

LETTER OF OFFER

This Document is important and requires your immediate attention

This Letter of Offer is sent to you as a shareholder(s) of QUANTUM SOFTECH LIMITED. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER

By

Mr. P. Kodanda Rambabu

[Flat No. 107, Balaji Vihar Apartments, 8-3-167/D/196&197, Kalyan Nagar, Hyderabad-58. Tel. No.: 040-23812073]

and

Mrs. Kodali Vijaya Rani

[VRS & VJ Residential School, Batchupally, Hyderabad-72, Tel. No. 040-23044668]

To the shareholders of

QUANTUM SOFTECH LIMITED (Quantum)

Regd. Office: 101, Vaibhav Apartments, 4-2-1069, Ramkote, Hyderabad-500 001

Tel. No: 040-24750722

for the purchase of 13,21,860 Fully paid-up Equity Shares of Rs.10/- each of Quantum, at a price of Re. 1.00 per Equity Share of Quantum representing 20% of its Subscribed and Voting Capital. These shares will be acquired in cash, in accordance with Regulation 20 (2)(a) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof, from the equity shareholders of Quantum.

This Offer is being made in compliance with Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "the Regulations") and amendments thereof.

The Offer along with any obligation relating to payment for, and purchase of, the shares tendered is subject to the receipt of necessary approval(s), if any, from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 ("FEMA"). There are no other statutory approvals required to acquire shares that are tendered pursuant to this Offer.

Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the date of Closure of the Offer i.e. on or before March 31, 2005.

Acquirers has the option to revise the Offer Price upward any time up to seven working days prior to the date of Closure of the Offer i.e. on or before March 24, 2005.

The upward revision/ withdrawal if any, of the Offer would be informed by way of Public Announcement in respect of such changes in all the newspapers in which the original Public Announcement was made. Such revised Offer Price would be payable by the Acquirers for all the shares tendered any time during the Offer.

There was no Competitive Bid.

As the Offer Price cannot be revised during 7 Working Days prior to the Closing date of the Offer, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.

The Public Announcement, Corrigendum to the Public Announcement and this Letter of Offer including the Form of Acceptance cum Acknowledgement and Form of Withdrawal would also be available on SEBI's website at www.sebi.gov.in.

Your Trust is Our Strength	MANAGER TO THE OFFER:	REGISTRAR TO THE OFFER:
	ASHIKA CAPITAL LIMITED	VENTURE CAPITAL AND CORPORATE INVESTMENTS LIMITED
	7-1-613/14A, Nestcon Lakshmisri,	

Suite No: 6, 2nd Floor, Ameerpet,
Hyderabad-500 016.
Tel: 040-55617802 / 23750498
Fax: 040-55617801
E-Mail: ashika_hyderabad@rediffmail.com
Contact Person: Mr. Rajendra Kanoongo

6-2-913/914, 3rd Floor,
Progressive Towers, Khairatabad,
Hyderabad-500004.
Tel: 040-23322264, Fax: 040-23324803
E-mail: vccil_hyd@yahoo.co.in
Contact Person: Mr. E.S. K. Prasad

A SCHEDULE OF SOME OF THE MAJOR ACTIVITIES RELATING TO THE OFFER IS GIVEN BELOW:

Activities	Date	Day
Public Announcement	January 27, 2005 & March 8, 2005	Thursday & Tuesday
Specified Date	January 31, 2005	Monday
Last Date for a Competitive Bid	February 17, 2005	Thursday
Date by which Letter Of Offer to be Despatched to Shareholders	March 10, 2005	Thursday
Date of Opening of the Offer	March 17, 2005	Thursday
Last Date for revising the Offer Price/ Number of Shares	March 24, 2005	Thursday
Last Date for Withdrawal of Acceptance by Shareholders who have accepted the Offer	March 31, 2005	Thursday
Date of Closing of the Offer	April 5, 2005	Tuesday
Date by which communicating rejection/acceptance and despatch of Cheques/Demand Drafts towards payment of consideration to be completed	April 20, 2005	Wednesday

RISK FACTORS:

1. The Equity Shares of the Company are infrequently traded on the Stock Exchanges where they are listed.
2. The Acquirers are First Generation Entrepreneurs.

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ABBREVIATIONS / DEFINITIONS

Acquirers	Mr. P. Kodanda Rambabu and Mrs. Kodali Vijaya Rani
CDSL	Central Depository Services (India) Ltd
Eligible Persons for the Offer	All owners of shares registered or unregistered of Quantum (who own shares at any time prior to the Closure of the Offer) except Acquirers and the Sellers
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board
Form of Acceptance	Form of Acceptance cum Acknowledgement
Form of Withdrawal	Form of Withdrawal cum Acknowledgement
LOO or Letter of Offer	Offer Document
Manager to the Offer	Ashika Capital Limited, Hyderabad
NSDL	National Securities Depository Ltd.
Negotiated Price	Re. 0.37 (Thirty Seven Paise) & Re. 0.12 (Twelve Paise) per fully paid-up equity share of face value of Rs.10/- each
Offer	Cash Offer being made by the Acquirers to acquire upto 13,21,860 Fully paid up Equity Shares representing 20% of its Subscribed and Voting Capital of Quantum
Offer Price	Re. 1.00 per Equity Share
PA / Public Announcement	Announcement of the Offer made by Acquirers on January 27, 2005 & March 8, 2005
RBI	Reserve Bank of India
Registrar to the Offer / Registrar	Venture Capital And Corporate Investments Limited, Hyderabad
SEBI	Securities & Exchange Board of India
SEBI (SAST) Regulations or "The Regulations"	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and subsequent amendments thereof
Sellers	Mr. R. Vijay Kumar, Mrs. Namrata Malpani, Mr. Ajay Malpani, Mrs. Pooja Malpani, Mr. J. C. Laddha and Quantum IT Investments Inc., USA
Quantum / Target Company	Quantum Softech Limited

SPECIFIED DATE

Date for the purpose of determining the names of Shareholders, as appearing in the Register of Members of Quantum or the records of the Depositories, to whom the Letter of Offer should be sent, i.e. January 31, 2005.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "Rs." are to Indian Rupees. In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 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 EQUITY SHAREHOLDERS OF QUANTUM SOFTECH LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE COMPANY WHOSE SHARES AND 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 ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER ASHIKA CAPITAL LIMITED HAS SUBMITTED DUE DILIGENCE CERTIFICATE DATED FEBRUARY 08, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THIS 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.

