DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

*This letter of offer ("**Letter of Offer**") is sent to you as an Equity Shareholder of MosChip Semiconductor Technology Limited (the **"Target Company"**). If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer / the Registrar to the Offer. In case you have recently sold your Equity Shares in the Target Company, please hand over the Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.*

Techwave Pte Ltd.
("Acquirer")
A private company limited by shares incorporated under the laws of Singapore
Regd. Office: 1 Scotts Road, #21-07 Shaw Centre, Singapore (228208) (Tel: +65 6500 7800, Fax: +65 6736 1869)

ALONG WITH Damodar Rao Gummadapu ("PAC 1")
Residing at 532 Emerson CIR, Chester Springs, Pennsylvania 19425, USA (Tel: +1 914 525 9395, Fax: +1 484 872 8716)

AND

K Ramachandra Reddy
("PAC 2")
residing at Plot No.828, Road No.42,
Jubilee Hills, Hyderabad 500 033 (Tel:+91 40 2354 5088, Fax: +91 040 6622 9393)

(PAC 1, PAC 2 collectively, the "Persons Acting in Concert" / "PAC")

MAKES A CASH OFFER AT A PRICE OF RS. 7 (RUPEES SEVEN ONLY) ("OFFER PRICE") PER FULLY PAID UP EQUITY SHARES OF RS. 2 EACH OF THE TARGET COMPANY ("EQUITY SHARES") TO ACQUIRE UP TO 29,586,054 EQUITY SHARES ("OFFER SHARES") REPRESENTING 26% OF THE POST-OFFER EQUITY SHARE CAPITAL OF THE TARGET COMPANY ("OFFER SIZE") AS OF THE TENTH WORKING DAY FROM THE CLOSURE OF THE TENDERING PERIOD UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED ("SEBI (SAST) REGULATIONS") FROM THE EQUITY SHAREHOLDERS OF

MosChip Semiconductor Technology Limited ("TARGET COMPANY")

A public limited company incorporated under the Companies Act, 1956

Regd. Office: Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034. (Tel: 040-66229292, Fax: 040-66229393 , E Mail ID: suresh.cs@moschip.com ; Website: www.moschip.com)

1. This Offer (as defined hereinafter) is made by the Acquirer and PAC pursuant to, and in compliance with, the provisions of Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations.
2. This Offer is not a conditional offer and is not subject to any minimum level of acceptance.
3. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. The statutory approvals and other approvals required to acquire Equity Shares that are validly tendered pursuant to this Offer are stated in Part 6 Statutory and other Approvals. The Offer would also be subject to all statutory approvals that may subsequently become applicable to acquire Equity Shares. The Acquirer shall complete all procedures relating to this Offer within 10 (Ten) Working Days from the date of closure of the Tendering Period to those Equity Shareholders of MosChip Semiconductor Technology Limited whose share certificates and/ or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
   In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that the approvals specified in this Draft Letter of Offer or those which become applicable prior to completion of the Open Offer are not received, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PAC (through the Manager) shall, within two Working Days of such withdrawal, make an announcement stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations
5. If there is any upward revision in the Offer Price/Offer Size at any time up to three (3) working days prior to commencement of the tendering period i.e. upto April 12, 2016 in terms of the SEBI (SAST) Regulations, 2011, the same would also be informed by way of an announcement in the same newspapers where the Detailed Public Statement was published. Such revised Offer Price would be payable for all the Equity Shares validly tendered and accepted under the Offer.
6. **There has been no competing offer as on the date of this Draft Letter of Offer**
7. **If there is a competing offer, the open offers under all subsisting bids will open and close on the same date.**

8. A copy of Public Announcement, Detailed Public Statement, and Letter of Offer (including Form of Acceptance cum Acknowledgement) is also available on the website of Securities and Exchange Board of India ('SEBI') http:// www.sebi.gov.in.
9. This is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations and is being made for the acquisition of 26% of the Voting Share Capital of the Target Company.

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MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
IIFL	KARVY Computershare
IIFL Holdings Limited SEBI Regn. No. INM000010940 10th Floor, Kamala City, IIFL Centre, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400013, Maharashtra, India Tel: +91 22 4646 4600, Fax: +91 22 2493 1073 Email ID: moschip.openoffer@iiflcap.com **Contact Person:** Mr. Sachin Kapoor/ Mr. Gururaj Sundaram	**Karvy Computershare Private Limited** SEBI Regn. No.: INR000000221 Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, India Tel:+91 (40) 6716 2222, Fax: +91 (40) 2343 1551 E-mail id: murali.m@karvy.com **Contact Person:** Mr. M Muralikrishna

The Schedule of major activities under this Offer is as follows:

Activity	Original Dates
Date of Public Announcement (PA)	Thursday, February 18, 2016
Date of publication of the Detailed Public Statement (DPS) in the newspapers	Friday, February 26, 2016
Date of filing the Draft Letter of Offer with SEBI	Friday, March 4, 2016
Last date for the public announcement of competitive offer(s)[#]	Monday, March 21, 2016
Declaration of results of postal ballot for the preferential allotment of shares	Wednesday, March 23, 2016
Last date for SEBI observations on the draft Letter of Offer (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	Wednesday, March 30, 2016
Identified Date*	Friday, April 01, 2016
Last date for allotment of equity shares under preferential allotment by the Target@	Thursday, April 07, 2016
Date by which the Letter of Offer is to be dispatched to the Shareholders whose name appears on the register of members on the Identified Date	Monday, April 11, 2016
Last date for revising the Offer Price / Offer Size	Tuesday, April 12, 2016
Last Date by which the committee of the independent directors of the Target Company shall give its recommendation to the shareholders of the Target Company for this Offer	Monday, April 18, 2016
Date of publication of Offer opening public announcement in the newspapers in which this DPS has been published	Wednesday, April 20, 2016
Date of commencement of the tendering period ("**Offer Opening Date**")	Thursday, April 21, 2016
Date of closure of the tendering period ("**Offer Closing Date**")	Wednesday, May 04, 2016
Last date for publication of post-Offer public announcement in the newspapers in which this DPS has been published	Wednesday, May 11, 2016
Last date of communicating the rejection/ acceptance and completion of payment of consideration or refund of Equity Shares to the shareholders of the Target Company	Wednesday, May 18, 2016

[#]*There has been no competing offer as of the date of this Draft Letter of Offer.*

* *The Identified Date is only for the purpose of determining the Shareholders as on such date to whom the Letter of Offer would be dispatched. It is clarified that all the equity shareholders of the Target Company (registered or unregistered) of the Equity Shares (except the Acquirer and PAC) are eligible to participate in this Offer at any time prior to the Offer Closing Date*

@ Subject to receipt of approvals, as applicable

RISK FACTORS

Given below are the risk factors relating to the Offer and the probable risks involved in associating with the Acquirer and PAC. For capitalized terms used herein please refer to the definitions set out below.

Risk factors relating to the Offer

1. This Offer is subject to receipt of the statutory / regulatory approvals as set out in Part 6 (Terms and Conditions of the Offer – Statutory and Other approvals) of this Draft Letter of Offer.

2. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that these approvals are not received or are refused, or are otherwise not met with for reasons outside the reasonable control of the Acquirer and PAC, the Acquirer and PAC shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PAC (through the Manager) shall, within 2 (two) Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.

3. In the event of delay in receipt of approvals, this Offer may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Equity Shareholders, whose Equity Shares are accepted in this Offer, may be delayed. In case the delay is due to non-receipt of statutory / regulatory approval(s), then in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer, grant an extension of time to the Acquirer to make the payment of the consideration to the Shareholders whose Equity Shares have been accepted in the Offer and/or permit the Acquirer and the PAC to delay the commencement of the Tendering Period for the Offer pending the receipt of such approvals. Where any statutory approval or exemption extends to some but not all of the Shareholders, the Acquirer shall have the option to make payment to such Shareholders in respect of whom no statutory approvals or exemptions are required in order to complete this Offer.

4. In the event of any litigation leading to a stay on the Offer by a court of competent jurisdiction, or SEBI instructing that the Offer should not proceed, the Offer may be withdrawn or the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer.

5. The Equity Shares tendered in the Offer may be held in the pool account of the broker / in trust by the Clearing Corporation /Registrar to the Offer until the completion of the Offer formalities and the Shareholders who have tendered their Equity Shares will not be able to trade such Equity Shares during such period. During such period, there may be fluctuations in the market price of the Equity Shares that may adversely impact the Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Shareholders will be solely responsible for their decisions regarding their participation in this Offer.

6. This is an Offer to acquire up to 26% of the Voting Share Capital of the Target Company from the Shareholders. In the case of over subscription in the Offer, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the Shareholders in this Offer will be accepted.

7. The Shareholders should note that, under the SEBI (SAST) Regulations, once Shareholders have tendered their Equity Shares, they will not be able to withdraw their Equity Shares from the Offer during the Tendering Period even in the event of a delay in the acceptance of Equity Shares under the Offer and/or the dispatch of consideration.

8. Shareholders tendering their Equity Shares in this Offer will be doing so prior to receipt of consideration in relation to such tendered Equity Shares as the Acquirer has up to 10 (ten) working Days from the date of closure of the Tendering Period to pay the consideration to the Shareholders whose Equity Shares are accepted in this Offer.

