI (SAST) Regulations
Offer Period	The period from the Date of the PA to the date of completion of payment of consideration to Shareholders whose Equity Shares have been validly accepted
Offer Price	Rs. 45/- (Rupees Forty Five only) per Equity Share of Face Value of Rs. 10/- each of the Target Company
Offer Size / Purchase Consideration	Assuming full acceptance of the Offer, the Offer Size shall be Rs. 34,82,13,915/- (Rupees Thirty Four Crore Eighty Two Lacs Thirteen Thousand Nine Hundred Fifteen only)
Person(s) Acting in Concert/ PAC	There are no PACs to this Offer
Post Issue Share Capital / Fully Diluted Share Capital	Post the proposed Preferential Issue, the Equity Share capital of AFL would be Rs. 29,76,18,730/- divided into 2,97,61,873 fully paid-up Equity Shares of face value of Rs.10/- each (existing 2,42,61,873 Equity Shares and 55,00,000 Preferential Issue Shares)
Preferential Issue / Issue	At the meeting of the Board of Directors of the Target Company held on December 9, 2013, the Board of Directors authorized to issue and allot on a preferential basis 55,00,000 fully paid up Equity Shares of face value of Rs. 10/- each of AFL to the Acquirer at a price to be determined as prescribed under Regulation 76 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, subject to the Shareholders' approval
Promoter Group / Existing Promoters	The Promoter Group comprises of Accel Limited, Mr. N. R. Panicker and Accel Systems Group Inc.
Public Announcement / PA	The Public Announcement dated December 9, 2013 relating to the Offer made in accordance with the SEBI (SAST) Regulations
RBI	Reserve Bank of India
Registrar to the Offer	Link Intime India Pvt. Ltd.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI (SAST) Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto
SEBI (SAST) Regulations, 1997	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (i.e. Old Takeover Code)
Sellers	Members of the Existing Promoter Group comprising of Accel Limited, Mr. N. R. Panicker and Accel Systems Group Inc., who have partly sold their Equity Shares to the Acquirer pursuant to signing of the Shareholders Agreement.
Stock Exchanges	NSE and BSE where the Equity Shares of the Target Company are listed
Tendering Period	Period within which Shareholders may tender their shares in acceptance of this Open Offer i.e. from February 10, 2014 to February 24, 2014
TSE	Tokyo Stock Exchange

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE EQUITY SHAREHOLDERS OF ACCEL FRONTLINE LIMITED, TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER(S), PACs 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(S) IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER, MEGHRAJ CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER(S) DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED DECEMBER 20, 2013 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER(S) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2. DETAILS OF THE OFFER

a. Background to the Offer

i. This mandatory Offer got triggered pursuant to the acquisition of Equity Shares by way of the Shareholders Agreement and the Issue of Equity Shares on a preferential basis by way of the Share Subscription Agreement, accompanied by Change in Control, in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations.

ii. CAC Corporation, is a public limited company incorporated under the laws of Japan, having its principal/registered office at 24-1, Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo 103-0015, Japan, being the Acquirer within the meaning of the Regulation 2(1)(a) of the SEBI (SAST) Regulations. The Acquirer was established on October 18, 1979. As on the date of the PA, the Acquirer does not hold any Equity Shares of Accel Frontline Limited.

iii. This Offer got triggered on December 9, 2013 pursuant to:
   1. Signing of the Shareholders Agreement between AFL, the Existing Promoters of AFL and the Acquirer; and
   2. Authorization by the Board of Directors of AFL to issue and allot Equity shares on preferential basis to the Acquirer, subject to shareholders' approval.

iv. The Acquirer proposes to acquire "Threshold Shareholding" in the Target Company pursuant to Shareholders Agreement, Share Subscription Agreement and this Open Offer ("Transaction").

v. "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 Shareholders Agreement 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 Share Subscription Agreement and this Open Offer.

vi. CAC has entered into a Shareholders Agreement dated December 9, 2013 ("SHA") 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").

vii. 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**

viii. 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, have 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 and the Sellers (Existing Promoters) for the purpose of this Preferential Issue.

ix. The summary of the salient features of the SHA are as below:

1) 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.

2) Subject to compliance of the SEBI (SAST) Regulations and the terms and conditions of this SHA and the SSA, 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.

3) 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.

4) 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.

5) 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 Existing Promoters.

6) 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.

   SEBI, in its Observation letter dated January 23, 2014, had advised the Manager to the Offer to ensure that the Acquirer or their representatives do not attend the Board Meetings and/or Shareholders' Meetings of the Target Company as an observer during the period from the date of signing the SHA and until such time as Directors representing the Acquirer are appointed on the Board of the Target Company. As advised by SEBI, the Manager to the Offer has ensured that the Acquirer or their representatives have not and shall not attend the Board Meetings and/or Shareholders' Meetings of the Target Company until a Director representing the Acquirer is appointed on the Board of the Target Company. In any case, since the Acquirer has deposited 100% of the Purchase Consideration and 15 working days from the date of DPS have lapsed, the Acquirer is now free to appoint a Director on the Board of the Target Company and thereafter attend the Board Meetings and Shareholders' Meetings of the Target Company.

7) 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 its financial capacity. The SHA contains non-competition and non-solicitation obligations from the Sellers to the Acquirer.

8) 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.

9) 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.

10) 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).

11) 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.

12) 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.

13) 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.

14) 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

x. The summary of the salient features of the SSA are as below:

1) 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.

2) 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 Target Company shall also ensure that the proceeds from the Preferential Issue shall be utilised in the manner as stated in the objects of the Preferential Issue in the explanatory statement to the notice for the Extra-Ordinary General Meeting that was held on January 8, 2014 for approving the said Preferential Issue.

3) 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.

4) 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.

5) 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.

6) 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.

In addition to whatever is stated and agreed in the SHA and the SSA to which the Target Company is a party, the Target Company has undertaken to comply with all the provisions of Regulation 26 of the SEBI (SAST) Regulations.

xi. 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 the DPS and in this Letter of Offer. This Offer is not subject to any minimum level of acceptance.

xii. Post the Preferential Issue, the paid up Equity Share capital of AFL would be Rs. 29,76,18,730/- divided into 2,97,61,873 Equity Shares of face value of Rs.10/- each ("Fully Diluted Share Capital" or "Post Issue Share Capital").

xiii. 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.

xiv. 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 the DPS.

xv. The Secondary Sale shares shall be transferred to the Acquirer only after the expiry of 21 working days from the date of the DPS and would be eligible for voting rights thereafter pursuant to Regulation 22 of SEBI (SAST) Regulations.

xvi. The Acquirer may appoint their representatives on the Board of the Target Company after completion of 15 working days from the date of the Detailed Public Statement (dated December 16, 2013) as stipulated in the SEBI (SAST) Regulations. As on the date of this Letter of Offer, the Acquirer has not decided the representatives from their side for such a purpose.

xvii. Post the Preferential Issue and the Secondary Sale, the Acquirer would hold, 1,30,00,000 Equity Shares, constituting 43.68% of the Post Issue Share Capital.

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

xix. The Target Company is in the process of making an application for an In-Principle Approval to NSE and BSE under Clause 24 (a) of the Listing Agreement, for the said Preferential Issue to the Acquirer.

xx. The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of directions issued u/s 11B of SEBI Act or under any other Regulation.

xxi. The committee of Independent Directors of Board of the Target Company met on January 8, 2014 and provided its written recommendations on the Offer. The same was published on January 29, 2014 in all the editions of the newspapers which carried the DPS.

xxii. 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 and Regulation 7(4) of the SEBI (SAST) Regulations.

b. Details of the Offer

i. 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.

ii. There are no Persons Acting in Concert ("PAC") in this Offer within the meaning of Regulation 2(1)(q) of the SEBI (SAST) Regulations.

iii. This Offer is not subject to any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.

iv. This is not a competing Offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

v. The Offer is not as a result of global acquisition resulting in indirect control of AFL.

vi. 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.

vii. 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.

viii. 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 Acquirer or their Directors have not acquired any Equity Shares from the date of the PA till the date of this Letter of Offer.

ix. 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.

x. Public Announcement as per Regulation 13(2)(g) was submitted to SEBI, NSE, BSE 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.

xi. All Equity Shares tendered in acceptance of the Offer will be acquired by the Acquirer subject to terms and conditions set out in the Detailed Public Statement dated December 16, 2013 ("DPS") and this Letter of Offer ("LOO").

xii. As on the date of 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.

xiii. NRI and erstwhile 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, erstwhile OCBs and FIIs) 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.

xiv. 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.

xv. While, as of the date of this Letter of Offer, no statutory approvals are required by the Acquirer to complete the Open Offer, if any 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 the DPS has been published and such public announcement will also be sent to the SEBI, NSE, BSE and AFL at its registered office.

xvi. 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.

xvii. 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.

xviii. The Detailed Public Statement (DPS), as per Regulation 13(4) of the SEBI (SAST) Regulations, was made in all editions of one English national daily with wide circulation, one Hindi national daily with wide circulation, one Tamil daily published at Chennai, the place where the Registered Office of the Target Company is situated and one Marathi daily published at the place of the Stock Exchange where the shares of the Target Company are most frequently traded, as given below:

Newspaper	**Language**	**Editions**	**Date of DPS**
Business Standard	English	All editions	December 16, 2013
Business Standard	Hindi	All editions	December 16, 2013
Makkal Kural	Tamil	Chennai	December 16, 2013
Navshakti	Marathi	Mumbai edition	December 16, 2013

xix. A copy of the Public Announcement, the Detailed Public Statement and this Letter of Offer along with the Form of Acceptance-cum-Acknowledgement are also available on the SEBI's website at www.sebi.gov.in.

xx. The Manager to the Offer does not hold any shares of the Target Company. They shall also not deal in the shares of the AFL as per Regulation 27(6) of the SEBI (SAST) Regulations.

c. Objects of the Offer

i. The Target Company, AFL, is in the business of providing an end-to-end Information Technology (IT) services provider specializing in IT Infrastructure Management, System Integration, IT software services and warranty management services.

ii. The Acquirer, CAC, is a Japan based company and is in the business of providing IT services worldwide to its clients across the globe.

iii. CAC is interested in expanding its business operations in India. CAC and AFL offer IT and ITES services complimentary 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 the partners. While CAC will gain an immediate platform in the fast growing Indian IT services market, AFL will be able to access CAC's business across the globe to provide IT services from India as a service hub. AFL will now be able to bid for providing IT infrastructure services for the major industrial corridors being built in India by leading Japanese companies.

iv. On completion of this Offer, the Acquirer along with the Existing Promoters, intend to work with the present management of the Target Company to grow the business. However, as of the date of this Letter of Offer, the Acquirer cannot ascertain the repercussions, if any, on the employees and locations of the Target Company's places of business.

v. The Target Company requires funds for supporting the growth and expansion plans, funding the capital expenditure requirements, granting loan to subsidiaries for its projects, supporting the growth plans, funding the long-term working capital requirements and for other 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.

vi. 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.