3. DETAILS OF THE OFFER

3.1. BACKGROUND OF THE OFFER

- (a) This offer is being made in compliance with Regulation 10 & 12 of the SEBI (SAST) Regulations, 1997.
- (b) On January 24, 2005 the Acquirers has decided to acquire 16,19,429 fully paid-up Equity Shares of Rs.10/- each at a Price of Re. 0.37 per share and 19,50,800 fully paid-up Equity Shares of Rs.10/- each at a Price of Re. 0.12 per share aggregating to 54.02% of the Subscribed and Voting Capital of the Target Company through Share Purchase Agreements from existing Shareholders (Promoter Group). The proposed acquisition is through the following Agreements:

Name of the Sellers	No. of Shares	Negotiated Price (Rs.)	% of Target Company Subscribed & Voting Capital
Agreement I			
Mr. R. Vijay Kumar	6,55,800	0.37/- (Thirty Seven Paise)	9.92%
Mrs. Namrata Malpani*	2,32,000	0.37/- (Thirty Seven Paise)	3.51%
Mr. Ajay Malpani *	2,96,130	0.37/- (Thirty Seven Paise)	4.48%
Mrs. Pooja Malpani*	1,48,400	0.37/- (Thirty Seven Paise)	2.25%
Mr. J. C. Laddha*	2,87,099	0.37/- (Thirty Seven Paise)	4.34%
Sub Total (I)	16,19,429		24.50%
Agreement II			
Quantum IT Investments Inc., USA+	19,50,800	0.12/- (Twelve Paise)	29.52%
Sub Total (II)	19,50,800		29.52%
GRAND TOTAL (I+II)	35,70,229		54.02%

*Signed by Constituted Power of Attorney holder Mr. R. Vijay Kumar.

+ Signed by Mr. R. Vijay Kumar-General Power of Attorney holder.

The Agreement I is executed between Mr. R. Vijay Kumar and Mr. P. Kodanda Rambabu, whereas Agreement II is executed between Quantum IT Investments Inc., USA and Mr. P. Kodanda Rambabu & Mrs. Kodali Vijaya Rani.

- (c) Some of the main features of the Agreements are mentioned below:

- The Sellers have agreed to sell, transfer and assign the said 35,70,229 fully paid-up Equity Shares of Rs.10/- each of QUANTUM SOFTECH LIMITED to the Acquirers and the Acquirers had agreed to purchase the said shares from the Sellers [16,19,429 fully paid-up Equity Shares of Rs.10/- each at a Price of Re. 0.37 per share and 19,50,800 fully paid-up Equity Shares of Rs.10/- each at a Price of Re. 0.12 per share] for a total consideration amount of Rs. 8,33,285/- (Rupees Eight Lakhs Thirty Three Thousand Two Hundred and Eighty Five only).
- Out of the above 35,70,229 fully paid-up Equity Shares of Rs.10/- each of QUANTUM SOFTECH LIMITED, Mr. P. Kodanda Rambabu intend to acquire 19,70,229 Shares and Mrs. Kodali Vijaya Rani intend to acquire 16,00,000 Shares.
- The Acquirers had paid total amount of Rs. 7,33,285/- (Rupees Seven Lakhs Thirty Three Thousand Two Hundred and Eighty Five only) to the Sellers and the rest of the amount of Rs. 1,00,000/- would be paid to the Sellers within 15 days from the date of consent received from SEBI for Open Offer to the shareholders of the Company.
- The Sellers hereby indemnify the Acquirers for all the liabilities and litigation relating to the Target Company/Quantum up to 30.09.2004 and such liabilities arise out of the act of commission or omission of the Sellers or the Company prior to the completion of the Takeover as per SEBI (SAST) Regulations.
- The Sellers have absolute right and complete authority to enter into the present transaction and the Sellers are not in any way prevented.
- This Agreement is subject to the compliance of the provisions of the SEBI (SAST) Regulations and the Share Purchase Agreement shall not be acted upon by either of the parties in case of non-compliance of any provisions of the SEBI (SAST) Regulations.

- (d) The proposed change in control is consequent to the Agreement whose salient features are described in 3.1 (c) above.

- (e) The Acquirers, the Sellers and the Target Company have confirmed that they have not been prohibited by SEBI from dealing in securities, in terms of direction under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act.

- (f) The Acquirers does not hold any Equity Shares of Quantum as of the date of Public Announcement. The Acquirers has not acquired either directly or through any other person any Shares of Quantum during the 12 months preceding the date of Public Announcement.
- (g) Both the Acquirers are presently Directors of Target Company. After completion of all formalities relating to the acquisition and after complying with formalities required by the Regulations, the Board of Directors may be reconstituted to include nominee(s) of Acquirers.
- (h) Mr. P. Kodanda Rambabu & Mrs. Kodali Vijaya Rani, Acquirers are on the Board of Directors of Quantum and therefore they will not participate in any matters concerning the Offer.

3.2. DETAILS OF THE PROPOSED OFFER

- (a) The Acquirers made a Public Announcement of the Offer, which was published in all Editions of the **Financial Express** (English) on January 27, 2005 & January 28, 2005 and **Swatanthra Vaartha** (Hindi) and Hyderabad Edition of **Andhra Prabha** (Telugu) on January 27, 2005 in compliance with Regulation 15 (1) of "the Regulations". Corrigendum to the PA was also published in the said Newspapers on March 8, 2005.
- (b) The Acquirers propose to acquire 13,21,860 Fully Paid-up Equity Shares of Rs.10/- each from the existing equity shareholders at a price of Re. 1.00 per share of Quantum representing 20% of its Subscribed and Voting Capital payable in Cash.
- (c) The offer is not subject to any minimum level of acceptances. The Acquirers will acquire all Equity Shares of Quantum that are tendered in terms of this Offer up to a maximum of 13,21,860 Equity Shares.
- (d) The Acquirers has not acquired any shares after the date of the Public Announcement and up to the date of Letter of Offer.
- (e) The Public Announcement made on January 27, 2005 & Corrigendum to PA made on March 8, 2005 are available on website of SEBI at www.sebi.gov.in.

3.3. OBJECT OF THE OFFER

- (a) The Acquirers had entered into the Share Purchase Agreements with the objective of Substantial Acquisition of Shares and Voting Rights accompanied with change in Control and Management and is making the Open Offer pursuant to the Regulation 10 & 12 of the Regulations.
- (b) The Acquirers by virtue of their Managerial/Administrative experience intend to enter into Real Estate Development and Construction activities in large scale by taking management control of Quantum through acquisition of share of the Target Company.
- (c) Through this acquisition, the Acquirers intend to expand their business and also derive benefits of a Listed Company.
- (d) The Acquirers do not have any plans to sell, dispose of or otherwise encumber any significant assets of Quantum in the next two years, except in the ordinary course of business. The Acquirers will not dispose off, sell or otherwise encumber any substantial Assets of Quantum except with prior approval of the Shareholders.