9. The Acquirer, the PAC and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Draft Letter of Offer, the DPS, the PA, the Offer Opening Public Announcement (as defined below) and / or in any corrigendum to the DPS and PA (if issued), and anyone placing reliance on any other source of information (not released by the Acquirer, the PAC or the Manager to the Offer) would be doing so at his/her/ their/its own risk.

10. 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, the PAC and the Manager do not accept any responsibility

for the accuracy or otherwise of the tax provisions set forth in this DIoF.

11. NRI, OCB or any other non-resident holders of Equity Shares, if any, must obtain all approvals required, if any, 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, and provide such other consents, documents and confirmations as may be required to enable the Acquirer to purchase the Equity Shares so tendered.

Probable risks involved in associating with the Acquirer and the PAC

1. None of the Acquirer, the PAC or the Manager makes any assurance with respect to the continuation of past trends in the financial performance of the Target Company.

2. None of the Acquirer, the PAC or the Manager can provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and each of them expressly disclaim any responsibility or obligation of any kind with respect to any decision by any Shareholder regarding whether or not to participate in the Offer.

3. None of the Acquirer, the PAC or the Manager makes any assurance with respect to their investment or disinvestment relating to their proposed shareholding in the Target Company.

4. SEBI may initiate appropriate action against the entities belonging to the existing promoter and promoter group of the Target Company for non-compliance or delay in compliance with the provisions of chapter II of SEBI (SAST) Regulations, 1997 and chapter V of SEBI (SAST) Regulations, 2011.

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

CURRENCY OF PRESENTATION

In this Draft Letter of Offer, all references to “Rs.”/“INR” are to Indian Rupee(s), the official currency of India. Throughout this Draft Letter of Offer, all figures have been expressed in “million, thousand, lakh or crore” unless otherwise specifically stated. In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping.

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DEFINITIONS/ABBREVIATIONS

S No.	Particulars	Details / Definition
1	Acquirer	Techwave Pte. Ltd., a private company limited by shares and incorporated on September 15, 2014 under the laws of Singapore, and having its registered office at Scotts Road, #21-07 Shaw Centre, Singapore (228208)
2	Beneficial Owner	Beneficial owners of the Equity Shares, whose names appeared as beneficiaries on the records of their respective DP at the close of business hours on the Identified Date or at any time before the closure of the Tendering Period
3	BSE	BSE Limited
5	CDSL	Central Depository Services (India) Limited
6	Companies Act	Companies Act, 2013, and/or the Companies Act, 1956 (to the extent applicable and not repealed)
7	DPS/Detailed Public Statement	The Detailed Public Statement, published on behalf of the Acquirer and the PAC in the Newspapers on February 26, 2016 and filed with the BSE, with SEBI and sent to the Target Company on February 26, 2016
8	DP	Depository Participant
9	Draft Letter of Offer	This draft letter of offer filed with SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations
10	EPS	Earnings Per Equity Share, for the period under reference and annualized
11	Equity Shareholders	The equity shareholders of the Target Company, other than the Acquirer and PAC.
12	Equity Shares	Fully paid up equity shares of the Target Company having a face value of □ 2 each
13	Escrow Agent / Escrow Bank	Kotak Mahindra Bank Limited, a banking corporation incorporated under the Companies Act and having its registered office at 27 BKC, 2^{nd} Floor, Plot No. C-27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, India
14	FII	Foreign Institutional Investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended
15	FIPB	Foreign Investment Promotion Board
16	Form of Acceptance-cum-Acknowledgment	The form of acceptance-cum-acknowledgement, which will be a part of the Letter of Offer
17	FPI	Foreign Portfolio Investor as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended, registered with SEBI under applicable laws in India.
18	FY	Financial year
19	GAAP	Generally Accepted Accounting Principles
20	Identified Date	Friday, April 1, 2016, i.e. the date falling on the 10^{th} (tenth) Working Day prior to the commencement of Tendering Period, for the purposes of determining the Equity Shareholders to whom the Letter of Offer shall be sent
21	Income Tax Act	The Income Tax Act, 1961, as amended
22	Letter of Offer/LOF	The Letter of Offer, duly incorporating SEBI's comments on the Draft Letter of Offer, including the Form of Acceptance-cum-Acknowledgement
23	Listing Agreement	Equity Listing Agreement with each of the stock exchanges in India, as amended from time to time
24	Merchant Banker/ Manager to the Offer/ IIFL	IIFL Holdings Limited having its office at 10^{th} Floor, Kamala City, IIFL Centre, Senapati Bapat Marg, Lower Parel (W), Mumbai-400013
25	NEFT	National Electronic Funds Transfer
26	NSDL	National Securities Depository Limited
27	NRIs	Non Resident Indians and persons of Indian origin residing abroad
28	NSE	National Stock Exchange of India Limited

S No.	Particulars	Details / Definition
29	OCBs	Overseas Corporate Body, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
30	Offer/Open Offer	Open offer being made by the Acquirer along with the PAC to the Equity Shareholders of the Target Company, to acquire up to 29,586,054 Equity Shares at a price of 7 (Seven per Equity Share)
31	Offer Opening Public Announcement	The announcement of the commencement of the Tendering Period to be made on behalf of the Acquirer and PAC at least one Working Day prior to the commencement of Tendering Period
32	Offer Period	Period commencing from February 18, 2016 (the date of the Public Announcement) till the date on which the payment of consideration to the Equity Shareholders who have accepted the Offer is made, or the date on which Offer is withdrawn, as the case may be
33	Offer Shares	29,586,054 Equity Shares representing 26% (Twenty Six percent) of the Voting Share Capital
34	Offer Size	Rs. 20,71,02,378 (Rupees Twenty Crores Seventy One Lakhs Two Thousand Three Hundred and Seventy Eight only), being the maximum consideration payable under this Offer assuming full acceptance
35	PA/Public Announcement	Announcement of the Offer made on behalf of the Acquirer and the PAC, dated February 18, 2016 and sent to the BSE on February 18, 2016, sent to the Target Company on February 19, 2016 and filed with SEBI on February 22, 2016
36	PAC	PAC refers to Persons Acting in Concert along with the Acquirer as defined in the SEBI (SAST) Regulations, being PAC 1 and PAC 2 as defined in the PA, the DPS and this Draft Letter of Offer.
37	PAC 1	Mr. Damodar Rao Gummadapu, being a person acting in concert with the Acquirer for the purpose of the Offer.
38	PAC 2	Mr. K Ramachandra Reddy, being a person acting in concert with the Acquirer for the purpose of the Offer.
39	PAN	Permanent Account Number
40	PAT	Profit After Tax
41	RBI	Reserve Bank of India
42	Registrar to the Offer	Karvy Computershare Private Limited having its address at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032, India
43	SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, as amended
44	SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
45	SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
46	SEBI	Securities and Exchange Board of India
47	SEBI Act	SEBI Act, 1992, as amended
48	SSA	Share Subscription Agreement dated February 18, 2016, entered into by and between the Target Company, the Acquirer, PAC 2 and Mr. C Dayakar Reddy
49	SHA	Shareholders' Agreement dated February 18, 2016, entered into by and between the Target Company, the Acquirer, PAC 2 and Mr. C Dayakar Reddy
50	Target Company	MosChip Semiconductor Technology Limited, a public limited company incorporated under the Companies Act having its registered office at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills,
51	Tendering Period	Thursday, April 21, 2016 to Wednesday, May 4, 2016

52	Voting Share Capital	Fully diluted voting equity share capital of the Target Company. For the avoidance of doubt, it is clarified that Voting Share Capital shall include the Equity Shares proposed to be issued to the Acquirer (as per the terms of the SSA) as well the Equity Shares proposed to be issued to PAC 2 and Madhu Mohan Katikneni.
53	Working Day	Working days of SEBI as defined in the SEBI (SAST) Regulations, in Mumbai.

Note: All terms beginning with a capital letter used in this Draft Letter of Offer, and not specifically defined herein, shall have the meanings ascribed to them in the SEBI (SAST) Regulations.

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 REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THE TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE 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 AND PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND PAC DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER (MANAGER) TO THE OFFER, IIFL HOLDINGS LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 4, 2016 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 ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2 DETAILS OF THIS OFFER

2.1 Background of this Offer:

2.1.1 This Offer is being made by the Acquirer and the PAC to the Equity Shareholders under Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations. This is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations and is being made for the acquisition of 26% of the Voting Share Capital of the Target Company.

2.1.2 Pursuant to the SSA, the Acquirer has agreed to subscribe to and the Target Company has agreed to issue 64,064,000 Equity Shares of Rs. 2 each, constituting 56.30 % of the Voting Share Capital ("Acquirer Subscription Shares") by way of preferential allotment, in accordance with the terms of the SSA.

2.1.3 The Board of Directors of the Target Company, in their meeting held on February 18, 2016 have, inter alia, approved, subject to requisite shareholders' approval and other approvals (if any), (i) the issue and allotment of the Acquirer Subscription Shares to the Acquirer, constituting 56.30 % of the Voting Share Capital of the Target Company, by way of preferential allotment, for cash at the price determined in accordance with the SEBI (ICDR) Regulations, being Rs. 5.41 (Rupees five and forty one paise only) per Equity Share, (ii) the issue and allotment of 33,93,000 Equity Shares to PAC 2 ("PAC 2 Subscription Shares"), constituting 2.98% of the paid-up Voting Share Capital of the Target Company, by way of preferential allotment, for cash at the price determined in accordance with the SEBI (ICDR) Regulations, being Rs. 5.41 (Rupees five and forty one paise only) per Equity Share. It is clarified that simultaneously with the preferential issue of Equity Shares to the Acquirer and PAC 2, the Target Company also proposes to issue 300,000 Equity Shares by way of preferential allotment for cash at the price determined in accordance with the SEBI (ICDR) Regulations, being Rs. 5.41 (Rupees five and forty one paise only) per Equity Share, to Dr. Madhu Mohan Katikneni, who is not related to the Acquirer or PAC.