3. BACKGROUND OF THE ACQUIRER

a. 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.

b. 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.

c. 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 and 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.

d. CAC is a professionally managed listed Company and there are no identified promoters or controlling shareholders of CAC.

e. 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.

f. 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**

g. 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**

h. 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 lot of 100 shares on the Tokyo Stock Exchange.

i. 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, i.e. Rs. 625.27 (Conversion: 1 JPY = INR 0.593800) per share.

j. 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 Share Capital of AFL pursuant to the SHA, the SSA and the Open Offer, as described in detail section ***2.a - Background to the Offer.***

k. 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 brief profile of the Board of Directors of CAC Corporation is as below:

Name & *Designation*	**Date of Appointment**	**Residential Address**	**Qualification & Experience**
Toshio Shimada *Chairman*	28-03-2002	K-504, Fureai no machi, 3-51-1 Nokendai, Kanazawa-ku, Yokohama, Kanagawa	Qualification: Master of Business Administration Experience: Aug-1992: Joined JGC Information Systems Co., Ltd Nov-1997: Joined CAC Corporation Jan-1998: Corporate Planning Department Head of Enterprise Improvement Division Mar-2000: Executive Officer and Corporate Planning Head of the Company Mar-2002: Director and Corporate Planning Department Head of the Company Jul-2003: Managing Director and Corporate Division Head of the Company Mar-2004: President of the Company Jan-2011: Chairman of the Company (Current position)
Akihiko Sako *President*	30-03-2005	3-11-15, Yahara, Kasukabe, Saitama	Qualification: Bachelor in International Politics Experience: Apr-1983: Joined Computer Applications Co. Ltd. (Now CAC Corporation) Apr-1999: First Business Department Head of Financial Systems of the Company Mar-2000: Executive Officer and First Business Department Head of SI Business Division Financial Systems of the Company Mar-2005: Director, Executive Officer and Corporate Division Head of the Company Mar-2008: Director, Managing Executive Officer and Corporate Planning Department Head of the Company Apr-2010: Director, Managing Executive Officer and Global Promotion Division Head, Corporate Division In-charge, Strategic Human Resource Division In-charge and Quality Assurance Department In-charge of the Company Jan-2011: President of the Company (Current position)
Kazuki Kawamata *Director*	24-03-2011	11-706, Garden Plaza Mizuho Shinkemigawa, 2-1-2 Hanamigawa-ku, Chiba-shi Chiba	Qualification: Bachelor of Commerce Experience: Apr-1986: Joined Computer Applications Co. Ltd. (Now CAC Corporation) Jan-2004: Productivity and Quality Improvement Division, Design and Infrastructure Supervision Center Head of the Company Jan-2005: Financial Systems Business Unit Head of the Company Mar-2005: Executive Officer and Financial System Business Unit Head of the Company Apr-2009: Corporate Planning Department Head of Corporate Planning Division of the Company Apr-2010: Executive Officer and Corporate Division Head of the Company Jan-2011: Executive Officer and Sales Division Head of the Company Mar-2011: Director, Executive Officer and Sales Division Head of the Company Jan-2012: Director, Executive Officer and Strategic Innovation Division Head of the Company Jan-2013: Director, Executive Officer and Head Office Operations In-charge of the Company (Current position)

Name & *Designation*	Date of Appointment	Residential Address	Qualification & Experience
Toshihiro Adachi *Director*	28-03-2013	7-10-12, Ichinoe, Edogawa-ku, Tokyo	Qualification: Bachelor of Agriculture Experience: Apr 1985: Joined Nihon System Service Co., Ltd. (Now CAC Corporation) Jul-2003: General Industry Systems Business Division, First Business Department Head and Client Manager of General Industry Systems Sep-2004: Pharmaceutical Marketing Solutions Center Head of Pharmaceutical Systems Business Unit of the Company Apr-2006: Executive Officer, Systems Business Unit and Sub Unit Head of the Company Jan-2007: Executive Officer, Pharmaceutical Business Unit and Sub Unit Head of the Company Jan-2010: Executive Officer and Pharmaceutical Systems Unit Head of the Company Jan-2012: Executive Officer and Sales Division Head of the Company Jan-2013: Executive Officer, Global Sales Operations In-charge and General Industry Sales Division Head of the Company Mar-2013: Director, Executive Officer, Global Sales Operations In-charge and General Industry Sales Division Head of the Company (Current position)
Hirokazu Nagakura *Director*	28-03-2013	305, Prime Coat Nishifunabasi, 16-1 Yamanocho, Funabashi, Chiba	Qualification: Bachelor of Literature Experience: Apr-1986: Joined Computer Applications Co., Ltd. (Now CAC Corporation) Jul-2003: First Financial Systems Business Department Head of Financial Systems Division of the Company Mar-2004: Project Management Office Head of General Industry Systems Business Unit of the Company Nov-2004: Productivity and Quality Improvement Division, Design and Infrastructure Supervision Center Head and Overall PMO Group Head of same division and same center of the Company Jan-2006: Overall PMO Department Head of Overall PMO Division of the Company Jan-2007: Production Technology Improvement Department Head of Business Support Division of the Company Jan-2008: Human Capital Department Head of Corporate Planning Division of the Company Jan-2011: Executive Officer and Services Delivery Unit Head of the Company Jan-2013: Executive Officer, Global Production Operations In-charge and Services Delivery Unit Head of the Company Mar-2013: Director, Executive Officer, Global Production Operations In-charge and Services Delivery Unit Head of the Company (Current position)
Mitsuyo Hanada *Director*	30-03-2005	404, Prestage Yutenji, , 1-8-19, Gohoji, Meguro-ku, Tokyo	Qualification: Ph.D.(Sociology) University of Southern California 1978 Experience: Aug-1974: Research Scientist at Laboratory for Organizational Research and Education in Southern California University Sep-1977: Sociology lecturer at Los Angeles Branch of California State University Apr-1986: Professor at Sanno University Mar-1990: Professor at Faculty of Policy Studies of Keio University (Current position) Mar-2005: Director of the Company (Current position)
Shigeru Matsushima *Director*	29-03-2007	1-2-4, Kotobashi, Sumida-ku, Tokyo	Qualification: Bachelor of Law Experience: Apr-1973: Joined Ministry of International Trade and Industry (Now Ministry of Economy, Trade and Industry) Apr-1990: Counselor in German Embassy of Japan Jun-1993: Head of Southeast Asia Pacific Division at Trade Policy Bureau Jun-1998: Assistant Vice-Minister of Engineering Affairs at Agency of Industrial Science and Technology Sep-1999: Head of Chubu Bureau of Economy, Trade and Industry Apr-2001: Professor at Business Administration Department at Hosei University Mar-2007: Director of the Company (Current position) Apr-2008: Professor of Integrated Science, Technology and Management Research in Professional Graduate School at Tokyo University of Science Apr-2011: Professor for Management of Technology of Graduate School of Innovation Studies in Professional Graduate School at Tokyo University of Science (Current position)

Name & *Designation*	Date of Appointment	Residential Address	Qualification & Experience
Michitaka Hirose *Director*	24-03-2011	1-1-2, Nishikata, Bunkyo-ku, Tokyo	Qualification: Doctor of Engineering Experience: May-1999: Professor for Department of Mechanical and Information Engineering for Graduate School of Engineering at The University of Tokyo Jul-1999: Professor of Research Center for Advanced Science and Technology at The University of Tokyo Apr-2006: Professor for Department of Mechanical and Intelligent System Engineering for Graduate School of Engineering at The University of Tokyo (Current position) Apr-2007: Part-time lecturer at Graduate School of Media and Governance of Keio University (Current position) Apr-2008: Program Coordinator at National Institute of Information and Communications Technology Apr-2010: Chairman of Virtual Reality Society of Japan Mar-2011: Director of the Company (Current position) Apr-2011: R & D Advisor at National Institute of Information and Communications Technology (Current position) Apr-2012: Special Advisor at Virtual Reality Society of Japan (Current position)
Yukiko Kuroda *Director*	24-03-2011	52-13-301, Motoyoyogicho, Shibuya-ku, Tokyo	Qualification: Bachelor of Economics, Master of Administrator Experience: Apr-1986: Joined Sony Corporation Jan-1991: President of People Focus Consulting Aug-1991: Joined Gemini Consulting Japan Aug-1996: Director of Cicom Brains Inc. (Current position) Jan-2010: Director of Non Profit Organization JEN (JEN) (Current position) Feb-2010: Director of Non Profit Organization United Nations Association for UNHCR (Current position) Jun-2010: External Auditor of Astellas Pharma Inc. (Current position) Mar-2011: Director of the Company (Current position)

l. None of the above Directors hold any shares in the Target Company in their individual capacity.

m. As on the date of the Letter of Offer, 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.

n. 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 Letter of Offer, the Acquirer has not decided the representatives from their side.

o. 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 and will not have any material impact either on the Transaction or on this Offer.