4. BACKGROUND OF THE ACQUIRERS

4.1. INFORMATION ABOUT ACQUIRERS

1. Mr. P. Kodanda Rambabu

- (i) **Mr. P. Kodanda Rambabu**, S/o. Late P. Satyanarayana, aged about 48 years is a resident of Flat No. 107, Balaji Vihar Apartments, 8-3-167/D/196&197, Kalyan Nagar, Hyderabad-58. Tel. No.: 040-23812073. He completed Bachelor of Commerce from Andhra University in the year 1976. He also completed Post Graduate Diploma in Financial Management and Post Graduate Diploma in Management from IGNOU, New Delhi in the year 1998 and 1999 respectively. He has over two decades of experience in the areas of Finance, Accounts, Administration and Investments. Presently, he is occupied with the contracts of construction of independent houses in Hyderabad.
- (ii) His Networth as on 24.01.2005 is Rs. 26.15 Lakhs as certified by Mr. Ravi Rambabu (Membership No. 18541) vide certificate dated January 24, 2005, Partner of M/s. Rambabu & Co., Chartered Accountants, having Office at 6-3-1090/1/A, 31, Pancom Chambers, Rajbhavan Road, Hyderabad-500 082, Tel. No. 040-23311587.

2. Mrs. Kodali Vijaya Rani

- (i) **Mrs. Kodali Vijaya Rani**, D/o. Late K. Venkata Subbarao, aged about 54 years is a resident of VRS & VJ Residential School, Batchupally, Hyderabad-72, Tel. No. 040-23044668. She did her Master of Arts in the year 1973 and Bachelor of Education in the year 1974 from Andhra University and Master of Education in the year 1989 from Annamalai University. She has three decades of experience in the area of Educational Services. Presently, she is working in VRS & VJ Residential School as Principal.
- (ii) Her Net worth as on 24.01.2005 is Rs. 36.49 Lakhs as certified by Mr. Ravi Rambabu (Membership No. 18541) vide certificate dated January 24, 2005, Partner of M/s. Rambabu & Co., Chartered Accountants, having Office at 6-3-1090/1/A, 31, Pancom Chambers, Rajbhavan Road, Hyderabad-500 082, Tel. No. 040-23311587.

4.2. Presently, both Acquirers are Directors of the Target Company.

4.3. The Acquires has not promoted any companies.

4.4. Mr. P. Kodanda Rambabu is a Business Associate of Mrs. Kodali Vijaya Rani.

- 4.5. The Acquires do not hold any position on the Board of Directors of any other Listed company except Quantum.
- 4.6. The Acquirers have not entered into any formal agreement with respect to the acquisition through this Offer and acting together under an informal understanding.

5. OPTION IN TERMS OF REGULATION 21(3)

Pursuant to this Offer, the public shareholding in Quantum will not fall below the limit specified for the purpose of listing on continuous basis in terms of the Listing Agreement with the Stock Exchanges and hence, the provisions of Regulation 21(3) of the Regulations will not be applicable.

6. BACKGROUND OF THE TARGET COMPANY - QUANTUM SOFTECH LIMITED (Quantum)

6.1. Brief History and Main Areas of Operations:

- a) Quantum was originally incorporated on 3rd September 1998 under the Companies Act, 1956 in the name & style of “Quantum Mindware Limited” and the name was subsequently changed to “Quantum Softech Limited”. The new Certificate of Incorporation consequent to change of name was obtained from Registrar of Companies (ROC), Andhra Pradesh on 1st December 1999. The name of the Company was not changed since listing of Shares. The Registered Office of the Company is presently situated at 101, Vaibhav Apartments, 4-2-1069, Ramkote, Hyderabad-500 001.
- b) As on the date of Public Announcement, the Issued and Subscribed Share Capital of the Company is Rs. 6,60,93,000 (Rupees Six Crores Sixty Lakhs and Ninety Thousand only) comprising of 66,09,300 fully paid up Equity Shares of Rs. 10/- each. There are no partly Paid-up Equity Shares.
- c) Quantum is engaged in the business of Software Development. However the company could not survive in the recession period and has to scale down the operations. On 30.12.2004, the company altered its Object Clause of Memorandum of Association for undertaking the business in the field of Real Estate & Construction of Projects, Residential & Commercial Complexes, Multiplexes etc. with a view to increase the revenues of the Company.
- d) The Equity Shares of Quantum are listed on The Stock Exchanges of Hyderabad and Bangalore.
- e) The Company came out with its maiden Public Issue during April 2000 to finance Cost of Software Development Center at Hyderabad, to finance Working Capital Requirements, to Setup an Overseas Marketing Office at USA, etc.

6.2. Share Capital Structure of Quantum:

Paid-up Equity Shares	No. of Shares/Voting Rights	% Shares/Voting Rights
Fully Paid-up Equity shares	66,09,300/ 66,09,300	100%/ 100%
Partly Paid-up Equity shares	NIL	NIL
Total paid-up Equity shares	66,09,300/ 66,09,300	100%/ 100%

6.3. Current Capital Structure of the Company:

Date of Allotment	No and % of Shares issued		Cumulative Paid-Up Capital (Rs.)	Mode of Allotment	Identity of Allottees (Promoters/Ex-Promoters / Others)	Status of Compliance
	No.	%				
03.09.1998	700	0.01%	7000	Cash	Promoters (Subscribers to Memorandum)	Complied
10.02.2000	49,20,100	74.44%	4,92,08,000	Cash	Promoters, friends, Relatives and Associates	Return of Allotment filed with ROC on 08.03.2000
18.05.2000	16,88,500	25.55%	6,60,93,000	Cash	16,59,300 to Public & 29,200 to Promoters (Issued Through Prospectus)	Return of Allotment filed with ROC on 12.06.2000
TOTAL	66,09,300	100.00%				

6.4. There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date.

6.5. Quantum has confirmed that it has:

- a. Paid up to date Listing Fees to The Stock Exchanges of Hyderabad and Bangalore.

- b. The Company has complied with the Listing Agreement requirements of both Stock Exchanges and no punitive actions were taken against it by any of the Stock Exchanges.
- c. The Company has addressed all investor's complaints as and when received and there is no pending complaint as on date.

