

**DRAFT LETTER OF OFFER**  
**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

*This Draft Letter of Offer (“Draft Letter of Offer”) is sent to you as a Public Shareholder (as defined below) of California Software Company Limited. 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 (as defined below) / Registrar to the Offer (as defined below). In case you have recently sold your Equity Shares (as defined below), please hand over this Draft Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement and transfer deed to the purchaser of the Equity Shares or the member of the stock exchange through whom the said sale was effected.*

**MAHALINGAM VASUDEVAN (“ACQUIRER”)**

**Address:** PO No. 119675, 3205, Executive Towers, Tower – B, Business Bay, Dubai, United Arab Emirates  
**(Tel. No.:** +971 52 166 7280 **Fax No.:** Not Available)

**MAKES A CASH OFFER OF RS.8.00/- (RUPEES EIGHT ONLY) PER FULLY PAID-UP EQUITY SHARE (AS DEFINED BELOW) HAVING FACE VALUE OF RS.10/- (RUPEES TEN ONLY) EACH, TO ACQUIRE UPTO 32,14,902 (THIRTY TWO LAKHS FOURTEEN THOUSAND NINE HUNDRED TWO) EQUITY SHARES REPRESENTING 26.00% (TWENTY SIX PERCENT) OF THE EQUITY SHARE CAPITAL (AS DEFINED BELOW), UNDER THE SEBI (SAST) REGULATIONS, 2011 (AS DEFINED BELOW) TO THE PUBLIC SHAREHOLDERS OF**

**CALIFORNIA SOFTWARE COMPANY LIMITED**

A public limited company incorporated under the Companies Act, 1956

**Registered Office:** #149, Robert V Chandran Tower, Seventh floor, Tambaram Velacherry Main Road, Pallikaranai, Chennai – 600 100, Tamil Nadu, India **(Tel. No.:** +91 44 4282 9000-5 **Fax No.:** +91 44 4282 9012)



**CIN:** L72300TN1992PLC022135

(hereinafter referred to as the “**Target Company**”)

**Please Note:**

1. This Offer is made pursuant to and in compliance with the provisions of Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011.
2. This Offer is not a conditional offer in terms of Regulation 19 of the SEBI (SAST) Regulations, 2011 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, 2011.
4. **There has been no competing offer as on the date of this Draft Letter of Offer.**
5. The Offer is subject to the compliance of the terms and conditions as set out under the Share Purchase Agreement. To the best of the knowledge of the Acquirer, there are no statutory approvals required for the purpose of this Offer. If any statutory approvals become applicable prior to the completion of the Offer, the Offer would also be subject to such statutory approvals. Non-resident Indians (**NRI**), overseas corporate body (**OCB**) holders and other non-resident holders of the Equity Shares (including foreign portfolio investors (**FPI**)), must obtain all approvals required to tender the Equity Shares held by them in this Offer (including without limitation the approval from the Reserve Bank of India (**RBI**) and submit such approvals along with the Form of Acceptance-cum-Acknowledgment and other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer reserve the right to reject such Equity Shares tendered in this Offer.
6. In the event that the number of Equity Shares validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Public Shareholders on a proportionate basis in consultation with the Manager to the Offer, 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 Public Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot.
7. The Offer Price may be subject to revision pursuant to the SEBI (SAST) Regulations, 2011 or at the discretion of the Acquirer at any time prior to the commencement of the last three Working Days before the commencement of the Tendering Period in accordance with regulation 18(4) of the SEBI (SAST) Regulations, 2011. Where the Acquirer has acquired any Equity Shares during the offer period at a price higher than the Offer Price, the Offer Price shall stand revised to the highest price paid for such acquisition in accordance with regulation 8(8) of the SEBI (SAST) Regulations, 2011. However, the Acquirer shall not acquire any Equity Shares during the period commencing three Working Days prior to the commencement of the Tendering Period and ending on the expiry of the Tendering Period. In the event of such revision, the Acquirer shall (i) make corresponding increases to the Open Offer Escrow Amount; (ii) make a public announcement in the same newspapers in which the Detailed Public Statement was published; and (iii) simultaneously with the issue of such announcement, inform SEBI, the Stock Exchanges and the Target Company at its registered office of such revision. Such revised Offer Price would be payable for all the Equity Shares validly tendered during the Tendering Period of the Offer.