p. The Audited Financial highlights of the Acquirer for the last three financial years ending on December 31 2010, 2011 and 2012 from their Annual Reports are tabulated as under. In addition, financial performance of the Acquirer as per the limited review by the Auditors for the nine month period September 30, 2013 is also included as under:

1) Financial overview of Acquirer in Rs. Lacs, except EPS data

Profit/Loss for period ending ➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Income from Operations	2,01,601	2,67,047	2,51,744	1,96,372
Other Income	1,445	1,811	1,518	999
Total Income	**2,03,045**	**2,68,858**	**2,53,262**	**1,97,371**
Total Expenditure	1,89,405	2,45,944	2,31,059	1,81,144
Profit/(Loss) before Interest, Depreciation and Tax	**13,640**	**22,914**	**22,202**	**16,227**
Net Interest / Financial charges	62	102	78	43
Depreciation	2,373	3,745	3,743	3,242
Profit/(Loss) Before Extra Ordinary Items	**11,206**	**19,067**	**18,381**	**12,942**
Net Extra Ordinary Income / (Losses)	(688)	(18,013)	(3,140)	-
Profit/(Loss) after Extra Ordinary Items but Before Tax	**10,518**	**1,054**	**15,241**	**12,942**
Provision for Taxation	4,339	(112)	7,328	5,810
Profit/(Loss) After Tax but Before Minority Interest	**6,179**	**1,167**	**7,913**	**7,133**
Minority Interests	528	893	308	237
Profit/(Loss) After Tax & Minority Interest	**5,651**	**274**	**7,605**	**6,895**

Balance Sheet as at End Date ➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Sources of Funds				
Paid up Share capital	20,383	25,426	23,567	23,749
Reserves & Surplus - Capital Reserve	21,856	27,262	25,270	25,464
Reserves & Surplus excluding Capital Reserve	77,846	90,087	90,185	1,02,428
Minority Interests	(8,225)	(10,263)	(10,425)	(10,505)
Net Worth	**1,11,861**	**1,32,512**	**1,28,598**	**1,41,136**
Secured Loans	4,625	-	-	-
Unsecured Loans	-	8,242	5,729	3,849
Non-Current Liabilities & Provisions	27,629	34,031	31,501	32,260
Total	**1,44,115**	**1,74,785**	**1,65,828**	**1,77,245**

Balance Sheet as at End Date ➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Uses of Funds				
Net Fixed Assets (Tangible)	5,600	6,657	5,928	7,086
Net Intangible Assets	19,978	23,763	19,934	19,408
Investments	43,633	45,065	35,851	48,045
Net Current Assets	60,544	81,419	89,360	92,009
Other Non-Current Assets	14,360	17,881	14,756	10,697
Total	**1,44,115**	**1,74,785**	**1,65,828**	**1,77,245**

Particulars for period ending➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Other Financial Data				
Dividend (%)	18.62%	18.62%	18.62%	18.62%
Earnings Per Share in Rs.	26.23	1.27	35.30	32.01
JPY / INR (as on the period end date)	*0.550600*	*0.686800*	*0.636600*	*0.641500*

Notes:

a) JPY converted to INR on the respective dates as per RBI website.

b) Difference in total and sums of the amount listed are due to currency conversion, rounding off and/or regrouping.

c) Figures in brackets indicate negative values

2) Financial overview of Acquirer in JPY

Profit/Loss for period ending ➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Income from Operations	36,61,46,97,645	38,88,27,88,456	39,54,50,89,875	30,61,13,46,776
Other Income	26,23,60,518	26,37,10,854	23,83,95,352	15,57,29,296
Total Income	**36,87,70,58,163**	**39,14,64,99,310**	**39,78,34,85,227**	**30,76,70,76,072**
Total Expenditure	34,39,97,90,806	35,81,01,66,026	36,29,58,55,183	28,23,75,90,159
Profit/(Loss) before Interest, Depreciation and Tax	**2,47,72,67,357**	**3,33,63,33,284**	**3,48,76,30,044**	**2,52,94,85,913**
Net Interest / Financial charges	1,11,89,172	1,47,86,683	1,22,93,569	66,52,463
Depreciation	43,08,99,642	54,53,05,541	58,79,34,763	50,53,29,471
Profit/(Loss) Before Extra Ordinary Items	**2,03,51,78,543**	**2,77,62,41,060**	**2,88,74,01,712**	**2,01,75,03,979**
Net Extra Ordinary Income / (Losses)	(12,49,41,595)	(2,62,27,08,774)	(49,33,02,056)	-
Profit/(Loss) after Extra Ordinary Items but Before Tax	**1,91,02,36,948**	**15,35,32,286**	**2,39,40,99,656**	**2,01,75,03,979**
Provision for Taxation	78,80,65,114	(1,63,34,953)	1,15,11,36,529	90,56,15,375
Profit/(Loss) After Tax but Before Minority Interest	**1,12,21,71,834**	**16,98,67,239**	**1,24,29,63,127**	**1,11,18,88,604**
Minority Interests	9,58,76,179	13,00,00,338	4,83,78,371	3,70,12,003
Profit/(Loss) After Tax & Minority Interest	**1,02,62,95,655**	**3,98,66,901**	**1,19,45,84,756**	**1,07,48,76,601**

Balance Sheet as at End Date ➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Sources of Funds				
Paid up Share capital	3,70,20,49,200	3,70,20,49,200	3,70,20,49,200	3,70,20,49,200
Reserves & Surplus-Capital Reserve	3,96,94,89,088	3,96,94,89,088	3,96,94,89,088	3,96,94,89,088
Reserves & Surplus excluding Capital Reserve	14,13,84,84,971	13,11,68,65,008	14,16,67,27,868	15,96,68,91,951
Minority Interests	(1,49,38,88,448)	(1,49,43,14,887)	(1,63,75,28,491)	(1,63,75,28,491)
Net Worth	**20,31,61,34,811**	**19,29,40,88,409**	**20,20,07,37,665**	**22,00,09,01,748**
Secured Loans	84,00,00,000	-	-	-
Unsecured Loans		1,20,00,00,000	90,00,00,000	60,00,00,000
Non-Current Liabilities & Provisions	5,01,80,07,381	4,95,50,71,821	4,94,83,47,900	5,02,89,00,613
Total	**26,17,41,42,192**	**25,44,91,60,230**	**26,04,90,85,565**	**27,62,98,02,361**

Balance Sheet as at End Date ➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Uses of Funds				
Net Fixed Assets (Tangible)	1,01,70,10,415	96,93,41,807	93,11,28,711	1,10,45,98,619
Net Intangible Assets	3,62,83,73,627	3,45,98,98,615	3,13,13,44,166	3,02,54,44,946
Investments	7,92,46,55,436	6,56,15,68,258	5,63,16,90,574	7,48,95,24,311
Net Current Assets	10,99,60,72,488	11,85,48,52,889	14,03,69,98,943	14,34,27,61,930
Other Non-Current Assets	2,60,80,30,226	2,60,34,98,661	2,31,79,23,171	1,66,74,72,555
Total	**26,17,41,42,192**	**25,44,91,60,230**	**26,04,90,85,565**	**27,62,98,02,361**

Particulars for period ending➔	**December 31, 2010 (12 mth)**	**December 31, 2011 (12 mth)**	**December 31, 2012 (12 mth)**	**September 30, 2013 (9 mth)**
Other Financial Data				
Dividend (%)	18.62%	18.62%	18.62%	18.62%
Earnings Per Share in JPY	47.64	1.85	55.46	49.90

Notes:

a) Figures in brackets indicate negative values

q. As on September 30, 2013, the details of contingent liabilities are as follows – The Acquirer transferred JPY 812 Million refund claims of security deposits with leasehold owners and the same amount has been excluded from "Security Deposits". In addition, if any problems arise to return security deposits of leasehold owners etc. and such phenomenon constantly occurs, then it is possible to buy the refund claims of transferred security deposits.

r. The Acquirer has complied with all the provisions under the applicable laws relating to corporate governance in its country.

s. Since the Acquirer does not hold any Equity Shares of the Target Company, the applicability of the Acquirer for compliance with the provisions of chapter II of the SEBI (SAST) Regulations, 1997 and chapter V of SEBI (SAST) Regulations, 2011 does not apply.

t. 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.

u. The name and details of the Compliance Officer of the Acquirer is as below:

Name	**Kazuki Kawamata**
Designation	Director, Executive Officer and Head Office Operations In-charge of the Company
Address	24-1 Nihonbashi, Hakozaki-cho, Chuo-ku, Tokyo
Contact Numbers	Phone: +81-3-6667- 8000 (Board); Fax: +81-3-5641-3200
Email	kawamata@cac.co.jp

4. BACKGROUND OF THE TARGET COMPANY

a. 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.

b. 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.

c. 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, Valluvarkottam High Road, Nungambakkam, Chennai – 600 034, Tamil Nadu since incorporation and on April 3, 2000 the same was shifted to its present address.

d. 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.

e. As on the date of the PA, the Authorized Share Capital of the Target Company is Rs. 33,00,00,000 divided into 3,30,00,000 Equity Shares of face value of Rs. 10/- each. The current issued, subscribed and paid-up capital of the Target Company is Rs. 24,26,18,730 comprising of 2,42,61,873 Equity Shares of face value of Rs.10/- each fully paid up. Post the proposed Preferential Issue of 55,00,000 Equity Shares of face value of Rs. 10/- each, the issued, subscribed and paid-up capital of the Target Company would be Rs. 29,76,18,730 comprising of 2,97,61,873 Equity Shares of face value of Rs.10/- each fully paid up.