6.6. Present Composition of the Board of Directors of Quantum:

As on the date of Public Announcement i.e. January 27, 2005], the Directors representing the Board of Quantum were:

Sl. No.	Name & Designation	Address	Qualification	Experience	Date of Appointment
1.	Mr. R. Vijay Kumar, Managing Director	101, Vaibhav Apts, 4-2-1069, Ramkote, Hyderabad-500 001.	M. Sc. (Mechanical Engineering)	Over all 35 years in the areas of Information Technology, Manufacturing, Trading and Construction.	15.12.1999
2.	Mr. Kamal K. Kacholia, Director	101, Vedang Apts, Opp. ITI, Aundh, Pune.	B.E. and M.B.A.	Over all 28 years in the areas of Operations & Administration	03.12.1999
3.	Mr. Vinod Somani, Director	163, Tagore Park, Delhi-110 009.	C. A.	25 years as a practicing Chartered Accountant	18.05.2000
4.	Mr. P. Kodanda Rambabu, Director	Flat No. 107, Balaji Vihar Apartments, 8-3-167/D/196&197, Kalyan Nagar, Hyderabad-500 038.	B. Com., PGDM and PGDFM	Over all 28 years in the areas of Finance, Accounts, Administration & Investments	22.11.2004
5.	Mrs. Kodali Vijaya Rani, Director	VRS & VJ Residential School, Batchupally, Hyderabad-500 072.	M. A., B. Ed. and M. Ed.	30 years in Educational Services	22.11.2004

6.7. There was no trading of the shares of Quantum on January 27, 2005 i.e. the date of Public Announcement.

6.8. There has been no merger / de-merger or spin off involving Quantum since the Company's listing except sale of entire investments in subsidiary Quantum Softech Inc., USA.

6.9. Promoters/Sellers have complied with the applicable provisions of. However there is a delay of 572 Days for the year 2003 and 207 Days for the year 2004 in compliance with Regulation 8(3) by the Target Company. SEBI may initiate appropriate action against the Target Company under SEBI Act for non-compliance with regulation 8(3) of the SEBI (SAST) Regulations, 1997 for the said period.

6.10. Financial Information:

Brief Audited Financial details for the past 3 years and Un-audited Financial details for the period ended 31.09.2004 of Quantum are furnished as under:

PROFIT & LOSS STATEMENT

(Rs. in Lakhs)

For the Year ended	30.09.2004 (Un-Audited)	31.03.2004 (Audited)	31.03.2003 (Audited)	31.03.2002 (Audited)
Income:				
Sales	1.00	1.25	1.57	36.47
Other Income:				
Interest on deposit (Gross)	--	--	--	--
Dividend	--	--	--	--
Foreign Exchange Fluctuation (Gain)	--	--	--	--
	--	--	--	0.22
Total Income	1.00	1.25	1.57	36.69
Total Expenditure	2.19	172.81	185.39	134.27
Profit/(Loss) Before	(1.19)	(171.56)	(183.82)	(97.58)

Depreciation Interest and Tax				
Pre. Exp. Written off	--	3.96	3.96	3.96
Depreciation	--	0.14	15.33	47.74
Interest	--	1.37	7.94	9.24
Profit/ (Loss) Before Tax	(1.19)	(177.03)	(211.05)	(158.52)
Provision for Tax	--	--	--	--
Profit/ (Loss) After Tax	(1.19)	(177.03)	(211.05)	(158.52)

Note: The Loss during the year 2001-02 was mainly on account of Operational Expenses & Depreciation. However, the Loss in subsequent years i.e. 2002-03 & 2003-04 was mainly on account of Loss on sale of Fixed Assets.

BALANCE SHEET STATEMENT

(Rs. in Lakhs)

As on	30.09.2004	31.03.2004	31.03.2003	31.03.2002
(Un-Audited)	(Audited)	(Audited)	(Audited)	(Audited)
SOURCES OF FUNDS:				
Paid up Share Capital	660.93	660.93	660.93	660.93
Reserves and Surplus (excluding revaluation reserves)	(628.15)	(626.96)	(449.93)	(238.88)
Net worth	32.78	33.97	211.00	422.05
Secured Loans	0.10	0.10	42.66	51.05
Unsecured Loans	--	--	--	--
Total	32.88	34.07	253.66	473.10
APPLICATION OF FUNDS:				
Net Fixed Assets	1.55	1.55	221.90	351.96
Investments	--	--	--	93.82
Net Current Assets	7.56	8.76	4.03	(4.37)
Total Miscellaneous Expenditure not written off	23.77	23.77	27.73	31.69
Total	32.88	34.08	253.66	473.10

OTHER FINANCIAL DATA

For year ended	30.09.2004	31.03.2004	31.03.2003	31.03.2002
(Un-Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Dividend (%)	Nil	Nil	Nil	Nil
EPS (Rs.)	Nil	Nil	Nil	Nil
Return on Networth	Negative	Negative	Negative	Negative
Book Value per share (Rs.)	0.14	0.15	2.77	5.91

Note:

EPS = Profit after Tax /No. of equity shares

Return on Net Worth = Profit after Tax /Net Worth

Book Value per Share = Net Worth-Total Misc. Exp. Not Written Off / No. of equity shares

6.11. Pre and Post-Offer Shareholding Pattern of Quantum (Based on Subscribed and Voting Capital as on 31.01.2005)

Shareholders' Category	Shareholding & Voting Rights prior to the Agreement/ Acquisition and Offer		Shares / Voting Rights agreed to be Acquired which triggered off the Regulations		Shares/ Voting Rights to be Acquired in Open Offer (Assuming full acceptances)		Shareholding / Voting Rights after the Acquisition and Offer	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No.	%	No.	%
Promoter Group								
Parties to Agreement	31,34,730	47.43	(31,34,730)	(47.43)	Nil	Nil	Nil	
Promoters other than (a) above	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Total (a+b)	31,34,730	47.43	(31,34,730)	(47.43)	Nil	Nil	Nil	
Acquirers			19,70,229					
Mr. P. Kodanda Rambabu	Nil	Nil	16,00,000	29.81	4,21,860	6.38	23,92,089	36.59
Mrs. Kodali Vijaya Rani	Nil	Nil		24.21	9,00,000	13.62	25,00,000	38.81
Total (a+b)	Nil	Nil	35,70,229	54.02	13,21,860	20.00	48,92,089	75.40
Parties to Agreement other than (1) (a) & (2)	4,35,499	6.59	(4,35,499)	(6.59)	Nil	Nil	Nil	

Total	4,35,499	6.59	(4,35,499)	(6.59)	Nil	Nil	Nil	
Public								
Other than parties to Listing Agreement, Acquirers)								
FIs/MFs/FIIs/Banks, SFIs								
Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
	30,39,071	45.98	Nil	Nil	(13,21,860)	(20.00)	17,17,211	20.00
Total (a+b)	30,39,071	45.98	Nil	Nil	Nil	Nil	17,17,211	20.00
RAND TOTAL (1+2+3+4)	66,09,300	100.00	Nil	Nil	Nil	Nil	66,09,300	100.00

6.12. There are 3416 Equity Shareholders under Public category.

6.13. The Company is complying with the Clause 49 of the Listing Agreement on Corporate Governance and undertakes to comply with the amended Clause 49 on or before the 31st March 2005.