2.1.4 The Target Company has sought its shareholders' approval for,inter alia, the issue and allotment of the Acquirer Subscription Shares to the Acquirer and PAC 2 Subscription Shares to PAC 2, by way of a postal ballot. The results of the postal ballot are scheduled to be announced on March 26, 2016. Subject to receipt of such approval of the shareholders' of the Target Company, the Acquirer and PAC 2 intend to complete the subscription of the Acquirer Subscription Shares and PAC 2 Subscription Shares, within 15 days from the date of the shareholders' approval. It is clarified that the Acquirer and PAC 2 intend to complete the acquisition of the Acquirer Subscription Shares and the PAC 2 Subscription Shares only post depositing cash equivalent to 100% of the Maximum Consideration in the Escrow Account in accordance with Regulation 22(2) of the SEBI (SAST) Regulations.

2.1.5 The Acquirer and PAC1 currently do not hold any Equity Shares in the Target Company. The Acquirer does not presently have any nominee directors or representatives on the board of the Target Company. However, PAC 1 is a director on the board of Jaagruthi Info Technologies Private Limited which holds 50,000 Equity Shares in the Target Company. PAC 2 is a director and promoter of the Target Company, currently designated as the Target Company's Chairman and CEO. PAC 2 also holds 3,050,037 Equity Shares in the Target Company.

2.1.6 The Acquirer intends to (i) acquire joint control over the Target Company immediately upon subscription to the Acquirer Subscription Shares, and such control shall be exercised alongside the existing promoters of the Target Company and (ii) change the composition of the Board of Directors of the Target Company in accordance with the provisions of the SHA.

2.1.7 The key terms of the SHA include, inter alia, that: (i) the SHA shall become effective from the date of subscription to Acquirer Subscription Shares by the Acquirer; (ii) the Acquirer shall have the right to nominate majority nominee directors and recommend majority independent directors, on the Board of Directors of the Target Company; (iii) the Acquirer shall have the right to nominate and/or remove persons to carry out the roles of Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Head of Internal Audit of the Company, (iv) the Acquirer shall have the right of first refusal over the Equity Shares held by PAC 2 and C Dayakar Reddy. The SHA also sets out (i) the terms of repayment of the promoter / director loans extended by PAC 2 and C Dayakar Reddy, to the Target Company and (ii) certain non-compete obligations on PAC 2 and C Dayakar Reddy to safeguard the business interests of the Target Company.

2.1.8 The pre and post-preferential allotment capital of the Target Company prior to the commencement of the open offer would be as under:

	Pre-Preferential Issue Equity Shareholding		Post-Preferential Issue Equity Shareholding	
Category	**No. of shares**	**% of Holding**	**No. of shares#**	**% of Holding#**
A. Promoter & Promoter Group				
Acquirer	-	-	64,064,000	56.30
PAC2	3,050,037	6.63	6,443,037	5.66
Others	5,433,931	11.80	5,433,931	4.78
Sub Total	**8,483,968**	**18.43**	**75,940,968**	**66.74**
B. Public	37,551,549	81.57	37,851,549	33.26
FII/ Mutal Funds/ FIs/ Banks	150	0.00	150	0.00
Others	37,551,399	81.57	37,851,399	33.26
TOTAL (A+B)	**46,035,517**	**100.00**	**11,37,92,517**	**100.00**

 # Simultaneously with the authorization of preferential issue of 64,064,000 equity shares to the Acquirer, the Board of the Target Company has also authorized the preferential issue of 3,393,000 equity shares to PAC 2 and 300,000 equity shares to Dr. Madhu Mohan Katikneni. The post-preferential issue equity shareholding is calculated based on the assumption that the Acquirer will complete the subscription of the Acquirer Subscription Shares and come in control of the Target Company before the acquisition of the Offer Shares. Similarly the preferential issue of 3,393,000 equity shares to PAC 2 and 300,000 equity shares to Dr. Madhu Mohan Katikneni are proposed to be completed before the acquisition of the Offer Shares.

2.1.9 All the Equity Shares validly tendered and accepted in this Offer in accordance with the terms and conditions contained in the PA, DPS, and the Letter of Offer, will be acquired by the Acquirer only and PAC will not acquire any Equity Shares being tendered and accepted in this Offer. In case the number of Equity Shares offered for sale by the Equity Shareholders is more than the Equity Shares agreed to be acquired by the Acquirer, the Acquirer shall accept the offers received from the Equity Shareholders on a proportionate basis in consultation with the Manager to the Offer, in accordance with the SEBI (SAST) Regulations.

2.1.10 The Acquirer and the PAC have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, or under any of the regulations made under the SEBI Act.

2.1.11 As per Regulation 26(6) of the SEBI (SAST) Regulations, the board of directors of the Target Company is required to constitute a committee of independent directors to provide their written reasoned recommendation on the Offer to the Equity Shareholders and such recommendations shall be published, at least two Working Days before the commencement of the Tendering Period, in the same newspapers where the DPS related to the Offer was published in compliance with Regulation 26(7) of the SEBI (SAST) Regulations.

2.2 **Details of the Offer**

2.2.1 The details pertaining to the publication of the Detailed Public Statement in Newspapers is given below:

Newspaper	Language	Editions	Date of DPS
Business Standard	English	All Editions	Friday 26, 2016
Business Standard	Hindi	All Editions	Friday 26, 2016
Mumbai Tarun Bharat	Marathi	Mumbai	Friday 26, 2016
Andhra Bhoomi	Telugu	Hyderabad	Friday 26, 2016

The Public Announcement and the Detailed Public Statement are also available at SEBI's website: www.sebi.gov.in.

2.2.2 Pursuant to the Offer, the Acquirer proposes to acquire up to 29,586,054 Equity Shares at an Offer Price of Rs.7 (Rupees Seven Only) per Equity Share, aggregating to Rs. 20,71,02,378 (Rupees Twenty Crores Seventy One Lakhs Two Thousand Three Hundred and Seventy Eight only, payable in cash, subject to the terms and conditions of this DLOF and in accordance with the SEBI (SAST) Regulations.

2.2.3 The Offer Shares represent 26% of the Voting Share Capital of the Target Company as on the 10th Working Day after the closure of the Tendering Period (assuming there is no change in the Voting Share Capital between the date of the LoF and such date). The Voting Share Capital has been calculated based on publicly available data.

2.2.4 The Equity Shares to be acquired under the Offer must be fully paid-up, free from all liens, charges, equitable interests and encumbrances and will be acquired together with the rights attached thereto, including all rights to dividend, bonus and rights offer, if any, declared hereafter, and the tendering Shareholder shall have obtained any necessary consents for it to sell the Equity Shares on the foregoing basis. All Equity Shares validly tendered by the Shareholders will be accepted at the Offer Price by the Acquirer in accordance with the terms and conditions contained in the Public Announcement, Detailed Public Statement and this Draft Letter of Offer.

2.2.5 There are no partly paid up Equity Shares in the share capital of the Target Company.

2.2.6 There is no differential pricing for this Offer.

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

2.2.8 This Offer is not subject to any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations. All Equity Shares validly tendered by the Equity Shareholders will be accepted at the Offer Price in accordance with the terms and conditions contained in the PA, DPS, and the Letter of Offer. .

2.2.9 To the best of the knowledge of the Acquirer and the PAC, there are no statutory or other approvals required to complete the acquisition of the Offer Shares as on the date of this Draft Letter of Offer, except as set out in Part 6 (*Terms and Conditions of the Offer -Statutory and Other Approvals*) below. If, however, any statutory or other approval becomes applicable prior to the completion of the Offer, the Offer would be subject to such statutory or other approval(s) being obtained

2.2.10 The Acquirer and PAC have not acquired any Equity Shares of the Target Company between the date of the PA, being February 18, 2016 and the date of this Draft Letter of Offer.

2.2.11 As on the date of this Draft Letter of Offer, there has been no competing offer to this Offer.

2.2.12 The Equity Shares of the Target Company are listed on BSE.

2.2.13 On the acquisition of the Offer Shares, and assuming (i) full acceptance of the Offer and (ii) the categorization of the Acquirer as promoters of the Target Company, the public shareholding in the Target Company will fall below the minimum level required for continued listing under clause 40A of the listing agreement and Rule 19A of the Securities Contract (Regulation) Rules, 1957 ("**SCRR**"). In the event the public shareholding falls below 25% of the Voting Share Capital pursuant to this Offer, the Acquirer / PAC shall bring down the non-public shareholding in the Target Company to the level specified within the time prescribed in the SCRR.

2.2.14 The Manager to the Offer shall not deal on their own account in the Equity Shares of the Target Company during the Offer Period.

2.2.15 In the event that the number of Equity Shares validly tendered by the Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Shareholders on a proportionate basis in consultation with the Manager.