No.	Paid up Equity Share Capital of AFL	Current Shares/Voting Rights (VR)	Current Shares / VR, in %	Post Issue Shares / VR	Post Issue Shares / VR, in %
1.	Fully paid up Equity Shares	2,42,61,873	100	2,97,61,873	100
2.	Partly paid up Equity Shares	Nil	Nil	Nil	Nil
3.	Total paid up Equity Shares	2,42,61,873	100	2,97,61,873	100
4.	Total Voting Rights (VR)	2,42,61,873	100	2,97,61,873	100

f. The details of the built up of the Authorised Capital of the Company:

Number of Equity Shares	Face Value/ Equity Share	Amount of Share Capital (Rs.)	Date	AGM / EGM
10,00,000	Rs.10	1,00,00,000	29.05.1995	Incorporation
50,00,000	Rs.10	5,00,00,000	24.01.2000	EGM
65,00,000	Rs.10	6,50,00,000	11.09.2000	EGM
1,50,00,000	Rs.10	15,00,00,000	21.09.2001	EGM
1,80,00,000	Rs.10	18,00,00,000	16.01.2004	EGM
3,00,00,000	Rs.10	30,00,00,000	11.02.2006	EGM
3,30,00,000	Rs.10	33,00,00,000	04.10.2012	Transfer of Authorised Capital through Merger

g. AFL has a Issued and 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").

h. The details of the built up of the Issue and Paid up Capital of the Company:

Date	Issued Capital in Rs.	Increase in Issued Capital (Rs.)	Mode of Allotment	Details of Allotments / Issue of Shares	Compliance Status*
08/06/1995	700	----	Cash	Allotment to the subscribers to the Memorandum of Association	Complied
30/03/1996	7,50,000	7,49,300	Cash	Preferential allotment to various individuals	Complied
31/03/1997	12,30,000	4,80,000	Cash	Preferential allotment to Accel Limited (previously Accel Automation Private Limited)	Complied
22/07/1998	80,00,000	67,70,000	Cash	Preferential allotment to Accel Limited	Complied
27/03/2000	4,25,00,000	3,45,00,000	Cash	Preferential allotment to Accel Limited	Complied
18/12/2000	4,57,63,500	32,63,500	Cash	Preferential allotment to Mr. N. R. Panicker (2,50,000 shares) and to the Accel Employees Equity Trust (76,350 shares)	Complied
18/12/2000	4,59,81,000	2,17,500	Cash	Preferential allotment to NRIs/ OCBs	Complied
27/06/2001	6,14,25,000	1,54,44,000	Cash	Preferential allotment to TCW(10,33,471 shares), TCW AMP (4,37,386 shares) and ICICI Trusteeship Services Limited Emerging Sectors Fund (Earlier ICICI Equity Fund - 73,543 shares)	Complied
28/06/2001	6,50,00,000	35,75,000	Cash	Preferential allotment to ICICI Trusteeship Services Emerging Sectors Fund (earlier ICICI Limited Account ICICI Structured Products Fund – 32,500 shares) and Intel (3,25,000 shares)	Complied
18/11/2001	13,00,00,000	6,50,00,000	Others	Bonus Issue in the ratio 1:1	Complied
06/07/2004	17,33,33,330	4,33,33,330	Cash	Preferential allotment to Frontline	Complied
18/10/2006	22,50,90,000	5,17,56,670	Cash	Initial Public Offering	Complied
16/10/2012	16,76,18,730	(5,74,71,270)	--	Cancellation of shares of AFL held by transferor company pursuant to Scheme of Arrangement of Amalgamation	Complied
16/10/2012	24,26,18,730	7,50,00,000	Others	As per Scheme of Arrangement of Amalgamation	Complied
* Compliance is with respect to Stock Exchange Requirements, SEBI (DIP) Guidelines, ICDR Regulations and the SEBI (SAST) Regulations.					

i. 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”).

j. 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.

k. There are no calls in arrears and no partly paid up shares in the Target Company.

l. There are no outstanding convertible instruments (warrants, fully convertible debentures, partly convertible debentures) of the Target Company as on the date of this Letter of Offer.

m. By an Order dated August 27, 2012 the Hon’ble Madras High Court sanctioned the Scheme of Arrangement of Amalgamation of Accel Frontline Services Limited (Transferor Company) with the Target Company whereby all the assets and liabilities of the Transferor Company were transferred and vested into the Target Company from the appointed date i.e. April 1, 2011. The Transferor Company was the subsidiary of Accel

Limited, Promoter of the Target Company. The Target Company had issued 3 (Three) equity shares having face value of Rs.10/- per equity share fully paid up for every 1 (One) equity share of the face value of Rs.10/- per equity share fully paid up held by such members in the Transferor Company and the total number of shares so issued was 75,00,000 Equity Shares in lieu of vesting of the entire undertaking of the Transferor Company in the Target Company in terms of the said Scheme of Amalgamation.

n. The Equity Shares of AFL are frequently traded as defined in Regulation 2(1)(j) of the SEBI (SAST) Regulations.

o. CAC does not hold any share prior to the Transaction. However, 75,00,000 Shares acquired under the SHA shall be locked-in for a period as stipulated in Regulation 78(6) of the ICDR Regulations. Also, 55,00,000 Equity Shares allotted under the Preferential Issue shall be locked-in for **3 years** from the date of trading approval, as stipulated in Regulation 78 of ICDR Regulations.

p. Pre & Post Offer Equity Shareholding pattern of the Target Company is as follows:

Shareholders' Category	Shareholding Prior to Agreement / PA which triggered the Regulations		Shares Acquired which Triggered the Open Offer		Shares Acquired in the Open Offer (Assuming Full Acceptance)		Shareholding after the Acquisition, the Preferential Issue and the Open Offer	
	(A)		(B)		(C)		(D)	
	Number	%	Number	%	Number	%	Number	%
1. Promoters Group								
A. Parties to the Transaction								
Accel Ltd.	1,42,97,191	58.93%	-65,00,000	-21.84%			77,97,191	26.20%
Mr. N. R. Panicker	10,72,500	4.42%	-7,00,000	-2.35%			3,72,500	1.25%
Accel Systems Group Inc.	4,83,085	1.99%	-3,00,000	-1.01%			1,83,085	0.62%
Total (1)	**1,58,52,776**	**65.34%**	**-75,00,000**	**-25.20%**			**83,52,776**	**28.07%**
2. Acquirer								
CAC Corporation	0	0.00	1,30,00,000*	43.68%	77,38,087	26.00%	2,07,38,087	69.68%
Total (2)	**0**	0.00	**1,30,00,000***	**43.68%**	**77,38,087**	**26.00%**	**2,07,38,087**	**69.68%**
Total (1+2)	**1,58,52,776**	**65.34%**			**77,38,087**	**26.00%**	**2,90,90,863**	**97.75%**
3.Public Holding								
Financial Institutional	2,29,971	0.95%						
Non-Institution :								
Bodies Corporate	31,87,904	13.14%						
Indian Public (Individuals)	31,31,417	12.91%						
Clearing Members	74,192	0.31%						
Non Resident Indians	17,85,513	7.36%						
Trust	100	0.00%						
Total (3)	**84,09,097**	**34.66%**			**(77,38,087)**	**(26.00)%**	6,71,010	**2.25%**
Total (1+2+3)	**2,42,61,873**	**100.00%**	**2,97,61,873**	**100.00%**			**2,97,61,873**	**100.00%**

**55,00,000 Equity Shares being acquired through Preferential Issue pursuant to SSA and 75,00,000 Equity Shares being acquired from the Existing Promoters through the SHA.*

q. The composition of Board of Directors of the Target Company as on PA date is as follows:

Name	Designation	Date of Appointment
Mr. N. R. Panicker	Chairman & Managing Director	June 08, 1995
Mr. Steve Ting Tuan Toon	Non-Executive Non Independent Director	March 12, 2004
Mr. Amba Preetham Parigi	Non-Executive Non Independent Director	September 29, 2011
Mr. Alok Sharma	Non-Executive Independent Director	February 01, 2012
Mr. Sreedhar Santhosh	Non-Executive Independent Director	May 02, 2012
Mr. R. Ramaraj	Non-Executive Independent Director	October 31, 2012

r. None of the directors of the Target Company have been prohibited from dealing in securities in terms of section 11B of the SEBI Act or under any other Regulation.

s. As on the date of the PA, none of the Directors of the Acquirer are on the Board of the Target Company.

t. Consolidated Financial Information of AFL based on their Audited Annual Accounts is as follows:

(Rs. in Lacs, except EPS)

Particulars for period ending➔	**March 31, 2011 (12 months)**	**March 31, 2012 (12 months)**	**March 31, 2013 (12 months)**	**September 30, 2013 (6 months)**
Income from operations	39,481	48,406	39,786	18,822
Other Income	124	208	352	159
Total Income	**39,605**	**48,614**	**40,138**	**18,981**
Expenditure	37,078	45,272	36,813	17,018
Profit/(Loss) before Interest, Depreciation and Tax	**2,527**	**3,342**	**3,325**	**1,963**
Interest / Financial charges	666	991	1,068	1,282
Depreciation	588	1,774	1,995	518
Profit/(Loss) Extra before Ordinary Items & Tax	**1,274**	**577**	**262**	**163**
Exceptional / Extra Ordinary Items	-	-	-	
Profit/(Loss) Before Tax	**1,274**	**577**	**262**	**163**
Provision for Taxation	254	200	144	62
Profit/(Loss) After Tax	**1,019**	**377**	**119**	**101**

Particulars for period ending➔	**March 31, 2011 (12 months)**	**March 31, 2012 (12 months)**	**March 31, 2013 (12 months)**	**September 30, 2013 (6 months)**
Sources of Funds				
Paid up Share capital	2,251	2,426	2,426	2,426
Reserves & Surplus- Capital Reserve	-	-	-	-
Reserves & Surplus excluding Capital Reserve	9,253	7,325	7,459	6,838
Net Worth	**11,504**	**9,752**	**9,885**	**9,264**
Minority Interest	-	-	399	414
Secured Loans	9,067	965	1,046	1,742
Unsecured Loans	-	-	-	
Deferred Tax Liability	287	328	326	307
Total	**20,857**	**11,044**	**11,656**	**11,727**