6.14. **Name and Contact details of the Compliance Officer:**

Mr. R. Vijay Kumar, Managing Director,

101, Vaibhav Apartments, 4-2-1069, Ramkote, Hyderabad-500 001.

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1. Justification of Offer Price:

- The shares of Quantum are listed on the Stock Exchanges of Hyderabad and Bangalore. The shares of the company are not traded on any Stock Exchanges under Permitted Category.
- The annualized trading turnover during the preceding 6 calendar months prior to the month in which the P.A. is made i.e. July 2004 to December 2004 (both Inclusive) at each Stock Exchange is as under: -

Name of Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month in which PA was made.	Total No. of listed Shares	Annualized Trading turnover (in terms of % to total listed shares)
Hyderabad Stock Exchange	2,700	66,09,300	0.041
Bangalore Stock Exchange	Nil	66,09,300	Nil

The shares of the company at Hyderabad Stock Exchange were last traded on 26.10.2004.

- As per explanation (i) to Regulation 20(5), the shares are deemed to be infrequently traded. Hence, in terms of Regulation 20(5) of the Regulations, the Offer Price is determined taking into account the following factors:

Sl. No.	Particulars		
a.	Negotiated Price under the Agreement	Re. 0.12 and Re. 0.37 per share	
b.	Highest Price paid by the Acquirers for any acquisitions, including by way of allotment in a public or rights issue during the 26 week period prior to the date of Public Announcement (excluding Negotiated Price)	NIL	
c.	Price Paid by the Acquirers under a Preferential allotment made at any time during the 12-months period upto the date of closure of the offer.	NIL	
d.	Other parameters	Based on Audited Accounts for the year-ended 31.03.04	Based on figures for the period ended 30.09.04 (un-audited)
	Return on Networth	Negative	Negative
	Book Value (per share)	Re. 0.15	Re.0. 14
	EPS (per share)	Nil	Nil
	Price Earning	-	-

4. The Offer Price of Re. 1.00 per Equity Share of Quantum is more than the price at which the Acquirers agreed to acquire 54.02% of the Paid-up Capital of the Quantum. Thus, in the opinion of the Manager to the Offer and Acquirers, the Offer Price of Re. 1.00 per share is justified.
5. If the Acquirers acquire Shares after the Original PA and upto seven working days prior to closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisitions shall be payable for all acceptances received under this Offer as per Regulation 20(4) of the SEBI (SAST) Regulations, 1997. Any revision in the Offer Price shall be notified by advertisement in the same newspapers in which the Public Announcement dated January 27, 2005 appeared.
6. There is no non-compete agreement.

7.2.Details of Firm Financial arrangements:

1. The total Financing Resources required to fulfill the Offer is Rs. 6,60,930/- (Assuming full acceptances) and the same is computed as follows:

Sl. No.	Particulars	Equity Share
1.	Total number of issued Shares	66,09,300
2.	Total number of shares Fully Paid-up [Rs. 10/- per share]	66,09,300
3.	Less: No of shares Fully Paid-up for which an agreement has been entered into by Acquirers	35,70,229
4.	Total number of Fully Paid-up shares available outside [other than parties to the "Agreement"s]	30,39,071
5.	Total shares that may be received and accepted in this Offer	13,21,860
6.	Consideration payable for Fully Paid-up shares @ Re. 1.00 per share	Rs. 13,21,860
7.	Maximum Total Consideration payable	Rs. 13,21,860

2. The Acquirers, in terms of Regulation 28 (2) has created an Escrow Account by way of deposit of cash in **UTI Bank Limited** and the details are given below.

1.	Name of the Bank	UTI Bank Limited
2.	Address	Jubilee Hills Branch, Hyderabad
3.	Amount	Rs. 3,40,000/-
4.	Account Number	030010200013679

3. The Manager to the Offer, Ashika Capital Limited has been empowered by the Acquirers to Operate the said Escrow Account solely and accordingly **UTI Bank Limited** has issued a Letter dated January 25, 2005 in favour of Manager to the Offer confirming the same.
4. In accordance with Regulation 22(11) of the Regulations, the Acquirers have made firm financial arrangements for fulfilling the obligations under the Public Offer.
5. The Acquirers have adequate financial resources and has made firm financial arrangements for the implementation of the Offer in full out of their own sources/Networth and borrowings from any Bank and/or Financial Institutions is envisaged. Mr. Ravi Rambabu (Membership No. 18541), Partner of M/s. Rambabu & Co., Chartered Accountant having Office at 6-3-1090/1/A, 31, Pancom Chambers, Rajbhavan Road, Hyderabad-500 082, Tel. No. 040-23311587 has certified vide letter dated January 24, 2005 that sufficient resources are available with the Acquirers for fulfilling the obligations under this "Offer" in full.
6. The Manager to the Offer, Ashika Capital Limited confirms that the firm arrangements for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

8. TERMS AND CONDITIONS OF THE OFFER

1. The Letter of Offer alongwith Form of Acceptance cum Acknowledgement will be mailed to the shareholders of Quantum [except the Acquirers and the Sellers], whose names appear on the Register of Members of Quantum and the beneficial owners whose name appear on the beneficial records of the respective Depositories, at the close of business on January 31, 2005 (the "Specified Date").
2. None of the shares of Quantum are under lock-in.
3. Shareholders who wish to tender their shares will be required to send the Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and Transfer Deed duly signed to the Registrar to the Offer-**Venture Capital and Corporate Investments Limited**, 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad-500004 or Manager to the Offer, either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by Registered Post so as to reach on or before the Closure of the Offer, i.e. April 5, 2005, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