2.3 **Object of the acquisition / Offer**

2.3.1 The main object of subscribing to the Acquirer Subscription Shares and coming in joint control of the Target Company, is for the Acquirer and PAC 1 to work jointly with the existing promoters and management of the Target, to enable the Target Company to become better managed and function more efficiently, so as to deliver higher quality and volume of service and goods. The Acquirer and PAC 1 propose to add strategic value to the business operations of the Target Company. At present, the Acquirer does not have any plans to make major changes to the existing line of business of the Target Company except in the ordinary course of business. However, the Acquirer may expand the existing business of the Target Company. The Acquirer shall further strengthen the Board of Directors of the Target Company. The Acquirer upon completion of the Offer, intends to pursue these objects and may undertake new business with the approval of Shareholders of the Target Company.

2.3.2 The Acquirer and the PAC do not have any plans to alienate, sell, restructure, dispose off or otherwise encumber any material assets of the Target Company or any of its subsidiaries during the period of 2 (two) years from the expiry of the Offer period, except in the ordinary course of business and other than as already agreed, disclosed and/or publicly announced by the Target Company. The board of directors of the Target Company may, in the ordinary course of business, take decisions to alienate, restructure, dispose off or transfer of assets of the Target Company in accordance with applicable laws. The Acquirer and the PAC undertake that they will not restructure, sell, lease, dispose off or otherwise encumber any substantial assets of the Target Company or any of its subsidiaries other than as stated above in the succeeding 2 (Two) years from the completion of this Offer, except with the prior approval of the shareholders of the Target Company through a special resolution, passed by way of postal ballot in terms of Regulation 25(2) of SEBI (SAST) Regulations, 2011.

2.3.3 As of the date of this Draft Letter of Offer, the Acquirer and PAC cannot ascertain the repercussions, if any, on the employees and locations of the Target Company's place of business. There is no likelihood of any adverse impact on the employment and the locations of the Target Company's place of business operations.

3 BACKGROUND OF THE ACQUIRER AND PAC

3.1 Techwave Pte. Ltd. (ACQUIRER)

3.1.1 The Acquirer, Techwave Pte. Ltd., is a private company limited by shares, incorporated on September 15, 2014 under the laws of Singapore, bearing registration no. is 201427362K

3.1.2 The registered office of the Acquirer is located at 1Scotts Road, #21-07 Shaw Centre, Singapore (228208) (Tel: + 65 6500 7800, Fax: + 65 6736 1869, E mail: Damodar_g@techwave.net

3.1.3 Techwave is incorporated with the objective of acting as an investment holding company and engaging in information technology and computer service activities.

3.1.4 Techwave is not directly a part of any group. There are no common directors on the board of Techwave and the Target Company. Further, there is no director on the board of directors of the Target Company representing Techwave.

3.1.5 The Acquirer does not hold any Equity Shares in the Target Company. Hence, the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or Chapter V of the SEBI (SAST) Regulations are not applicable.

3.1.6 The issued and paid-up capital of the Acquirer is SGD 100,000 divided into 100 ordinary shares. The shareholding pattern of the Acquirer as on date of this Draft Letter of Offer is as under:

Sl. No	Name of the Shareholder	Number of equity Shares	% age of Shareholding
A.	**Promoters**		
	Damodar Rao Gummadapu	51	51%
	Eiji Holdings Pte. Ltd.	49	49%
B.	**FII/ Mutual Funds/ FIs/ Banks**	**-**	**-**
C.	**Public**	**-**	**-**
	Total Paid-up Capital	**100**	**100%**

3.1.7 The details of the directors of the Acquirer as on the date of this Draft Letter of Offer are as follows and none of them are on the board of directors of the Target Company as a representative/nominee of the Acquirer.

Name	Date of appointment	Qualification	Experience
Mr. Damodar Rao Gummadapu	15-Sep-2014	Bachelors degree in commerce from Osmania University. Member of the Institute of Chartered Accountants of India and Institute of Cost Accountants of India	Mr. Damodar has been an entrepreneur since 2004. He has several years of experience and has previously worked in India for GVK Industries, and in the USA for Cyber Solutions Inc. He founded Techwave Consulting Inc. in Pennsylvania, USA in 2004
Ms. Chia Lay Beng	15-Sep-2014	Chartered Secretary, The Institute of Chartered Secretaries and Administrators, Singapore	Ms. Chia Lay Beng has been in the Corporate Management Services line since 2005 providing her services in the capacity of Director of Corporate Management Services Pte. Ltd.

3.1.8 Since its incorporation on September 15, 2014 in Singapore, Techwave has not undertaken any business activity. Further, the financials for Techwave for a 15 month period would be filed in due course in Singapore and hence are currently not available.

3.1.9 The shares of the Acquirer are not listed on any stock exchange.

3.2 **Damodar Rao Gummadapu (PAC 1)**

3.2.1 Mr. Damodar Rao Gummadapu, S/o Mr. Muralidhar Rao, aged 45 years, residing at 532 Emerson CIR, Chester Springs, Pennsylvania 19425, USA, Tel. No.: +1 914 525 9395, Fax No.: +1 484 872 8716, Email: damodar_g@techwave.net. He holds a bachelors degree in commerce from Osmania University and is a member of the Institute of Chartered Accountants of India and Institute of Cost Accountants of India and his PAN No. is BJJPG5478H

3.2.2 PAC 1 has been an entrepreneur since 2004. He has several years of experience and has previously worked in India for GVK Industries, and in the USA for Cyber Solutions Inc. PAC 1 founded Techwave Consulting Inc. in Pennsylvania, USA in 2004.

As on the date of the PA, DPS and DLOF, PAC 1 does not hold any Equity Shares/ Voting Rights of the Target Company. Hence, the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or Chapter V of the SEBI (SAST) Regulations are not applicable. However, PAC 1 is a director on the board of Jaagruthi Info Technologies Private Limited which holds 50,000 Equity Shares in the Target Company.

3.2.3 PAC 1 is not part of any group. PAC 1 promotes and controls the Acquirer

3.2.4 The Net Worth of PAC 1 is Rs. 41,48,80,240/- (Rupees Forty One Crores Forty Eight Lakhs Eighty Thousand Two Hundred and Forty Only) as on February 17, 2016 as certified vide certificate dated February 18, 2016 issued by G.V. Savithri, Chartered Accountant, (Membership No. 220907) having her office at #12- 10-416/8/10, Seetharamnagar, Warasiguda, Secunderabad – 500 061; Tel. No.: 040-27425022, Email: gudimella.savithri@gmail.com

3.2.5 The major entities promoted/controlled/managed by PAC 1 are Techwave Inc., USA, Techwave Holdings Pte Ltd, Singapore, Techwave Pte Ltd., Singapore and Techwave Consulting FZE, Sharjah.

3.2.6 PAC 1 does not serve as a whole time director on the board of directors of any Company. PAC 1 does not serve as a director on the board of directors of any listed company.

3.2.7 PAC 1 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act as amended or under any other regulations made under the SEBI Act.

3.3 **K Ramachandra Reddy (PAC 2)**

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3.3.1 Mr. K Ramachandra Reddy, s/o Venkata Reddy Kadiri, aged 65 years, residing at Plot No.828, Road No.42, Jubilee Hills, Hyderabad – 500 033, Tel No. +91 40 23545088, Email: ram@moschip.com, holds a bachelor degree in Electrical Engineering from IIT Madras and has completed MSEE degree from the University of Wisconsin, Madison, Wisconsin and his PAN No. is AGFPK2317P

3.3.2 PAC 2 has several years of work experience in semiconductor Industry in the areas of design, manufacturing and marketing of various integrated circuits. In the year 1999, he promoted a company called Netmos Technologies India Pvt Ltd later the same as converted into MosChip Semiconductor Technology Limited in the year 2000.

3.3.3 As on the date of the PA, DPS and DLOF, PAC 2 is a director and promoter of the Target Company and holds 3,050,037 Equity Shares in the Target Company. He is also currently designated as its Chairman & CEO.

3.3.4 PAC 2 does not serve as a director on the board of directors of any listed company apart from the Target Company.

3.3.5 PAC 2 is not part of any group. PAC 2 has no direct relationship with the Acquirer

3.3.6 The Net Worth of PAC 2 is Rs. 31,87,00,000/- (Rupees Thirty One Crores and Eighty Seven Lakhs Only) as on February 24, 2016 as certified vide certificate dated February 24, 2016 issued by K. Suryanarayana Sastry, Chartered Accountant, (Membership No. 206414) having his office at H No. 8-5-18, Old Tandur, Tandur – 501 141, Ranga Reddy District

3.3.7 PAC 2 has not been prohibited by SEBI from dealing in securities pursuant to the terms of any directions issued under section 11B of the SEBI Act as amended or under any other regulations made under the SEBI Act.

3.3.8 There has been a delay of 12 days in making the disclosures under Regulation 30(1&2) for the financial year FY2013 by the then promoters of the Target Company. Further the filings under Regulation 8(2) for the FY 2008 and Regulation 30(2) for the FY 2012 are not available.

4 BACKGROUND OF THE TARGET COMPANY, AS CONFIRMED BY THE TARGET COMPANY

4.1 MosChip Semiconductor Technology Ltd., is a public limited company incorporated in Hyderabad, India. The Target Company was incorporated as Netmos Technology India Private Limited on July 27, 1999 under the Companies Act, 1956. Subsequently its name was changed to MosChip Semiconductor Technology Private Limited on June 1, 2000 and on July 24, 2000 the company was converted into a public limited company and its name was changed to Moschip Semiconductor Technology Limited.