Particulars for period ending➔	**March 31, 2011 (12 months)**	**March 31, 2012 (12 months)**	**March 31, 2013 (12 months)**	**September 30, 2013 (6 months)**
Uses of Funds				
Net Fixed Assets	2,648	5,937	6,012	5,847
Long Term Loans & Advances	-	431	421	622
Investments	30	30	30	30
Net Current Assets	18,179	4,646	5,192	5,228
Miscellaneous expenditure	-	-	-	-
Total	**20,857**	**11,044**	**11,656**	**11,727**

Particulars for period ending➔	**March 31, 2011 (12 months)**	**March 31, 2012 (12 months)**	**March 31, 2013 (12 months)**	**September 30, 2013 (6 months)**
EPS (Basic) in Rs.	4.53	1.56	0.49	0.42
EPS (Fully Diluted) in Rs.	4.53	1.56	0.49	0.42
Book Value per Share in Rs.	51.11	40.19	40.74	38.18
RONW (%)	8.86	3.87	1.20	1.09

Notes:

a) Financials for Half Year Ended September 30, 2013 is Limited Review by the Statutory Auditor.

b) RONW is calculated on Net Worth excluding the Capital Reserves

u. AFL has been regular in complying with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations, except for one delay of 75 days in complying with Regulation 8(3) of the SEBI (SAST) Regulations, 1997 during the financial year 2007-2008. In September 2011, there was a delay of 3 days by Accel Systems Group Inc., part of the Promoter Group of AFL, in making disclosures required under Regulations 7(1) and 7(1A) of SEBI (SAST) Regulations, 1997 and SEBI may initiate appropriate proceedings against them for this delay.

v. The name and details of the Compliance Officer of the Target Company are as under:

Name	**Ms. Sweena Nair**
Designation	Company Secretary and Compliance Officer
Address	No. 75, Nelson Manickam Road, Aminjikarai, Chennai – 600 029.
Contact Numbers	Phone: +91-44 – 4225 2000; Fax: +91-44-2374 1271

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

a. Justification Of Offer Price

i. This Offer is pursuant to Direct Acquisition through a negotiated deal and a Preferential Issue.

ii. The Equity Shares of AFL are listed on NSE and BSE. The Shares are not admitted as permitted Security in any other Stock Exchange.

iii. The trading turnover in the Shares of AFL in the above mentioned Stock Exchanges are based on trading volume for the period from December 2012 to November 2013 (twelve calendar months preceding the month in which the PA is made), is as given below:

Stock Exchange	Total No. of Shares traded during 12 calendar months preceding the month in which the PA is made, i.e. December 2012 to November 2013	Weighted Average No. of Shares during the Period*	Trading Turnover (in % of Total Equity Shares)
BSE	41,18,316	2,41,80,232	17.0
NSE	21,23,376	2,41,80,232	8.8

** The total number of shares for the period from December 1, 2012 to December 17, 2012 were 2,25,09,000 and for the period from December 17, 2012 to November 30, 2013 were 2,42,61,873.*
Source: www.nseindia.com / www.bseindia.com

iv. The Equity Shares of AFL are frequently traded on BSE within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations.

v. 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

vi. In the opinion of the Manager to the Offer and the Acquirer, the Offer Price of Rs. 45/- is justified in terms of Regulation 8(2) of the SEBI (SAST) Regulations.

vii. 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.

viii. 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.

ix. 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 3 (three) 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 Amount; (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.

x. 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.

b. **Financial Arrangements:**

i. 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"**).

ii. 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.

iii. 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 the 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 the DPS.

iv. 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.

v. Shigeru Omura, Partner (Membership No. 9677) from Grant Thornton Taiyo ASG LLC, Akasaka Oji Bldg. 5F, 8-1-22 Akasaka, Minato-ku, Tokyo 107-0052, Japan; Tel.:+81-3-5474 0111; Fax.: +81-3-5474 0112, 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.

vi. 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.

vii. 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.

6. TERMS AND CONDITIONS OF THE OFFER

a. This Offer will open on Monday, February 10, 2014 and will close on Monday, February 24, 2014.

b. This is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations. There is no competing Offer made in the context of this Open Offer.

c. This Offer is not subject to any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.

d. The Offer is valid to all Public Shareholders, except the Promoter Group, whose name appear on the register of members as at the close of business hours on the Identified Date.

e. The Identified Date for this Offer is Friday, January 27, 2014. 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 and all owners (registered or unregistered) of shares of AFL at any time before the Closure of the Offer, are eligible to participate in the Offer.

f. The ISIN Number of Equity Shares of AFL in dematerialized form is INE020G01017.

g. All shares tendered and accepted under the Offer, will be acquired by the Acquirer, subject to the terms and conditions set out in this Letter of Offer. All necessary requirements for the valid transfer of the shares to the Acquirer will be pre-conditions for acceptance of the tendered shares. Incomplete applications including non-submission of necessary enclosures, if any, are liable to be rejected.

h. Locked in shares, if any, can be tendered in the Open Offer subject to applicable laws including the continuation of the lock-in in the hands of the Acquirer. The Manager to the Offer will ensure that there is no discrimination in the acceptance between locked in and non-locked in shares. Shares that are subject to any other charge, lien or encumbrance are liable to be rejected.

i. Shares, if any, that are subject matter of litigation wherein, the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case 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, would be forwarded to the concerned statutory authorities for further action at their end.

j. Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.

k. There has been no revision in the Offer Price or the Offer Size as of the date of this Letter of Offer. In the event of acquisition of the Equity Shares by the Acquirer during the Offer Period, whether by subscription or purchase, at a price higher than the Offer Price, then 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 Equity Shares after the 3rd Working Day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period.

l. In case of a competing offer, the Acquirer shall be entitled to make upward revisions of the Offer Price at any time up to three working days prior to the commencement of the Tendering Period.

m. An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, will be done at any time prior to the last 3 (three) working days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall: (i) make further cash deposits into Escrow Account; (ii) make a public announcement in the same newspapers in which the DPS has been published; and (ii) simultaneously with the issue of such announcement, inform the Stock Exchanges, SEBI and the Target Company at its registered office.

n. In terms of Regulation 20(8), if there is a competing Offer, the schedule of activities and the Tendering Period for all offers, including competing offers, shall be carried out with identical timelines and the last date for tendering shares in acceptance of the every competing offer shall stand revised to the last date for tendering shares in acceptance of the competing offer last made.

o. In terms of Regulation 20(9), upon the public announcement of a competing offer, an Acquirer who had made a preceding competing offer shall be entitled to revise the terms of his Open Offer provided the revised terms are more favorable to the Shareholders of the Target Company.

p. Each Shareholder to whom this Offer is being made is free to offer the Equity Shares in whole or in part while accepting this Offer.

q. The Shareholders who tender their Equity Shares in this Offer shall ensure that the Equity Shares are free and clear from all liens, charges and encumbrances. The Acquirer shall acquire the Equity Shares that are validly accepted in this Offer, together with all rights attached thereto, including the rights to dividends, bonuses and rights offers declared thereof.

r. The Shareholders who have accepted this Offer by tendering their Equity Shares and requisite documents in terms of the PA, the DPS and this Letter of Offer, are not entitled to withdraw such acceptance during the Tendering Period for this Offer as per Regulation 18(9) of the SEBI (SAST) Regulations.

s. In the event that the Equity Shares tendered in this Offer by the Shareholders are more than the Equity Shares to be acquired in this Offer, the acquisition of the Equity Shares from each Shareholder will be on a proportionate basis.

t. No indemnity would be required from unregistered Shareholders regarding the title to the Shares.

u. All owners of fully paid up Equity Shares, registered or unregistered and beneficial owners of the shares (except the Acquirer and the Promoter Group) who own the shares at any time prior to the Closure of the Offer are eligible to participate in the Offer as per procedure mentioned in this Letter of Offer. Unregistered owners /Shareholders who have not received the Letter of Offer can send their application so as to reach the Registrar on or before 5.00 pm on the Date of Closure of the Offer, i.e. February 24, 2014 in accordance with the instructions specified in this Letter of Offer and the Form of Acceptance.

v. Shareholders, who have sent their shares for dematerialization, need to ensure that the process of getting their shares dematerialized is completed well in time so that the credit in the special depository account is received on or before 5.00 pm on the Date of Closure of the Offer, i.e. no later than 5.00 pm on February 24, 2014, else their application would be rejected.

w. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement submitted herewith will be accepted by the Registrar to the Offer, M/s. Link Intime India Pvt. Ltd., any time during the Tendering Period and before 5.00 pm on the Date of Closure of the Offer.

x. The Public Announcement dated December 9, 2013, the Detailed Public Statement dated December 16, 2013 and this Letter of Offer along with the Form of Acceptance-cum-Acknowledgement will be also available at SEBI's website: www.sebi.gov.in. In case of non-receipt of Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter Of Offer, the Form of Acceptance-cum-Acknowledgement from the SEBI website for applying in the Offer.

y. The acceptance of this Offer is entirely at the discretion of the Equity Shareholders of AFL.

z. The Acquirer, the Manager to the Offer or the Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms etc. during transit and the Equity Shareholders of AFL are advised to adequately safeguard their interest in this regard.

aa. Subject to the conditions governing this Offer, as mentioned in this Letter of Offer, the acceptance of this Offer by the Shareholders must be absolute and unqualified. Any acceptance to the Offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.

bb. As on the date of this Letter of Offer, 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 by the Acquirer from the non-resident shareholders of the Target Company, there are no 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.

cc. NRI and erstwhile 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, erstwhile OCBs and FIIs) 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.

dd. As on the date of the DPS, no statutory approvals 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). The Offer shall not be withdrawn under Regulation 23 of the SEBI (SAST) Regulations in the event RBI approval is not received for transfer of shares from non-resident Shareholders (who have tendered their Shares under the Offer) to the Acquirer.

ee. 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 the DPS has been published and such public announcement will also be sent to the SEBI, NSE, BSE and AFL at its registered office.

ff. 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 SEBI (SAST) 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 the 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.

gg. 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.

hh. 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.

ii. Financial data in brackets in this Letter of Offer indicate negative values.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

a. **Acceptance of the Offer**

i. Name and Address of the persons (Registrar to the Offer) to whom the Equity Shares along with documents required to be submitted therewith, should be sent.