4. The Registrar to the Offer has opened a Special Depository Account Stock Holding Corporation of India Limited (SHCIL), (Registered with NSDL), styled "VC ESCROW ACCOUNT QUANTUM SOFTECH OPEN OFFER". The DP ID is IN 301022 and Client ID is 21031624. Shareholders having their beneficiary account in CD have to use Inter depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Account.
5. Beneficial owners (holders of shares in Dematerialised Form) who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the special depository account, to the Registrar to the Offer either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by registered post, on or before the Closure of the Offer, i.e. April 5,2005, in accordance with the instructions to be specified in the Letter of Offer and the Form of Acceptance cum Acknowledgement.
6. All owners of shares, registered or unregistered (who own the shares at any time prior to the closure of the Offer) are eligible to participate in the Offer except Acquirers and the Sellers. Unregistered owners can send their application in writing to the Registrar to the Offer or Manager to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.
7. In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer or Manager to the Offer, on a plain paper stating the name, address, number of shares held, distinctive number, folio number and number of shares offered, along with documents as mentioned in paragraph 5 above, so as to reach the Registrar to the Offer or Manager to the Offer on or before the Closure of the Offer, i.e. April 5,2005 in case of beneficial owners, they may send the application in writing to the Registrar to the Offer or Manager to the Offer, on a plain paper stating the name, address, number of shares held, number of shares tendered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-Market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer or Manager to the Offer, on or before the Closure of the Offer, i.e. April 5,2005.
8. The Registrar to the Offer, will hold in trust the share certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form/s on behalf of the shareholders of Quantum who have accepted the Offer, till the cheques/ drafts for the consideration and/or the unaccepted shares/share certificates are despatched/returned.
9. Share certificates, transfer forms and other documents in respect of shares not accepted under the Offer, if any, will be returned by registered post at the first/sole risk of the shareholders or 'unregistered owners' sole risk. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.
10. The equity shares of the company are being traded in dematerialised mode only. In case the number of shares validly tendered in the Offer by the shareholders of Quantum are more than the shares to be acquired in this Offer [i.e. 13,21,860 Fully paid-up Equity shares], then the Acquirers will accept shares on a proportionate basis subject to a minimum of 100 Shares, or the entire holding if less than 100 shares from each shareholder accepting this Offer, as per the provisions of the Regulations. In case, the equity shares of Quantum are traded / surrendered in dematerialized mode, minimum marketable lot is one (1) equity share only. The rejected applications/ documents will be sent back by Registered Post.
11. Attention of the shareholders is invited to the fact that the Letter of Offer along with the form of Acceptance would also be available on the SEBI web site at www.sebi.gov.in and eligible persons may download the Form of Acceptance cum Acknowledgement from the website for participating in the offer.
12. The payment of acquisition of shares will be made by the Acquirers in Cash through a crossed Demand Draft/Pay Order and the same will be sent by Registered Post, to those shareholders/unregistered owners, whose shares/ share certificates and other documents are found in order and accepted by Acquirers in part or in full, within 15 days from the date of closure of the Offer i.e. April 20, 2005. The Acquirers undertake to pay interest pursuant to Regulation 22 (12) to the shareholders for the delay, if any, in payment of consideration.
13. The Acquirers will make the requisite application, if any, to the Reserve Bank of India ("RBI") to obtain permission under the Foreign Exchange Management Act, 1999 ("FEMA") and subsequent amendments thereto, for acquiring shares under the Offer.
14. To the best of the knowledge of the Acquirers, no other statutory approvals are required to acquire the shares that are tendered pursuant to the Offer.
15. In case of non-receipt of statutory approvals within time, SEBI has a power to grant extension of time to Acquirers for payment of consideration to the shareholders, who have accepted the Offer, subject to Acquirers agreeing to pay interest as directed by SEBI under Regulation 22(12) of the Regulations.
16. Accidental omission to despatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

The form of Acceptance along with Share Certificate (s) and other documents delivered as per the requirements mentioned above, shall become acceptance on your part, but will become a fully valid and binding contract between you and the Acquirers only upon the fulfillment of all the conditions mentioned herein.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

1. The Shareholder(s) of Quantum who qualify and who wish to avail of this Offer are free to offer their shareholding in full or in part. They should send their shares to the Registrars to the Offer as mentioned in the Form of Acceptance at the following address: -

Venture Capital and Corporate Investments Limited

6-2-913/914, 3rd Floor,

Progressive Towers,

Khairatabad, Hyderabad-500004.

Tel: 040-23322264, Fax: 040-23324803

Acceptances may be sent by Registered Post or by hand so as to reach the Registrars/Manager to the Offer on or before April 5,2005.

Shareholders may send their acceptances by hand accordingly:

Working Days	Timings	Mode of Delivery
Monday-Friday	10.00 a.m. to 1.00 p.m. and	Hand Delivery
	2.00p.m. to 4.00 p.m.	
Saturday	10.00 a.m. up to 2.00 p.m.	Hand Delivery

Delivery made by Registered Post would be received on all working days except Sunday & Public Holidays.

2. Shareholders are advised to ensure that the Form of Acceptance cum Acknowledgement and other relevant documents are complete in all respects; otherwise the same will be liable to be rejected. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The form of Acceptance cum Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.

3. For Equity Shares held in Physical Form: -

Registered Shareholders should enclose:

Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear in the share certificates.

Original Share Certificate(s)

Valid Share Transfer form(s) duly signed as Sellers by all the registered shareholders (in case of joint holdings) in the same order and as per specimen signature(s) registered with Quantum and duly witnessed at the appropriate place. A blank Share Transfer Form is enclosed along with this Letter of Offer.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested, if the signature(s) of the transferor(s) differs from the Specimen signature(s) recorded with Quantum or are not in the same order, such shares are liable to be rejected under the open offer even if the offer has been accepted by bonafide owner of such shares.

Unregistered Shareholders should enclose:

Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, or application on plain paper.

Original Share Certificate(s)

Original Broker Contract Note.

Valid Share Transfer form(s) as received from the market.

No indemnity is required from unregistered shareholders. **Unregistered shareholders should not sign the transfer deed.** The details of buyer should be left blank for which the same will be invalid under the Offer. The details of the Acquirers as the Acquirers upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

4. For Equity shares held in Demat form: -

The Registrar to the Offer, “**Venture Capital and Corporate Investments Limited**”, has opened a Special Depository Account with Stock Holding Corporation of India Limited (SHCIL) (Registered with NSDL), styled “VCCIL ESCROW ACCOUNT QUANTUM SOFTECH OPEN OFFER ”. The above said account details are as under: -

DP Name	Stock Holding Corporation of India Limited
DP ID	IN 301022
Beneficiary ID	21031624

Shareholders having their beneficiary account in CDSL have to use Inter depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Account.

Beneficial Owners should enclose:

Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the respective depository.

Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.

For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance. All beneficial owners maintaining account with CDSL are required to fill in additional inter depository slip, maintained with the DP while giving instructions to their respective DPs.

5. The shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent. Such documents may include but are not limited to:
- i. Duly attested death certificate and succession certificate (in case of single shareholders) if the original shareholder is deceased, in case succession certificate has not been obtained, the legal heir may approach the registrar.
 - ii. Duly attested power of attorney if any person apart from the shareholder has signed the application form and / or transfer deed(s).
 - iii. In case of Companies, the necessary corporate authorization (including Board Resolution) and specimen signatures of authorized signatories.
6. The share certificate(s), share transfer form(s) and the Form of Acceptance along with the relevant documents should be sent to the Registrar to the Offer/Manager to the Offer and not to the Acquirers or Quantum.
7. In case of non-receipt of the Letter of Offer, the eligible persons may send their consent, to the Registrar to the Offer or Manager to the Offer, on a plain paper stating the Name, Address, No. of equity shares held, No. of equity shares offered, Distinctive Nos., Folio No., along with documents as mentioned above, so as to reach the Registrar to the Offer or Manager to the Offer on or before the Closure of the Offer, i.e. April 5,2005 (Tuesday) or in case of beneficial owner, they may send the application in writing to the Registrar to the Offer or Manager to the Offer, on a plain paper stating the Name, Address, No. of equity shares held, No. of equity shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer or Manager to the Offer, on or before the Closure of the Offer, i.e. April 5,2005 (Tuesday).