4.2 The registered office of the Target Company is situated at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034. (Tel: 040-66229292, Fax: 040-66229393, Email Id: suresh.cs@moschip.com; Website: www.moschip.com). The CIN of the Target Company is L31909TG1999PLC032184 .

4.3 The Target Company is engaged mainly in the business of providing value added services in VLSI (Very-large Scale Integration) design, software development & SOC (system on chip) development for customer, industrial applications.

4.4 The share capital structure of the Target Company as on date of this Draft Letter of Offer is set forth below:

Paid Up Equity Shares of the Target Company	No. of Equity Shares / voting rights as on the date of this Draft Letter of Offer	% of Equity Shares / voting rights as on the date of this Draft Letter of Offer
Fully Paid Up Equity Shares	4,60,35,517	100
Partly Paid Up Equity Shares	-	-
Total Paid Up Equity Shares	4,60,35,517	100
Total Voting Rights in the Target Company	4,60,35,517	100

4.5 The Equity Shares of the Target Company are currently listed on BSE (Scrip ID: MOSCHIP, Security Code: 532407) and are currently not suspended from trading on BSE. The Equity Shares are traded on BSE and are frequently traded on BSE in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations.) The Target Company is not in breach of the provisions of the Listing Agreement as on the date of this Draft Letter of Offer and no punitive action has been initiated against the Target Company by the stock exchanges where the Equity Shares are listed. The entire issued, subscribed and paid up share capital of the Target Company is listed on the BSE.

4.6 The trading of Equity Shares of the Target Company has not been suspended on the BSE Limited where Equity Shares of the Target Company are listed.

4.7 As on the date of this Draft Letter of Offer, other than certain employee stock options with defined vesting periods, there are no instruments of the Target Company pending for conversion of Equity Shares. The employee stock options are not capable of vesting on or prior to September 2016 and hence, the share capital of the Company is not subject to change until September 2016. The Acquirer expects the Offer to be completed prior to any such change.

4.8 As of this date of this Draft Letter of Offer, all the Equity Shares of the Target Company are listed on the BSE Ltd.

4.9 As on the date of this Draft Letter of Offer, the Target Company has a paid up capital of □ 9,20,71,034 (Rupees Nine crore twenty lakhs seventy one thousand and thirty four) divided into 4,60,35,517 Equity Shares of the face value of □ 2 (Rupees Two only) each.

4.10 There are no partly paid-up shares in the Company.

4.11 The board of directors of the Target Company as on the date of this Draft Letter of Offer is as under:

Name	Designation	Date of appointment
		22/10/1999
Mr. K. Ramachandra Reddy	Whole Time Director	22/10/1999
Mr. C. Dayakar Reddy	Whole Time Director	29/09/2006
Mr. G. Prasad	Independent Director	04/08/2014
Mr. K. V. Ramana	Independent Director	11/09/2014

Mrs. Poornima Shenoy	Independent Woman Director	22/10/1999

*__Note__: Except Mr. K. Ramachandra Reddy, none of the above directors are representatives of the Acquirer or the PAC as on the date of the PA, DPS and this Draft Letter of Offer.

4.12 Mr. Suresh Bachalakura is the company secretary and the compliance officer of the Target Company, who will be available at the Registered Office of the Target Company at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034. (Tel: 040-66229292, Fax: 040-66229393, Email Id: suresh.cs@moschip.com; Website: www.moschip.com) and attends to all investor grievances of the Target Company. The corporate office of the Target Company is situated at Plot No. 83 & 84, 2nd Floor, Punnaiah Plaza, Road 2, Banjara Hills, Hyderabad, Telangana, 500034.

4.13 The brief consolidated financial information of the Target Company, as derived from the financial statements of the Target Company for the nine months ended December 31, 2015 (limited reviewed) and from its audited consolidated financial statements as at and for the FY ended March 31, 2015, 2014 and 2013, are as under:

(in Rs. Crores except as indicated)

Particulars	**As at and for the financial year ended March 31, 2013**	**As at and for the financial year ended March 31, 2014**	**As at and for the financial year ended March 31, 2015**	**9 month ended December 31, 2015**
Profit & Loss Statement				
Income from Operations	9.79	7.62	5.99	3.72
Other Income	0.05	0.09	0.21	0.12
Total Income	9.84	7.71	6.21	3.84
Total Expenditure	16.56	14.35	8.06	6.72
Profit/(Loss) Before Depreciation Interest and Tax	(6.72)	(6.64)	(1.85)	(2.88)
Depreciation	0.57	0.36	0.40	0.14
Interest Expense/(Income)	0.72	1.62	2.39	2.28
Profit/(Loss) Before Tax (before exceptional & extraordinary items)	(8.01)	(8.63)	(4.64)	(5.29)
Exceptional and Extraordinary items	6.37	1.17	-	0.26
Profit/(Loss) Before Tax (after exceptional & extraordinary items)	(14.39)	(9.80)	(4.64)	(5.55)
Provision for Taxation	-	-	-	-
Profit/(Loss) After Tax	(14.39)	(9.80)	(4.64)	(5.55)
Balance Sheet Statement				
Sources of Funds				
Paid Up Equity Share Capital	46.04	46.04	9.21	
Reserves and Surplus (Excluding Revaluation Reserves)	(43.69)	(52.31)	(21.53)	
Net worth	2.34	(6.27)	(12.32)	
Revaluation Reserve	-	-	-	
Secured Loans	2.48	2.02	1.25	
Unsecured Loan	6.96	10.90	15.23	
Other Non Current Liabilities	0.85	0.89	0.78	
Total	12.64	7.53	4.93	
Uses of Funds				
Net Fixed Assets	2.45	2.00	0.33	
Investments(At Cost)	-	-	-	

Other Non- Current Assets	0.85	0.66	0.59	
Net Current Assets (Liabilities)	9.33	4.86	4.01	
Total	12.64	7.53	4.93	
Other Financial Data				
Dividend (%)	-	-	-	
Earnings Per Share (Basic)	-3.12	-2.13	-1.01	-1.21
Earning Per Share (Diluted)	-3.12	-2.13	-1.01	-1.21

(*Source: Annual Reports for financial years ended March 31, 2015, 2014 and 2013 (based on audited consolidated financials) and certified un-audited and limited reviewed financials for the nine months ended December 2015*)

4.14 Other than the above, there are no equity-linked instruments, which are outstanding in the Target Company as on the date of this Draft Letter of Offer.

4.15 Pre and post Offer Shareholding pattern of the Target Company based on latest available data for beneficiary position as on the date of this Draft Letter of Offer:

Shareholders Category	**Shareholding and voting rights prior to the offer** [@]		**Shares/voting rights agreed to be acquired which triggered the Takeover Regulations**		**Shares/voting rights to be acquired in open offer (Assuming full acceptance)**		**Shareholding/ voting rights after the offer** [#]	
	(A)		**(B)**		**(C)**		**(A) + (B) + (C) = (D)**	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
1. Promoter Group								
a. Parties to the agreement, if any	3,648,957	7.93%			-	-	7,041,957	6.19%
b. Promoters other than (a) above	4,835,011	10.50%	-	-	-	-	4,835,011	4.25%
(c) Techwave Pte Ltd. (holding post the offer completion) [$]								
Total (1)(a+b+c)	8,483,968	18.43%	-	-	-	-	11,876,968	10.44%
2. Acquirers [($)]								
Techwave Pte. Ltd.	-	0.0%	64,064,000	56.30%	29,586,054	26.00%	93,650,054	82.30%
Total 2(a+b)	-	0.0%	64,064,000	56.30%	29,586,054	26.00%	105,527,022	92.74%
3. Parties to the agreement other than (1)(a) and (2)	-	-	-	-	-	-	-	-
4. Public (other than parties to the agreement, acquirers and PACs)								
a. FIs/MFs/FIIs/Banks/SFIs (Indicate Names)	150	0.00%	-	-	-	-	8,265,495	7.26%
b. Others	37,551,399	81.57%	-	-	-	-		
Total (4)(a+b)	37,551,549	81.57%	-	-	-	-	8,265,495	7.26%

Grand Total (1+2+3+4)	46,035,517	100.0%	-	-	-	-	113,792,517	100.00%

@ Source: bseindia.com

$: Though the Acquirer is also a party to the agreement, he has been shown separately for better clarity

**: Pursuant to the SSA, the Acquirer proposes to subscribe to 64,064,000 Equity Shares. Simultaneously with the subscription of the above Equity Shares by the Acquirer, PAC 2 proposes to subscribe to 3,393,000 Equity Shares. The post-preferential issue equity shareholding is calculated based on the assumption that the Acquirer and PAC 2 will complete the subscription of the Acquirer Subscription Shares and PAC 2 Subscription Shares, respectively, and the Acquirer will come in control of the Target Company before the acquisition of the Offer Shares. It is clarified that simultaneously with the above, Dr. Madhu Mohan Katikneni proposes to subscribe to 300,000 Equity Shares.. Accordingly, the total number of paid-up equity shares post the completion of the aforesaid preferential allotments would be 113,792,517.*

#: Includes proposed preferential issue of 64,064,000 equity shares to the Acquirer; 3,393,000 equity shares to PAC 2 and 300,000 equity shares to Dr. Madhu Mohan Katikneni as authorised by the Board of the Target Company

$: Since the Acquirer would be coming in joint control post the completion of the Preferential Allotment Offer, it has been shown under Promoter Group

4.16 The acquisition of 26% (Twenty Six percent) of the Share Capital under this Offer may result in the public shareholding in the Target Company falling below the level required for continuous listing. To the extent the post-Offer holding of the Acquirer and the PAC in the Target Company exceeds the maximum permissible non-public shareholding under the SCRR, the Acquirer and PAC undertake to reduce their shareholding to the level stipulated in the SCRR within the time specified in the SCRR.