Registrar to the Offer	Working Days and Timings	Mode of Delivery
Link Intime India Pvt. Ltd. Unit: Accel Frontline Limited - Open Offer C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078 Tel.: +91-22-2596 7878, Fax: +91-22-2596 0329 E-mail : afl.offer@linkintime.co.in **Contact Person: Mr. Pravin Kasare**	**Monday to Friday (except Public Holidays)** 10.00 a. m. to 5.00 p.m.	By Post/Courier/ Hand delivery

ii. Shareholders, holding Equity Shares in physical form and wishing to tender their Equity Shares will be required to send their Form of Acceptance, original Share certificates and transfer deeds to the Registrar to the Offer: M/s. Link Intime India Pvt. Ltd., Unit: Accel Frontline Limited – Open Offer, 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, either by hand delivery or by Registered Post, to reach them on or before the expiry of the Tendering Period, i.e. not later than 5.00 pm on Monday, February 24, 2014 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance. In case the Share Certificate(s) and Transfer Deeds are lodged with AFL /its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The copy of Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by AFL/its transfer agents for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of the Memorandum & Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent. In case the aforesaid documents have not been tendered but the original Share Certificates and valid Transfer Deeds, duly signed, have been tendered, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.

iii. Beneficial owners (holders of shares in Dematerialized Form) who wish to tender their shares will be required to send their Form of Acceptance along with a photocopy of the delivery instructions in "Off –market" mode or counterfoil of the delivery instruction in "Off –market" mode, duly acknowledged by the Depository Participant (DP) in favor of a Depository Escrow Account opened by the Registrar to the Offer, in accordance with instructions specified in this Letter of Offer and in the Form of Acceptance. The details of the Depository Escrow Account is given below:

DP Name	Ventura Securities Limited
DP ID	IN303116
Account Name	LIIPL ACCEL FRONTLINE OPEN OFFER ESCROW DEMAT ACCOUNT
Client Id	11295582
Depository	NSDL
ISIN of AFL	INE020G01017

iv. **For the attention of Beneficial Owners holding Shares in Dematerialized Form**: Please note that the above account is maintained with National Securities Depository Limited (NSDL). Shareholders having their beneficiary account with CDSL must use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Open Offer Escrow Demat Account.

v. The Acceptance Form along with Share Certificates/copy of delivery instruction to DP and other relevant documents shall be sent to the Registrar to the Offer only. The same shall not be sent to the Acquirer, the Target Company or the Manager to the Offer.

vi. In case the aforesaid documents have not been tendered but the Equity Shares have been transferred to the Open Offer Escrow Demat Account, the Equity Shares shall be deemed to have been accepted for all resident Public Shareholders.

b. **Procedure for acceptance of the Offer by unregistered Shareholders/owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer**

i. Accidental omission to dispatch the Letter of Offer to any person will not invalidate the Offer in any way.

ii. In case of non-receipt of the Letter of Offer, the eligible person(s), holding Equity Shares of AFL in physical form, may send his/her/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 so as to reach them before 5.00 pm on the Date of Closure of the Offer.

iii. 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 Depository Escrow Account, so as to reach the Registrar to the Offer before 5.00 pm on the Date of Closure of the Offer.

iv. In case the Share Certificate(s) and Transfer Deeds are lodged with AFL /its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The copy of Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by AFL/its Share Transfer Agent, for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of Memorandum & Articles of Association shall also be sent.

v. **Unregistered owners holding Equity Shares in physical Form should enclose**

   a. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with instructions contained therein, by all Shareholders whose names appear on the Share certificates.
   b. Original Share Certificates.
   c. Original broker contract note of a registered broker of a recognized Stock Exchange.
   d. Valid Share transfer form as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for acceptance.

c. If the number of Equity Shares offered by the Shareholders is more than the Offer size, then the acquisition from each Shareholder will be on proportionate basis and shall take care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. It will also be ensured that the acceptance from a Shareholder is not less than marketable lot or the entire holding, if it is less than the marketable lot. The market lot for AFL Shares is 1 (One only).

d. In terms of Regulation 18(11) of the SEBI (SAST) Regulations in case of non-receipt of statutory approvals, SEBI has the power to grant extension of time beyond 10 working days from the date of expiry of the Tendering Period for the purpose of making payment subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 10 working days from the date of expiry of the Tendering Period.

e. The Equity Shares Certificate(s) and the transfer form(s), or Shares transferred to the Depository Escrow Account together with the Form of Acceptance submitted by the Shareholders who have tendered their Shares in the Offer, will be held by the Registrar to the Offer in trust until the Acquirer has made the payment to them as per the Offer Price.

f. In case of acceptance on proportionate basis/or rejection for any reason, the unaccepted Share Certificates, Transfer deeds and other documents, if any, will be returned by Registered Post at the Shareholder's / unregistered holder's sole risk as per the details furnished in the Form of Acceptance-cum-Acknowledgement. Shares held in demat form, to the extent not accepted, will be returned to the beneficial owner, to the credit of the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner(s) in the Form of Acceptance-cum-Acknowledgement.

g. **Settlement/ Payment Of Consideration**

i. The Acquirer shall arrange to pay the consideration on or before March 11, 2014 (as per Schedule of Activity).

ii. Consideration for Equity Shares accepted will be paid as given hereinafter: Acceptors of this Offer, having their Bank accounts at any of the Centres where Clearing Houses are managed by the Reserve Bank of India (RBI) will get payment of consideration through National Electronic Credit Service (NECS), except where the acceptor is otherwise eligible to get payments through Direct Credit ("DC"), National Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS"). In case of other applicants, the consideration will be dispatched through Registered Post or Speed Post, by Demand Drafts/Banker's Pay Order. Applicants to whom payments are made through Electronic transfer of funds will be sent a letter (Payment advice) through Ordinary Post intimating them about the mode of credit/payment within 10 working days from the Date of Closure of the Offer. The Registrar to the Offer shall ensure despatch of Consideration/payment advice, if any, by Ordinary Post or Registered Post or Speed Post or Electronic Clearing Service or Direct Credit or RTGS, only in the name of the Sole or First shareholder and all communication will be addressed to the person whose name appears on Acceptance Form within 10 working days of the Date of Closure of the Offer and adequate funds for making payments as per the mode(s) disclosed above shall be made available to the Registrar to the Offer by the Acquirer. Tax at applicable rate(s) will be deducted, in those cases where Tax Deduction at Source (TDS) is applicable.

iii. In terms of Regulation 18(11) of the SEBI (SAST) 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 the last date mentioned for payment of consideration.

h. No documents should be sent to the Acquirer or the Target Company.

i. **Compliance with Tax Requirements**

1) ***General tax requirements***

a. Section 195(1) of the Income Tax Act provides that any person responsible for paying to a non-resident, any sum chargeable to tax is required to deduct tax at source (including surcharge and cess, if applicable).The consideration received by the non-resident Public Shareholders for Equity Shares accepted in the Open Offer may be chargeable to tax in India either as capital gains under Section 45 of the Income Tax Act or as business profits, depending on the facts and circumstances of the case. The Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such capital gains/ business profits. In addition, the Acquirer will also be obliged to deduct tax at source on interest, if any, to be made to non-resident Public Shareholders due to delay in payment of Offer consideration;

b. Section 194A of the Income Tax Act provides that payment of interest (if any, for delay in payment of Offer consideration) by the Acquirer to a resident Public Shareholder may be chargeable to tax and the Acquirer is required to deduct tax at source at the applicable rate as per the Income Tax Act on such interest (paid for delay in payment of Offer consideration or a part thereof);

c. Each Public Shareholder shall certify its (i) tax residency status (i.e. whether resident or non-resident); and (ii) its tax status (i.e. whether individual, firm, company, association or persons / body corporate, trusts, any others etc:) by selecting the appropriate box in the Form of Acceptance. In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, taxes shall be deducted assuming the Public Shareholder as a non-resident and at the rate as may be applicable, under the Income Tax Act, to the relevant category to which the Public Shareholder belongs to, on the entire consideration and interest, if any, payable to such Public Shareholder. Section 90(4) and Section 90A(4) of the Income Tax Act provide that, any person claiming benefit under any Double Taxation Avoidance Agreement ("**DTAA**") between India and any other foreign country, should furnish the 'Tax Residency Certificate' ("**TRC**") (containing the specific particulars) provided to him / it by the Government of that foreign country / specified territory of which he / it claims to be a tax resident;

d. The Acquirer will not accept any request from any Public Shareholder, under any circumstances, for non-deduction of tax at source or deduction of tax at a lower rate, on the basis of any self-computation / computation by any tax consultant, of capital gains and / or interest, if any, and tax payable thereon;

e. Securities transaction tax will not be applicable to the Equity Shares accepted in this Open Offer;

f. The provisions contained in clause (c) to (e) above are subject to anything contrary contained in paragraphs 2 to 5 below; and

g. All references to maximum marginal rate include applicable surcharge and education cess, as may be applicable.