The eligible persons can write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer or Manager to the Offer, on or before the Closure of the Offer i.e. April 5, 2005 (Tuesday).

Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer.

Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI’s website www.sebi.gov.in from the date of opening of the Offer. The eligible persons can download the Form of Acceptance cum Acknowledgement from the SEBI’s website and apply in the same.

8. The equity shareholders, who are desirous of withdrawing their acceptances tendered in the Offer, can do so upto three working days prior to the date of the Closure of the Offer i.e. on or before March 31, 2005 (Thursday). The withdrawal option can be exercised by submitting the ‘Form of Withdrawal’ (separately enclosed with Letter of Offer) to the Registrar to the Offer, Venture Capital and Corporate Investments Limited so as to reach them on or before March 31, 2005. In case of non-receipt of ‘Form of Withdrawal’, the withdrawal option can be exercised by making an application on plain paper along with the following details:
- a) In case of physical shares: Name, Address, distinctive numbers, folio nos., number of shares tendered/withdrawn, and
 - b) In case of dematerialised shares: Name, Address, number of shares tendered/withdrawn, DP name, DP ID, Beneficiary account number and a photocopy of the

delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP in favour of the Special Depository Account.

Shares [Physical /Dematerialized form] withdrawn by the shareholders would be returned by the Registered post.

The form of Withdrawal can also be downloaded from SEBI’s website www.sebi.gov.in or obtained from the Manager/ Registrar to the Offer.

9. Unaccepted Share Certificate(s), transfer forms and other documents, if any, will be returned by registered post at the shareholders’ / unregistered owners’ sole risk to the sole / first shareholder. Shares held in demat form to the extent not accepted will be credited back to the beneficial owners’ depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.
10. The Registrar to the Offer will hold in trust the Shares / Share Certificates, Shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of the Target Company who have accepted the Offer, till the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Offer, **Ashika Capital Limited**, D. No: 7-1-613/14A, Suite No. 6, 2nd Floor, Nestcon Lakshmisri, Ameerpet, Hyderabad-500 016, on any working day between 10.00a.m to 2.00p.m during the period the Offer is open i.e., from March 17, 2005 to April 5, 2005:

- i) Memorandum & Articles of Association of Quantum along with Certificate of Incorporation.
- ii) Chartered Accountant’s Certificate dated 24.01.2005 certifying the Net worth of the Acquirers.
- iii) Chartered Accountant’s Certificate dated 24.01.2005 certifying the adequacy of financial resources with Acquirers to fulfill the Open Offer obligations.
- iv) Audited Annual Reports of Quantum for the Financial Years ended 31.03.2000, 31.03.2001, 31.03.2002, 31.03.2003, 31.03.2004 and Un-audited Results for the period ended 30.09.2004.
- v) A Letter dated January 25, 2005 of UTI Bank Limited for the amount kept in the Escrow Account and empowering solely the Manager to the Offer to operate it.
- vi) Copy of Prospectus dated 22.03.2000 of Quantum.
- vii) Copy of the Share Purchase Agreement between Acquirers & Sellers dated January 24, 2005, which triggered off the Offer.
- viii) Published copies of the Public Announcement made on January 27, 2005 and Corrigendum to PA made on March 8, 2005.
- ix) Copy of confirmation regarding opening of Special Depository Account in the name and style of “VCCIL ESCROW ACCOUNT QUANTUM SOFTECH OPEN OFFER”.
- x) A copy of the Letter-dated March 2, 2005 bearing no. CFD/DCR/AK/TO/35111/2005 of SEBI in terms of Provisions of Regulation 18(2).
- xi) Other relevant documents such as;
 - a. Copy of the Memorandum of Understanding between the Acquirers & the Manager to the Offer dated January 25, 2005.
 - b. Copy of Letter of Appointment of Registrar to the Offer.
 - c. Copies of Power of Attorney in favour of Mr. R. Vijay Kumar for taking all such necessary steps as may be required in the process of Takeover.
 - d. Copy of undertakings from Target Company such as not entering into any material contracts without the prior approval of shareholders, making available a list of shareholders as on Specified date, etc.

10. DECLARATION BY THE ACQUIRERS

Mr. P. Kodanda Rambabu and **Mrs. Kodali Vijaya Rani** accept full responsibility jointly and severally for the information contained in the Public Announcement and the corrigendum to Public Announcement made in this regard, Letter of Offer and for ensuring compliance with the Takeover Regulations.

The Manager to the Offer hereby states that the persons signing this Letter of Offer are Acquirers.

Date: March 9, 2005.

Mr. P. Kodanda Rambabu

Mrs. Kodali Vijaya Rani

Attached: Form of Acceptance cum Acknowledgement and Withdrawal

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

Date:

From: -

To: -

Registrar to the Offer

VENTURE CAPITAL AND CORPORATE INVESTMENTS LIMITED

6-2-913/914, 3rd Floor,

Progressive Towers,

Khairatabad, Hyderabad-500004.

Tel: 040-23322264, Fax: 040-23324803

Dear Sir,

Sub: Open Offer for purchase of 13,21,860 Fully Paid-up Equity shares of Rs. 10/- each at a price of Re. 1.00 per share of Quantum representing 20.00% of Subscribed and Voting Capital by Mr. P. Kodanda Rambabu and Mrs. Kodali Vijaya Rani [Acquirers].

I/We, refer to the Letter of Offer dated March 9, 2005 for acquiring the Equity Share(s) held by me/us in QUANTUM SOFTECH LIMITED.

I/We, the undersigned have read the Letter of Offer and understood the contents including the terms and conditions as mentioned therein.

I/We, hereby irrevocably & unconditionally accept the offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my / our shares as detailed below:

FOR SHARES HELD IN PHYSICAL FORM:

Sl. No.	Regd. Folio Number	Share Certificate Number	Distinctive Numbers	Number of Shares
Total No. of Shares agreed to be sold				

(Please attach an additional sheet of paper and authenticate the same, if the above space is insufficient)

FOR SHARES HELD IN DEMAT FORM:

DP Name	DP ID	Client ID	No. of Shares	Name of Beneficiary

I/We have carried out an Off-market transaction for crediting the shares to the Special Depository account with Stock Holding Corporation of India Limited styled, (Registered with NSDL), " VCCIL ESCROW ACCOUNT QUANTUM SOFTECH OPEN OFFER", whose particulars are:

DP Name	Stock Holding Corporation of India Limited
DP ID	IN 301022
Beneficiary ID	21031624

Shareholders having their beneficiary account with CDSL have to use inter-depository slip for purpose of crediting their shares in favour of the special depository account.