5 OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer price

5.1.1 The Equity Shares of the Target Company are listed and traded on the BSE. The total number of Equity Shares traded on BSE for a period of 12 (Twelve) calendar months preceding the calendar month in which the PA was made (February 1, 2015 to January 31, 2015, both days included) are as given below:

Stock Exchange	No. of Equity Shares traded	Total No. of Equity Shares of Target Company	Traded shares (as a % of Total Equity Shares)
BSE	9,656,375	46,035,517	20.98%

Source: www.bseindia.com

5.1.2 The Equity Shares of the Target Company are frequently traded, within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations, on BSE, during the 12 (Twelve) months preceding the date on which the PA was made.

5.1.3 Since the Equity Shares of the Target Company have been frequently traded on BSE where the Equity Shares are listed, during the 12 (Twelve) calendar months preceding the month in which the PA has been issued, and since the maximum volume of trading is recorded at BSE during the preceding 60 (Sixty) trading days from the date of the PA, the Offer Price is justified, taking into account the following parameters, as set out under Regulation 8(2) of the SEBI (SAST) Regulations:

A	The highest negotiated price per Equity Share of the Target Company for any acquisition under an agreement attracting the obligation to make a public announcement of an open offer	N.A.
B	The volume weighted average price paid or payable per Equity Share for acquisitions, whether by the Acquirer or by the PAC, during the fifty two weeks immediately preceding the date of the PA	N.A.
C	The highest price paid or payable per Equity Share for any acquisition, whether by the Acquirer or by the PAC, during the twenty six weeks immediately preceding the date of the PA	N.A.

D	The volume weighted average market price per Equity Share for a period of sixty trading days immediately preceding the date of the PA as traded on the NSE, being the stock exchange where the maximum volume of trading in Equity Shares are recorded during such period and such shares being frequently traded	6.98
E	Where the shares are not frequently traded, the price determined after taking into account valuation parameters as are customary for such valuation of shares of such companies	N.A.

5.1.4 In view of the parameters considered and presented in table above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of Rs. 7 (Rupees Seven) per Equity Share, being greater than the highest of the prices mentioned above, is justified in terms of Regulation 8 of the SEBI (SAST) Regulations.

5.1.5 There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations. (Source: www.bseindia.com)

5.1.6 There has been no revision in the Offer Price or to the Offer Size as on the date of this Draft Letter of Offer. An upward revision in the Offer Price or the Offer Size, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last 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 amounts, as more particularly set out in paragraph 6.2.2 of this Draft Letter of Offer; (ii) make a public announcement in the same newspapers in which this DPS has been published; and (iii) simultaneously with the issue of such announcement, inform SEBI, BSE, NSE and the Target Company at its registered office of such revision.

5.2 **Financial arrangements:**

5.2.1 Assuming full acceptance, the total funds requirements to implement this Offer is Rs. 20,71,02,378 (Rupees Twenty Crores Seventy One Lakhs Two Thousand Three Hundred and Seventy Eight only) ("**Maximum Consideration**").

5.2.2 In accordance with Regulation 17(1) of the SEBI (SAST) Regulations, the Acquirer has opened an Escrow Account in the name and style as "Escrow Account – MSTL – Open Offer" bearing Account No. 8311479188 ("**Escrow Account**") with Kotak Mahindra Bank Limited, acting through its branch situated at Mittal Court, Nariman Point, Mumbai 400 021 and PAC 1 has made a cash deposit of Rs. 5,17,75,595 (Rupees Five Crore Seventeen Lakhs Seventy Five Thousand Five Hundred and Ninety Five only) in the Escrow Account in accordance with the Regulation 17(1) read with 17(3)(a) of the SEBI (SAST) Regulations being 25% of the Offer size. The Acquirer intends to make a further cash deposit of □ 15,53,26,783 (Rupees Fifteen Crore Fifty Three Lakhs Twenty Six Thousand Seven Hundred and Eighty Three only) into the Escrow Account before March 23, 2016 so as to fund the Escrow Account for 100% of the Maximum Consideration and thereby enable the Acquirer and PAC 2 to complete the subscription of the Acquirer Subscription Shares and PAC 2 Subscription Shares, respectively, prior to the completion of the Offer. The Manager to the Offer has been duly authorized to realize the monies lying to the credit of the Escrow Account in terms of the SEBI (SAST) Regulations.

5.2.3 It is clarified that the Acquirer proposes to subscribe to the Acquirer Subscription Shares and appoint its nominees as directors on the Board of Directors of the Target Company after (i) the expiry of 21 working days from the date of the DPS and (ii) the Acquirer having deposited cash equivalent to 100% of the Maximum Consideration in the Escrow Account in terms of Regulation 22(2) and Regulation 24(1) of the SEBI (SAST) Regulations.

5.2.4 In case of any upward revision in the Offer Price or the Offer Size, the value in cash of the escrow amount shall be computed on the revised consideration calculated at such revised offer price or offer size and any additional amounts required will be funded via the Escrow Account by the Acquirer, prior to effecting such revision, in terms of Regulation 17(2) of the SEBI (SAST) Regulations.

5.2.5 The Acquirer together with PAC1 have confirmed that they have adequate financial resources to meet the obligations under the Offer and have made firm financial arrangements for financing the acquisition of the Offer Shares, in terms of Regulation 25(1) of the SEBI (SAST) Regulations. PAC1 has further confirmed through an undertaking dated February 17, 2016 that he will provide the necessary financial assistance to the Acquirer to meet the financial requirements relating to the Offer.

5.2.6 G.V. Savithri, Chartered Accountant, (Membership No. 220907) having her office at #12-10-416/8/10, Seetharamnagar, Warasiguda, Secunderabad - 500 061 has vide certificate dated 18 February 2016 certified that adequate and firm financial resources are available with the Acquirer together with the PAC1 to enable it to fulfill its financial obligations under the Offer.

5.2.7 The Acquirer has authorized IIFL Holdings Limited, Manager to the Offer, to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations

5.2.8 Based on the above, IIFL Holdings Limited, Manager to the Offer, certify and confirm that firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations.

6 TERMS AND CONDITIONS OF THE OFFER

6.1 Operational Terms and Conditions

6.1.1 The Tendering Period for the Offer will commence on April 21, 2016 and will close on May 4, 2015

6.1.2 The Equity Shares offered under this Offer should be fully paid-up, free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, all rights of dividends, bonuses or rights from now on and declared hereafter.

6.1.3 This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.

6.1.4 The Identified Date for this Offer as per the tentative schedule of activity is April 1, 2016.

6.1.5 The marketable lot for the Equity Shares of the Target Company for the purpose of this Offer shall be 1 (one only).

6.1.6 Mr. K. Ramachandra Reddy and Mr. Madhu Mohan Katikineni being the proposed allotees of the present preferential issue, their Shareholding is required to be locked in as per SEBI ICDR Regulations.The lock in period for both of them is 22 February, 2016 to 17 September 2016. The lock in of securities of both the proposed allottess are in process with NSDL. Apart from Mr. K. Ramachandra Reddy and Mr. Madhu Mohan Katikineni no other lock in of any securities.

6.1.7 In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Equity Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

6.2 Eligibility for accepting the Offer

6.2.1 The Letter of Offer shall be sent to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form or physical form (except the Acquirer, the PAC) whose names appear in register of Target Company as on the Identified Date.

6.2.2 This Offer is also open to persons who own Equity Shares in the Target Company but are not registered Shareholders as on the Identified Date.

6.2.3 All Equity Shareholders/Beneficial Owners who own Equity Shares of the Target Company and are able to tender such Equity Shares in this Offer at anytime before the closure of the Offer, are eligible to participate in this Offer.

6.2.4 The Public Announcement, the Detailed Public Statement, the Letter of Offer and the Form of Acceptance cum Acknowledgement will also be available on the SEBI website: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Equity Shareholders including those who have acquired Equity Shares of the Target Company after the Identified Date, if they so desire, may download the Letter of Offer or the Form of Acceptance cum Acknowledgement from the SEBI's website for applying in the Offer.

6.2.5 The acceptance of this Offer by the Equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

6.2.6 NRIs and OCBs, being holders of the Equity Shares, must obtain all requisite approvals required to tender the Equity Shares held by them, in this Offer (including without limitation the approval from the RBI, since the Equity Shares validly tendered in this Offer will be acquired by a non-resident entity) and submit such approvals along with the documents required to accept this Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs and FPIs) had required any approvals (including from the RBI or the 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, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and PAC reserve the right to reject such Equity Shares tendered in this Offer.