<u>For non-resident Public Shareholders</u>

2) ***Tax implications in case of non-resident Public Shareholders (other than Foreign Institutional Investors ("FIIs"))***

a. For the purpose of remittance of funds on tendering of Equity Shares under the Open Offer, NRIs and erstwhile OCBs, and other non-resident Public Shareholders (excluding FIIs) will be required to submit a no-objection certificate ("**NOC**") or a certificate for deduction of tax at a nil / lower rate (**"Certificate for Deduction of Tax at Nil / Lower Rate"**) from the income tax authorities under Section 195(3) or Section 197 of the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil / Lower Rate;

b. In the event of non-submission of NOC or Certificate for Deduction of Tax at Nil / Lower Rate, tax will be deducted at the maximum marginal rate as may be applicable to the relevant category to which the Public Shareholder belongs, on the entire consideration amount payable to the Public Shareholders, by the Acquirer;

c. In case of interest payment, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, if any, the NRIs, erstwhile OCBs and other non-resident Public Shareholders (excluding FIIs) will be required to submit a NOC or Certificate for Deduction of Tax at Nil / 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. The Acquirer will arrange to deduct tax at source in accordance with such NOC or Certificate for Deduction of Tax at Nil / Lower Rate;

d. In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil / Lower Rate, the Acquirer will deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Public Shareholder belongs under the Income Tax Act on the entire amount payable as interest to such Public Shareholder;

e. All NRIs, erstwhile OCBs and other non-resident Public Shareholders (excluding FIIs) are required to submit a self-attested copy of their PAN card for income tax purposes. In case copy of PAN card is not submitted or is invalid or does not belong to the Public Shareholder, the Acquirer will deduct tax at the rate of 20 per cent (as provided under Section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Public Shareholder under the Income Tax Act, whichever is higher.; and
f. Any NRIs, erstwhile OCBs and other non-resident Public Shareholders (excluding FIIs) claiming benefit under any DTAA between India and any other foreign country should furnish the TRC containing specified particulars provided to him / it by the Government of that foreign country / specified territory of which he / it claims to be a tax resident, and a self-declaration stating that it does not have a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the Income Tax Act (along with the provisos thereto) or a permanent establishment in India, in terms of the DTAA entered between India and the country of its tax residence. In absence of such certificates / declarations, the Acquirer will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without regard to the provisions of any DTAA.

3) ***Tax implications in case of FIIs***

a. Section 196D(2) of the Income Tax Act provides that no deduction of tax at source is required to be made from any income arising to FIIs by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act. FIIs are required to certify the nature of their holding (i.e. whether held on Capital Account as Investment or on Trade Account) of the Equity Shares in the Target by selecting the appropriate box in the Form of Acceptance-cum-Acknowledgement. The benefits under Section 196D(2) are applicable in case the Equity Shares are held on Capital Account;
b. In the absence of certificates/ declarations as contemplated in clause (a) above (as applicable), notwithstanding anything contained in clause (a) above, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable on the entire consideration amount payable to such FII;
c. In an event wherein it is certified by the FIIs that Equity Shares held by such FIIs in the Target are held on Trade Account, no deduction of tax at source shall be made if such FIIs furnish a TRC and a self-declaration stating that such FIIs do not have a business connection in India as defined in Explanation 2 to Section 9(1)(i) of the Income Tax Act (along with the provisos thereto) or a permanent establishment in India, in terms of the DTAA entered between India and the country of tax residence of such FIIs. In the absence of such certificates/declarations, the Acquirer shall deduct tax at the maximum marginal rate as may be applicable on the entire consideration amount payable to such FIIs;
d. Notwithstanding anything contained in clause (a) to (c) above, in case FIIs furnish a NOC or Certificate for Deduction of Tax at Nil /Lower Rate, the Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate;
e. FIIs will be required to submit a NOC or Certificate for Deduction of Tax at Nil / Lower Rate from the income tax authorities under Section 195(3) or Section 197 of the Income Tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the interest payable, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate;
f. In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil / Lower Rate, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the FII;
g. All FIIs shall submit a self-attested copy of their PAN for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the FII, the Acquirer will arrange to deduct tax at the rate of 20% (as provided under section 206AA of the Income Tax Act) or the rate, as may be applicable to the FII under the Income Tax Act, whichever is higher, on the interest income to be remitted from India, if any; and
h. FIIs claiming benefit under any DTAA between India and any other foreign country should furnish a TRC provided to it by the Government of that foreign country / specified of which it claims to be a tax resident. In the absence of such TRC, the Acquirer will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to the provisions of any DTAA.

<u>For resident Public Shareholders</u>

4) ***Tax implications in case of resident Public Shareholders***

a. Under the Income Tax Act, no tax shall be deductible on the entire consideration (excluding interest) payable to resident Public Shareholders;
b. All resident Public Shareholders will be required to submit a NOC or Certificate for Deduction of Tax at Nil / Lower Rate from the income tax authorities under Section 197 of the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration for interest payments, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, if any. The Acquirer will deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate;
c. In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil / Lower Rate, the Acquirer will deduct tax at the rates prescribed under Section 194A of the Income Tax Act as may be applicable to the

relevant category to which the Public Shareholder belongs under the Income Tax Act on the consideration payable as interest to such Public Shareholder;

d. All resident Public Shareholders shall submit a self-attested copy of their PAN card for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Public Shareholder, the Acquirer will deduct tax at the rate of 20% (as provided under Section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Public Shareholder under the Income Tax Act, whichever is higher; and

e. Notwithstanding anything contained in clause (b) to (d) above, no deduction of tax shall be made at source by the Acquirer where (i) the total amount of interest payable, if any, to a resident Public Shareholder does not exceed Rs.5,000 or (ii) where a self-declaration as per Section 197A of the Income Tax Act in Form 15G or Form 15H (as per Rule 29C of the Income Tax Rules, 1962) as may be applicable, has been furnished by a resident Public Shareholder or (iii) interest being paid, if any, to an entity specified under Section 194A(3)(iii) of the Income Tax Act if it submits a self-attested copy of the relevant registration, or notification along with the Form of Acceptance-cum-Acknowledgement. The self-declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Public Shareholder has furnished its PAN in such declaration.

5) ***Others***

a. Under the Income Tax Act, no tax shall be deductible on the entire consideration (excluding interest) payable to resident Public Shareholders;

b. The tax deducted by the Acquirer while making payment to a Public Shareholder may not be the final tax liability of such Public Shareholder and shall in no way discharge the obligation of the Public Shareholder to appropriately disclose the amounts received by it, pursuant to this Offer, before the income tax authorities;

c. Public Shareholders are advised to consult their respective tax advisors for assessing the tax liability, pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take;

d. Neither the Acquirer nor the PACs nor the Manager accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above;

e. The Acquirer shall deduct tax (if required) as per the information provided and representation made by the Public Shareholders. In an event of any income-tax demand (including interest, penalty etc.) arising from any misrepresentation, inaccuracy or omission of information provided / to be provided by the Public Shareholders, such Public Shareholders will be responsible to pay such income-tax demand under the Income Tax Act and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before income tax / appellate authority in India; and

f. The Acquirer shall issue a certificate in the prescribed form to the Public Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of Section 203 of the Income Tax Act read with the Income-tax Rules, 1962.

8. DOCUMENTS FOR INSPECTION

Copies / Certified copies of the following documents will be available for inspection at the office of Meghraj Capital Advisors Private Limited, Manager to the Offer, at the address Unit No. 201, 2nd Floor, Rajan House, Appasaheb Marathe Marg, Babasaheb Worlikar Chowk, Prabhadevi, Mumbai 400 025; during the Offer Period between 10.30 AM to 1.00 PM on all working day, except Saturdays, Sundays and Holidays:

a. Certificate of Registration and Articles of Incorporation of the Acquirer.
b. Certificate from Shigeru Omura, Partner (Membership No. 9677) from Grant Thornton Taiyo ASG LLC, Akasaka Oji Bldg. 5F, 8-1-22 Akasaka, Minato-ku, Tokyo 107-0052, Japan; Tel.:+81-3-5474 0111; Fax.: +81-3-5474 0112, vide its Certificate dated November 27, 2013 certifying the financial adequacy of the Acquirer to fulfill the Offer obligations.
c. Annual Securities Reports of the Acquirer for the accounting years ended for December 2010, December 2011 and December 2012. Brief financial summary limited reviewed by Auditors for nine months ending September 30, 2013.
d. Audited Annual Reports of the Target Company for the accounting years March 31, 2011, March 31, 2012, March 31, 2013 and Limited Review by Statutory Auditors for six months ended September 30, 2013.
e. Copy of the Shareholders Agreement (SHA) dated December 9, 2013 entered between CAC Corporation (Acquirer), Accel Limited (Seller 1), Mr. N. R. Panicker (Seller 2), Accel Systems Group Inc. (Seller 3) and Accel Frontline Limited (Target Company).
f. Copy of the Share Subscription Agreement (SSA) dated December 9, 2013 entered between CAC Corporation (Acquirer), Accel Limited (Seller 1), Mr. N. R. Panicker (Seller 2), Accel Systems Group Inc. (Seller 3) and Accel Frontline Limited (Target Company).
g. Copy of the Public Announcement dated December 9, 2013.
h. Copy of the Detailed Public Statement published in newspapers on December 16, 2013.
i. Copy of certificate by Mr. S. Kalyanaraman (Membership No. 200565), Partner, K. S. Aiyar & Co, Chartered Accountants, vide their letter dated December 9, 2013 certifying the minimum price of Rs. 35.51 per Equity Share under the Preferential Issue is as per ICDR Regulations.
j. Copy of MoU dated December 10, 2013 between the Acquirer and Link Intime India Pvt. Ltd. to act as Registrar to the Offer.
k. Letter dated December 13, 2013 issued by Link Intime India Pvt. Ltd., confirming the opening of the Special Depository Account with Ventura Securities Limited for the purpose of the Offer.
l. Copy of the Escrow Agreement dated December 9, 2013 signed by the Acquirer, the Manager to the Offer and the Escrow Bank that authorizes the Manager to the Offer to operate the Escrow Account and to do all acts and deeds as may be required under the SEBI (SAST) Regulations.
m. Letter dated December 11, 2013 from the Escrow Bank confirming cash of Rs. 34,82,13,915/- (Rupees Thirty Four Crore Eighty Two Lacs Thirteen Thousand Nine Hundred Fifteen only) deposited in the Escrow Account and a lien marked in favor of the Manager to the Offer.
n. Copy of recommendation of the Committee of the Independent Directors of AFL, published on January 29, 2014 in the same newspapers in which DPS had appeared.
o. Observation letter received from SEBI Ref. No. CFD/DCR1/2536/14 dated January23, 2014 in terms of provision to Regulation 16(4) of the SEBI (SAST) Regulations.
p. Due diligence certificate dated December 20, 2013 by the Manager to the Offer.