Non resident shareholders should enclose No objection Certificate / Tax Clearance Certificate from the income tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirers before remitting the consideration otherwise tax will be deducted at the maximum marginal rate as may be applicable to the category of shareholder on the consideration payable by the Acquirers.

I/We confirm that the shares of **QUANTUM SOFTECH LIMITED** (Quantum) which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed /shares in the Special Depository Account will be held in trust for me/us by the Registrar to the Offer until the time the Acquirers makes payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

I/We authorise the Acquirers to accept the shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorise the Acquirers to return to me/us, share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorise the Acquirers or the Registrar to the Offer to send by registered post the Draft/Cheque, in settlement of the amount to the sole/first holder at the address mentioned below:

Yours faithfully,

Signed and delivered:

FULL NAME (S) OF THE HOLDERS	ADDRESS OF THE SOLE/FIRST HOLDER	SIGNATURE (S)
First/sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holding all must sign. A Company must affix the common seal and furnish its corporate authorizations.

Place: _____ Date: _____

So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly

Name of the Bank and Branch: _____

Account Number: (Savings/Current/(Others, please specify)) _____

_____ Tear Here _____

ACKNOWLEDGEMENT SLIP

Received from Mr./Ms/Mrs.: _____

Address: _____

Folio Number _____ DP ID _____ Client ID _____

Number of Share Certificates Enclosed _____

Certificate Numbers _____

Total Number of Shares Enclosed _____

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

the address mentioned above.

Stamp of

Registrar/ Manager to the Offer

Signature of the Official

Date of receipt

PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION

FORM OF WITHDRAWAL CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

You have an ‘OPTION TO WITHDRAW’ the acceptance tendered in response to the offer any time upto three working days prior to the date of closure of offer i.e. on or before Thursday, March 31, 2005. In case you wish to withdraw your acceptance please use this form.	OFFER SCHEDULE Offer Opens on : Thursday, March 17, 2005 Last Date of withdrawal : Thursday, March 31, 2005 Offer Closes on : Tuesday, April 5, 2005
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Please read the Instruction in Letter of Offer and overleaf before filling-in this Form of Withdrawal

FOR OFFICE USE ONLY

Withdrawal Number :

Number of Equity Shares offered :

Number of Equity Shares withdrawn :

From:

.....

.....

.....

Tel. No.:Fax No.:E-mail:.....

To: -

Registrar to the Offer

VENTURE CAPITAL AND CORPORATE INVESTMENTS LIMITED

6-2-913/914, 3rd Floor,

Progressive Towers,

Khairatabad, Hyderabad-500004.

Tel: 040-23322264, Fax: 040-23324803

Dear Sir,

Sub: Open Offer for purchase of 13,21,860 Fully Paid-up Equity shares of Rs. 10/- each at a price of Re. 1.00 per share of Quantum representing 20.00% of Subscribed and Voting Capital by Mr. P. Kodanda Rambabu and Mrs. Kodali Vijaya Rani [Acquirers].

I/We refer to the Letter of Offer dated March 9, 2005 for acquiring the equity shares held by me/us in QUANTUM SOFTECH LIMITED.

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We wish to withdraw our acceptance tendered in response to the said offer. We had deposited/sent our ‘Form of Acceptance’ to you on _____ alongwith original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

FOR SHARES HELD IN PHYSICAL FORM:

Sl. No.	Regd. Folio Number	Share Certificate Number	Distinctive Numbers	Number of Equity Shares
Total No. of Shares agreed to be sold				

(In case the space provided is inadequate, please attach a separate sheet with the details)

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share Certificate(s) and valid share transfer deed will be held in trust for me/us by you and authorize you not to remit the consideration as mentioned in the Letter of Offer.

SHARES HELD IN DEMATERLISED FORM

DP Name	DP ID	Client ID	No. Of shares Offered	Name of Beneficiary

I/We have carried out an off market transaction for crediting the shares to the Special Depository account with Stock Holding Corporation of India Limited (SHCIL), (Registered with NSDL) styled " VCCIL ESCROW ACCOUNT QUANTUM SOFTECH OPEN OFFER", whose particulars are:

DP Name	Stock Holding Corporation of India Limited
DP ID	IN 301022
Beneficiary ID	21031624

Shareholders having their beneficiary account with CDSL have to use inter-depository slip for purpose of crediting their shares in favour of the special depository account.

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised Shares, I/We confirm that the DP as per the records maintained at their end has verified the signatures of the beneficiary holders and they have also duly attested the same under their seal.

Yours faithfully,

Signed and Delivered:

FULL NAME (S) OF THE HOLDERS	ADDRESS OF THE SOLE/FIRST HOLDER	SIGNATURE (S)
First/sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holding all must sign. A Company must affix the common seal and furnish its corporate authorizations.

Place:_____

Date:_____

INSTRUCTIONS

1. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer above as per the mode of delivery indicated therein on or before 17.00 hours upto the last date of withdrawal i.e. March 31, 2005, Thursday.

2. Shareholders should enclose the following:-

a. For Equity Shares held in demat form:

Beneficial owners should enclose

Duly signed and completed Form of Withdrawal.

Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.

Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

b. For Equity Shares held in physical form:

Registered Shareholders should enclose:

Duly signed and completed Form of Withdrawal.

Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.

In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.

Unregistered owners should enclose:

Duly signed and completed Form of Withdrawal.

Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip

The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.

The Form of Withdrawal alongwith enclosure should be sent only to the Registrar to the Offer.

In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Quantum. The facility of partial withdrawal is available only on to Registered shareholders.

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

-----TEAR HERE-----

ACKNOWLEDGEMENT SLIP

Folio No.\DP ID Client ID:

VENTURE CAPITAL AND CORPORATE INVESTMENTS LIMITED

6-2-913/914, 3rd Floor,

Progressive Towers,

Khairatabad, Hyderabad-500004.

Tel: 040-23322264, Fax: 040-23324803

So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly

Name of the Bank and Branch: _____

Account Number: (Savings/Current/(Others, please specify)) _____

-----Tear Here-----

ACKNOWLEDGEMENT SLIP

Received from Mr./Ms/Mrs.: _____

Address: _____

Folio Number _____ DP ID _____ Client ID _____

Number of Shares tendered _____

Number of Shares with drawn _____

Stamp of

Signature of the Official

Registrar to the Offer

Date of receipt