6.2.7 The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s) /Beneficial owner(s) of the Target Company.

6.2.8 There shall be no discrimination in the acceptance of locked-in and non-locked-in Shares in the Offer. The residual lock-in period will continue in the hands of the Acquirer. The Shares to be acquired under the Offer must be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

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

6.2.10 The acceptance of Equity Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

6.2.11 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgment constitute part of the terms of the Offer.

6.2.12 The Manager to the Offer shall submit a final report to SEBI within 15 (Fifteen) Working Days from the expiry of the Tendering Period in accordance with Regulation 27(7) of the SEBI (SAST) Regulations confirming status of completion of various Offer Requirements.

6.2.13 For any assistance please contact IIFL Holdings Limited, Manager to the Offer or the Acquirer or the Registrar to the Offer.

6.3 **Statutory Approvals:**

6.3.1 To the best of the knowledge of the Acquirer, there are no statutory or other approvals required to complete the acquisition of the Offer Shares as on the date of this DPS, except as set out below. If, however, any statutory or other approval becomes applicable prior to completion of the Offer, the Offer would also be subject to such other statutory or other approval(s).

6.3.2 This Offer is subject to receipt of the Target Company's shareholders' approval by way of a special resolution, sought through the postal ballot mechanism, for the issuance of, inter alia, the Acquirer Subscription Shares to the Acquirer and the PAC 2 Subscription Shares to PAC 2. In the event the shareholders of the Target Company do not approve of the issuance of the Acquirer Subscription Shares, the Acquirer may apply to SEBI for withdrawal of the Offer.

6.3.3 Transfer of Equity Shares by NRIs to the Acquirer would require prior RBI approval. Further, if the holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approvals (including from the RBI, the 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 be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer. It is clarified that NRI, OCB or any other non-resident holders of Equity Shares, if any, must obtain all approvals required, if any, 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.

6.3.4 In case of delay in receipt of any statutory approval, SEBI may, if satisfied that such delay in receipt of the requisite statutory approval(s) was not attributable to any willful default, failure or neglect on the part of the Acquirer and /or the PAC 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, grant an extension of time to the Acquirer to make the payment of the consideration to the Shareholders whose Offer Shares have been accepted in the Offer. Where any statutory approval extends to some but not all of the Shareholders, the Acquirer shall have the option to make payment to such Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

6.3.5 In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that the approvals specified in this DPS or those which become applicable prior to completion of the Offer are not received, the Acquirer shall have the right to withdraw the Offer. In the event of such a withdrawal of the Offer, the Acquirer and the PAC (through the Manager) shall, within two Working Days of such withdrawal, make an announcement of such withdrawal stating the grounds for the withdrawal in accordance with Regulation 23(2) of the SEBI (SAST) Regulations.

7 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

7.1.1 The Open Offer will be implemented by the Acquirer through stock exchange mechanism made available by the Stock Exchanges in the form of separate window (Acquisition Window) as provided under the SEBI (SAST) Regulations and SEBI circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 issued by SEBI.

7.1.2 BSE shall be the designated stock exchange for the purpose of tendering Equity Shares in the Open Offer.

7.1.3 The facility for acquisition of shares through stock exchange mechanism pursuant to the Offer shall be available on the BSE in the form of a separate window (Acquisition Window).

7.1.4 The Acquirer has appointed India Infoline Limited ("Buying Broker") for the Open Offer through whom the purchases and settlement of Open Offer shall be made during the Tendering Period

The Contact details of the Buying Broker are as mentioned below:

Name: India Infoline Limited

Address: IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013

Contact Person: Mr. Prasad Umrale

Tel.: +91-22 4249 9000

7.1.5 All Shareholders who desire to tender their Shares under the Open Offer would have to approach their respective stock brokers ("Selling Broker"), during the normal trading hours of the secondary market during the Tendering Period

7.1.6 Separate Acquisition window will be provided by BSE to facilitate placing of sell orders. The Selling Brokers can enter orders for demat Equity Shares as well as physical Equity Shares

7.1.7 The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during the Tendering Period

7.1.8 Shareholders can tender their shares only through a broker with whom the Shareholder is registered as client (KYC Compliant).

7.1.9 Procedure for tendering Equity Shares held in dematerialised Form:

1) The Equity Shareholders who are holding the Equity Shares in demat form and who desire to tender their Equity Shares in this Offer shall approach their broker indicating to their broker the details of Equity Shares they intend to tender in Open Offer.
2) For custodian participant, orders for demat Equity Shares early pay-in is mandatory prior to confirmation of order by the custodian. The custodians shall either confirm or reject orders not later than close of trading hours on the last day of the Offer Period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
3) The details of settlement number for early pay-in of Equity Shares shall be informed in the issue opening circular that will be issued by the Stock Exchanges / Clearing Corporation, before the opening of the Offer.
4) Upon placing the order, the Selling Broker(s) shall provide transaction registration slip ("TRS") generated by the exchange bidding system to the Shareholder. TRS will contain details of order submitted like bid ID No., DP ID, client ID, no. of Equity Shares tendered etc.
5) The Shareholders will have to ensure that they keep the depository participant ("DP") account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Open Offer.

The resident Shareholders (i.e. Shareholders residing in India) holding Equity Shares in demat mode are not required to fill any Form of Acceptance-cum-Acknowledgement. The Shareholders are advised to retain the acknowledged copy of the DIS and the TRS till the completion of Offer Period.

All non-resident Shareholders (i.e. Shareholders not residing in India) holding physical and/or demat Equity Shares and all resident Shareholders (i.e. Shareholders residing in India) holding Equity Shares in physical mode are mandatorily required to fill the Form of Acceptance-Cum-Acknowledgement. The non-resident Shareholders holding Equity Shares in demat mode are required to send the Form of Acceptance-Cum-Acknowledgement along with the required documents to the Registrar to the Offer at their address given on the cover page of this LoF. The Shareholders (resident and non-resident)holding Equity Shares in physical mode are required to send the Form of Acceptance-Cum-Acknowledgement along with the required documents to their respective Selling Broker who shall forward these documents to the Registrar to the Offer.

7.2 **Procedure to be followed by registered Shareholders holding Equity Shares in the physical form**

7.2.1 Shareholders who are holding physical Equity Shares and intend to participate in the Offer will be required to approach their respective Selling Broker along with the complete set of documents for verification procedures to be carried out including the

1) The Form of Acceptance-cum-Acknowledgement duly signed (by all Equity Shareholders in case shares are in joint names) in the same order in which they hold the Equity Shares
2) Original share certificates
3) Valid share transfer form(s) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Target Company and duly witnessed at the appropriate place authorizing the transfer in favor of the Acquirer
4) Self-attested copy of the Shareholder's PAN Card;
5) Any other relevant documents such as (but not limited to):

- Duly attested power of attorney if any person other than the Equity Shareholder has signed the relevant Form of Acceptance-cum-Acknowledgement
- Notarized copy of death certificate / succession certificate or probated will, if the original Shareholder has deceased
- Necessary corporate authorisations, such as Board Resolutions etc., in case of companies

6) In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the register of members of the Target Company, the Shareholder would be required to submit a self-attested copy of

address proof consisting of any one of the following documents: valid Aadhar Card, voter identity card or passport

7.2.2 Selling Broker should place order on the Acquisition Window with relevant details as mentioned on the physical share certificate(s). Upon placing the order, the Selling Broker shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like folio no., certificate no., distinctive no., no. of Equity Shares tendered etc.

7.2.3 After placement of order, as mentioned in paragraph 8.2.2, the Selling Broker must ensure delivery of the Form of Acceptance-cum-Acknowledgement, TRS, original share certificate(s), valid share transfer form(s) and other documents (as mentioned in paragraph 8.2.1 either by registered post or courier or hand delivery to the Registrar to the Offer (at the address mentioned on the cover page not later than 2 (two) days from the Offer Closing Date (by 5 PM). The envelope should be superscribed as "MosChip Semiconductor Technology Limited – Open Offer". One copy of the TRS will be retained by Registrar to the Offer and it will provide acknowledgement of the same to the Selling Broker.

7.2.4 Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares by the Acquirer shall be subject to verification as per the SEBI (SAST) Regulations and any further directions issued in this regard. Registrar to the Offer will verify such orders based on the documents submitted on a daily basis and till such time the NSE shall display such orders as „unconfirmed physical bids". Once, Registrar to the Offer confirms the orders it will be treated as „Confirmed Bids".

7.2.5 In case any person has submitted Equity Shares in physical form for dematerialisation, such Shareholders should ensure that the process of getting the Equity Shares dematerialised is completed well in time so that they can participate in the Offer before the Offer Closing Date.