9. DECLARATION BY THE ACQUIRER

In terms of Regulation 25(3) of the SEBI (SAST) Regulations, the Acquirer accepts full responsibility for the information contained in this Letter of Offer and the Form of Acceptance-cum-Acknowledgement, the Public Announcement and the Detailed Public Statement. The Acquirer is responsible for ensuring compliance with, and fulfillment of their obligations under the SEBI (SAST) Regulations.

For, **CAC Corporation**

Sd/-

Authorised Signatory
Place: Tokyo, Japan
Date: January 30, 2014

Enclosed:
- Form of Acceptance-cum-Acknowledgement
- Share Transfer Deed for shares held in physical form

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to the Registrar to the Offer)

Date of commencement of Tendering Period	February 10, 2014
Date of expiry of Tendering Period	February 24, 2014

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

To
Link Intime India Pvt. Ltd.
Unit: Accel Frontline Limited – Open Offer
C-13 Pannalal Silk Mills Compound, LBS Marg,
Bhandup West, Mumbai 400 078
Tel.: +91-22-2596 7878; Fax: +91-22-2596 0329

Dear Sir,

Sub: Open Offer to acquire up to 77,38,087 Equity Shares representing 26% of the paid up Equity Share Capital of Accel Frontline Limited by CAC Corporation at a price of Rs. 45/- per Equity Share

I/We refer to the Public Announcement dated December 9, 2013 (PA), the Detailed Public Statement dated December 16, 2013 (DPS) and the Letter of Offer dated January 30, 2014 for acquiring the Equity Shares held by me/us in **Accel Frontline Limited.**

I/We, the undersigned, have read the PA, the DPS and the Letter of Offer and understood their contents including the terms and conditions mentioned therein and unconditionally agree to such terms and conditions.

Shareholders are requested to note that the Form of Acceptance-cum-Acknowledgement and the Equity Shares that are received by the Registrar to the Offer after the Date of Closure of the Offer, i.e., after 5.00 pm on February 24, 2014, shall not be accepted under any circumstances and hence are liable to be rejected.

For Equity Shares of Accel Frontline Limited held in Demat Form

I/We, holding Equity Shares in dematerialised form, accept this Offer and enclose a photocopy or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by my/our 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 executed an off-market transaction for crediting the Equity Shares to the Depository Escrow Account as per the details below:

☐ via a delivery instruction from my/our account with NSDL
☐ via an inter-depository delivery instruction from my/our account with CDSL

DP Name	Ventura Securities Limited
DP ID	IN303116
Account Name	LIIPL ACCEL FRONTLINE OPEN OFFER ESCROW DEMAT ACCOUNT
Client Id	11295582
Depository	NSDL
ISIN of AFL	INE020G01017
Date of Credit	On or before February 24, 2014

***Note:** Above account is maintained with NSDL. Shareholders having their beneficiary account with CDSL must use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Escrow Demat Account.*

I/We note and understand that the Equity Shares will be held in the credit of the Depository Escrow Account by the Registrar to the Offer on behalf of the Shareholders who have accepted this Offer, till completion of formalities relating to this Offer.

I/We also note and understand that the consideration will be paid only to those Shareholders whose Equity Shares are validly accepted in this Offer, in accordance with the terms of the Letter of Offer.

Enclosures (please tick whichever is applicable)

☐ Photocopy or counterfoil of the delivery instructions in "off market" mode duly acknowledged by the Shareholders' DP, in favour of the Depository Escrow Account

☐ Corporate authorization, in case of companies along with certified board resolution and specimen signatures of authorized signatories

☐ Duly attested power of attorney, if any person apart from the Shareholder, has signed the Form of Acceptance-cum-Acknowledgement or Equity Share transfer deed(s)

☐ Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder), in case the original Shareholder has expired

☐ Other relevant documents (please specify)

For Equity Shares Accel Frontline Limited held in Physical Form

I/We accept this Offer and enclose the original Equity Share certificate(s) and duly signed Share Transfer Deed(s) in respect of my/our Equity Shares in physical form as detailed below:

Sr. No.	Ledger Folio Nos.	No of Shares	Share Certificate Nos.	No of Share Certificate	Distinctive Numbers	
					From	To

(In case of insufficient space, please attach a separate sheet)

I /We note and understand that the original Equity Share certificate(s), valid Share Transfer Deed(s) and the Form of Acceptance-cum-Acknowledgement will be held in trust by the Registrar to this Offer, on behalf of the Shareholders who have accepted this Offer, till completion of formalities relating to this Offer. I/We also note and understand that the consideration will be paid only to those Shareholders whose Equity Shares are validly accepted in this Offer, in accordance with the terms of the Letter of Offer. In case of Equity Shares tendered in physical form, where the original Equity Share certificates are required to be split, all the documents will be returned only upon receipt of Equity Share certificates from the Target Company.

Enclosures (Please tick whichever is applicable)

☐ Duly attested power of attorney, if any person apart from the Shareholder, has signed the Form of Acceptance

☐ Acknowledgement or Share Transfer Deed(s)

☐ Original Equity Share certificates

☐ Share Transfer Deed(s)

☐ Corporate authorization, in case of companies along with certified board resolution and specimen signatures of authorized signatories

☐ Duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder), in case the original Shareholder has expired

☐ Self-attested copy of PAN card of all the transferor(s)

☐ Other relevant documents (please specify)

For All Shareholders

I / We, confirm that our residential status for the purposes of tax under the Income Tax Act is:

☐ Resident ☐ Non-Resident. If yes, please state country of tax residency -

I / We, confirm that our status is:

☐ Individual ☐ Association of Person / Body of Individual

☐ Firm ☐ Trust

☐ Company ☐ Any other - please specify

For FII shareholders

I/We, confirm that the income arising from the transfer of Equity Shares tendered by me/us in this Offer is in the nature of (select whichever is applicable):

☐ Capital gains ☐ Any other income

I / We, have enclosed the following documents:

☐ Self-attested copy of PAN card
☐ SEBI registration certificate for FII (including sub – account of FII)
☐ Tax Residence Certificate provided by the Income Tax Authority of foreign country of which the FII claims to be a tax resident, specifying all the particulars as mentioned in Rule 21AB (1) of the Income Tax Rules, 1962, wherever applicable
☐ Certificate from the Income-tax Authorities under Section 195 (3) / 197 of the I-T Act, wherever applicable
☐ Previous approvals from RBI, FIPB or other regulatory, if any, for holding Equity Shares tendered in this Offer

For Non-Resident Shareholders (other than FII and FII sub-account Shareholders)

I / We, have enclosed the following documents:

☐ Self-attested copy of PAN card
☐ Copy of relevant pages of demat account statement in case of non - resident Shareholders (other than FII and FII subaccount Shareholders) if the Equity Shares are claimed to have been held for more than 12 months prior to the date of acceptance, if any, of the Equity Share under this Offer
☐ Tax Residency Certificate, containing all particulars mentioned in Rule 21AB (1) of Income Tax Rules, 1962, provided by the income tax authority of foreign country of which the Shareholder claims to be a tax resident, wherever applicable
☐ Certificate from the income-tax authorities under Section 195 (3) / 197 of the Income Tax Act, wherever applicable
☐ Previous RBI, FIPB or other regulatory approval, if any, for holding Equity Shares tendered in this Offer, and RBI approval evidencing the nature of shareholding, i.e. repatriable or non-repatriable basis, if applicable
☐ Any other supporting document

For Resident shareholders

I / We, have enclosed the following documents:

☐ Self-attested copy of PAN card
☐ Self declaration form in Form 15G / Form 15H (in duplicate), if applicable (for interest payment only, if any)
☐ Certificate from the income tax authorities under Section 197 of the Income Tax Act, wherever applicable. For Mutual Fund/Banks/Notified Institution under Section 194A(3)(iii)(f) of the Income Tax Act, copy of relevant registration or notification (applicable only for interest payment, if any)
☐ Other relevant documents (please specify)

For All Shareholders

I/We confirm that the Equity Shares, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever and are also not the subject matter of litigation, where under the transfer of Equity Shares may be prohibited during the pendency of such litigation.

I/We authorize the Acquirer to accept the Equity Shares so tendered by me/us or such lesser number of Equity Shares offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer.

I/We further authorize the Acquirer to return to me/us, Equity Share certificate(s)/Equity Shares to the extent that the Equity Shares tendered by me /us are not accepted without specifying the reasons thereof, at my/our sole risk. I/We authorize the Acquirer/ Registrar to the Offer to split / consolidate the Equity Share certificates comprising the Equity Shares that are not acquired or accepted to be returned to me/us and for the aforesaid purposes the Acquirer / Registrar to the Offer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

---(Tear here)---

Acknowledgement Receipt

Received from Mr./Ms./M/s...……….. Form of Acceptance-cum-Acknowledgement in connection with Open Offer to Shareholders of **Accel Frontline Limited.** Ledger Folio No. _______________ No. of Share Certificates (_________)/Copy of Delivery Instructions Slips (__________) to DP for ___________Equity Shares of **Accel Frontline Limited.**

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

I/We authorize the Acquirer, the Registrar to the Offer and the Manager to the Offer to send by Registered / Speed Post, as may be applicable (as described in the Letter of Offer) at my/our sole risk, the bankers' cheque/ demand draft/ direct credit/ NECS/ NEFT/ RTGS as consideration, 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 have tendered my Equity Shares in dematerialized form, I authorize the Acquirer, 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 DP for the purpose of mailing the aforementioned instruments.

Bank Details

So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Equity Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration payment will be drawn accordingly. For Equity Shares that are tendered in demat form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars, and not any details provided herein.

Name of the Bank	
Full address of the Branch	
Account Type	
Account Number	
MICR Code of the Branch	
IFSC Code	

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

	Full Name	**PAN / GIR No.**
1st Shareholder		
2nd Shareholder		
3rd Shareholder		

Yours faithfully,
Signed and delivered

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

Place: -- Date: ------------------------------------

---(Tear here)--

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

Link Intime India Pvt. Ltd.
Unit: Accel Frontline Limited – Open Offer
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