7.3 Modification / cancellation of orders will not be allowed during the period the Offer is open.

7.4 The cumulative quantity tendered shall be made available on the website of the BSE throughout the trading session and will be updated at specific intervals during the Tendering Period

7.5 Procedure for tendering the shares in case of non-receipt of Letter of Offer

Persons who have acquired Equity Shares but whose names do not appear in the register of members of the Target Company on the Identified Date, or unregistered owners or those who have acquired Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer. A Shareholder may participate in the Offer by approaching their broker and tender Equity Shares in the Open Offer as per the procedure mentioned in this Letter of Offer or in the Form of Acceptance–cum-Acknowledgement. The Letter of Offer along with Form of Acceptance-cum-Acknowledgement will be dispatched to all the eligible shareholders of the Target Company as of the Identified Date

In case of non-receipt of the Letter of Offer, such eligible shareholders of the Target Company may download the same from the SEBI website (www.sebi.gov.in) or BSE website (www.bseindia.com) or obtain a copy of the same from the Registrar to the Offer on providing suitable documentary evidence of holding of the Equity Shares of the Target Company. Alternatively, in case of non-receipt of the Letter of Offer, shareholders holding shares may participate in the Offer by providing their application in plain paper in writing signed by all shareholder, stating name, address, number of shares held, client ID number, DP name, DP ID number, number of shares tendered and other relevant documents such as physical share certificate and Form SH 4 in case of shares being held in physical form. Such shareholders have to ensure that their order is entered in the electronic platform to be made available by BSE before the closure of the Offer

7.6 Non-receipt of this Letter of Offer by, or accidental omission to dispatch this Letter of Offer to any shareholder, shall not invalidate the Offer in any way.

7.7 The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Shareholders of the Target Company. The Acquirer does not accept any responsibility for the decision of any Shareholder to either participate or to not participate in the Offer. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and other documents during transit and the Shareholders are advised to adequately safeguard their interest in this regard

7.8 **Acceptance of Equity Shares**

Registrar to the Offer shall provide details of order acceptance to Clearing Corporation within specified timelines. In the event that the number of Equity Shares (including demat Equity Shares, physical Equity Shares and locked-in Equity Shares) validly tendered by the Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Shareholders on a proportionate basis in consultation with the Manager, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a Shareholder shall not be less than the minimum marketable lot.

7.9 **Settlement Process**

On closure of the Offer, reconciliation for acceptances shall be conducted by the Manager to the Offer and the Registrar to the Offer and the final list shall be provided to the Stock Exchanges to facilitate settlement on the basis of Shares transferred to the Clearing Corporation.

The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market. Selling Brokers should use the settlement number to be provided by the Clearing Corporation to transfer the shares in favour of Clearing Corporation

The shares shall be directly credited to the pool account of the Buying Broker. For the same, the existing facility of client direct pay-out in the capital market segment shall be available. Once the basis of acceptance is finalised, the Clearing Corporation would facilitate clearing and settlement of trades by transferring the required number of shares to the pool account of the Buying Broker. In case of partial or non-acceptance of orders or excess pay-in, demat Shares shall be released to the securities pool account of the Selling Broker / custodian, post which, the Selling Broker would then issue contract note for the shares accepted and return the balance shares to the Shareholders. Any excess physical Equity Shares, to the extent tendered but not accepted, will be returned to the Shareholder(s) directly by Registrar to the Offer.

7.10 Settlement of Funds / Payment Consideration

The settlement of fund obligation for demat and physical Equity Shares shall be effected through existing settlement accounts of Selling Broker. The payment will be made to the Buying Broker for settlement. For Equity Shares accepted under the Open Offer, the Selling Broker / custodian participant will receive funds payout in their settlement bank account. The Selling Brokers / custodian participants would pay the consideration to their respective clients. The funds received from Buying Broker by the Clearing Corporation will be released to the Selling Broker(s) as per secondary market pay-out mechanism. Shareholders who intend to participate in the Offer should consult their respective Selling Broker for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Selling Broker upon the selling Shareholders for tendering Equity Shares in the Offer (secondary market transaction). The consideration received by the selling Shareholders from their respective Selling Broker, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Acquirer accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling Shareholder. In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirer for payment of consideration to the shareholders of the Target Company who have accepted the Open Offer within such period, subject to Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18 (11) of the SEBI (SAST) Regulations, 2011.

In the event the Acquirer is unable to complete subscription of the Acquirer Subscription Shares and come in control of the Target Company before the tendering period, the Acquirer shall inform the Shareholders of such development and amend the terms of the Open Offer to be implemented by the off-market 'tender offer method'.

8 COMPLIANCE WITH TAX REQUIREMENTS:

8.1 Capital gain: Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 (twelve) months will not be subject to capital gains tax in India if securities transaction tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Further, any gain realised on the sale of listed Equity Shares held for a period of 12 (twelve) months or less, which are sold will be subject to short term capital gains tax and STT.

8.2 SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR TAX TREATMENT ARISING OUT OF THE PROPOSED OFFER THROUGH THE ON-MARKET TENDER OFFER ROUTE AND APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRER AND PACs DO NOT ACCEPT NOR HOLD ANY RESPONSIBILITY FOR ANY TAX LIABILITY ARISING TO ANY SHAREHOLDER AS A REASON OF THIS OFFER.

8.3 Tax deduction at source:

a. In case of resident Shareholders, in absence of any specific provision under the Income Tax Act, 1961 ("Income Tax Act") the Acquirer shall not deduct tax on the consideration payable to resident Shareholders pursuant to the Offer.

b. In the case of non-resident Shareholders, since the Offer is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is on the non-resident Shareholder. It is therefore recommended that the non-resident Shareholder may consult their custodians/ authorised dealers/ tax advisors appropriately.

8.4 Interest payment, if any: In case of interest payments by the Acquirer for delay in payment of Offer consideration or a part thereof, the Acquirer will deduct taxes at source at the applicable rates as per the Income Tax Act.

8.5 If the resident and non-resident Shareholders require that no tax is to be deducted on the interest component or tax is to be deducted at a rate lower than the prescribed rate, in such cases the following documents are required to be submitted to the Registrar to the Offer

For Resident Shareholders

- Self-attested copy of PAN card
- Certificate from the income tax authorities under Section 197 of the Income Tax Act, wherever applicable, in relation to payment of interest, if any, for delay in payment of Offer Price (Certificate for Deduction of Tax at Lower Rate)
- For specified entities under Section 194A(3)(iii) of the Income Tax Act, self-attested copy of relevant registration or notification (applicable only for interest payment, if any).

<u>For Non-Resident Shareholders</u>

- Self-attested copy of PAN card
- Certificate under Section 195(3) or Section 197 of the Income Tax Act, wherever applicable (Certificate for Deduction of Tax at Lower Rate) from the income tax authorities under the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer before remitting the amount of interest)
- Tax Residency Certificate and a no 'permanent establishment'/business connection declaration

In an 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 Shareholder belongs, by the Acquirer.

THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.

8.6 **Issue of tax deduction at source certificate**

8.6.1 The Acquirer / PAC will issue a certificate in the prescribed form to the Equity Shareholders (resident and non- resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.

8.6.2 The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.

9 DOCUMENTS FOR INSPECTION

9.1 Copies of the following documents will be available for inspection at the registered office of the Manager to the Offer at. The documents can be inspected during normal business hours (11.00 AM to 4.00 PM) on all working days (except Saturdays and Sundays) during the period from the date of this Draft Letter of Offer, till date of expiry of the Tendering Period.

9.1.1 Certificate of incorporation, memorandum of association and articles of association of the Acquirer.

9.1.2 Certificate dated 18 February 2016 from V. Savithri, Chartered Accountant, having her office at #12-10-416/8/10, Seetharamnagar, Warasiguda, Secunderabad - 500 certifying that adequate and firm financial resources are available with the Acquirer together with the PAC1 to enable it to fulfill its financial obligations under the Offer.

9.1.3 CA certificate dated February 18, 2016 issued by G.V. Savithri, Chartered Accountant, (Membership No. 220907) having her office at #12- 10-416/8/10, Seetharamnagar, Warasiguda, Secunderabad – 500 061 certifying the Net Worth of PAC 1

9.1.4 CA certificate dated February 24, 2016 issued K. Suryanarayana Sastry, Chartered Accountant, (Membership No. 206414) having his office at H No. 8-5-18, Old Tandur, Tandur – 501 141, Ranga Reddy District, certifying the Net Worth of PAC 2

9.1.5 Copies of the annual reports for the Target Company for the FY ended March 31, 2015, 2014 and 2013 and limited review report for the nine months ended December 31, 2015.

9.1.6 Open Offer Escrow agreement dated 19 February 2016 between the Acquirer, Kotak Mahindra Bank Limited and the Manager to the Offer.

9.1.7 Letter from Kotak Mahindra Bank Limited confirming the receipt of the cash deposit in the Open Offer Escrow Account

8.1.1 A copy of the Public Announcement submitted to BSE on February 18, 2016

8.1.2 Published copy of the Detailed Public Statement, published on behalf of the Acquirer and PAC on February 26, 2016

8.1.3 SEBI Observation letter No. [•] dated [•], on the Draft Letter of Offer.

8.1.4 Published copy of the recommendation made by the committee of the independent directors of the Target in relation to the Offer dated [•]

9 DECLARATION BY THE ACQUIRER AND PAC

Unless stated otherwise, the Acquirer and PAC accept full responsibility for the information contained in the Draft Letter of Offer other than such information as has been obtained from public sources or provided or confirmed by the Target Company (as specified in this Draft Letter of Offer).

Each of the Acquirer and PAC shall be jointly and severally responsible for ensuring compliance with the SEBI (SAST) Regulations.

The persons signing this Draft Letter of Offer on behalf of the Acquirer and PAC have been duly and legally authorized by the respective boards of directors to sign this Draft Letter of Offer.

For and on behalf of the Acquirer

Sd/-

____

Authorised signatory)

For and on behalf of PAC 1

Sd/-

____

(Authorised signatory)

For and on behalf of PAC 2

Sd/-

____

(Authorised signatory)

Date: March 04,

2016