8. A copy of the Public Announcement, the Detailed Public Statement and the Draft Letter of Offer is also available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).

<b>MANAGER TO THE OFFER</b>	<b>REGISTRAR TO THE OFFER</b>
 <p><b>INVENTURE</b> MERCHANT BANKER SERVICES PVT. LTD. Enhancing Fortunes. Enriching Lives.</p>	 <p><b>Integrated</b> since 1974 Investments Simplified</p>
<p><b>Inventure Merchant Banker Services Private Limited</b> 2<sup>nd</sup> Floor, Viraj Tower, Nr. Andheri Flyover (North End) Western Express Highway, Andheri (East), Mumbai – 400 069 <b>Tel No:</b> +91 22 3954 8500; <b>Fax No:</b> +91 22 3954 8511; <b>Email:</b> arvind.gala@inventurmerchantbanker.com <b>Website:</b> www.inventuremerchantbanker.com <b>SEBI Registration No:</b> INM000012003 <b>Contact Person:</b> Arvind Gala</p>	<p><b>Integrated Registry Management Services Private Limited</b> 2<sup>nd</sup> Floor, Kences Towers No.1, N.A Ramakrishna Street., North Usman Road, T Nagar, Chennai – 600 017, Tamil Nadu. <b>Tel No :</b> +91 44 2814 0801 / 02 / 03; <b>Fax:</b> +91 44 2814 2479 <b>E mail:</b> yuvraj@integratedindia.in <b>Website:</b> <a href="http://www.integratedindia.in">www.integratedindia.in</a> <b>SEBI Registration No:</b> INR000000544 <b>Contact Person:</b> S. Yuvaraj</p>

The Schedule of activities under the Offer is as follows:

<b>ACTIVITY</b>	<b>DAY AND DATE</b>
Public Announcement (PA)	Wednesday, August 23, 2017
Publication of DPS in the newspapers	Tuesday, August 29, 2017
Filing of the draft letter of offer with SEBI	Friday, September 1, 2017
Last date for a competitive bid	Monday, September 18, 2017
Last date for SEBI observations on draft letter of offer (in the event SEBI has not sought clarifications or additional information from the Manager to the Offer)	Thursday, September 21, 2017
Identified Date*	Monday, September 25, 2017
Date by which the Letter of Offer is to be dispatched to the Public Shareholders whose name appears on the register of members on the Identified Date	Tuesday, October 3, 2017
Last date for revising the Offer price/ number of shares	Wednesday, October 4, 2017
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	Thursday, October 5, 2017
Date of publication of Offer Opening Public Announcement in the newspapers in which the Detailed Public Statement has been published (with a simultaneous intimation to SEBI, NSE, BSE and the Target Company)	Saturday, October 7, 2017
Date of commencement of Tendering Period (“Offer Opening Date”)	Monday, October 9, 2017
Date of Expiry of Tendering Period (“Offer Closing Date”)	Monday, October 23, 2017
Last date for publication of post-Offer public announcement in the newspapers in which the Detailed Public Statement has been published	Monday, October 30, 2017
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	Monday, November 6, 2017

*\*\* Identified Date is only for the purpose of determining the names of the Shareholders of the Target Company as on such date to whom the Letter of Offer would be sent. It is clarified that all the shareholders holding Equity Shares of the Target Company (registered or unregistered) (except the parties to the Share Purchase Agreement and Promoters) are eligible to participate in this Offer any time before the closure of this Offer.*

**Note: Duly signed Form of Acceptance-cum-Acknowledgment/transfer deed(s) together with share certificate(s) (in case of physical Equity Shares) or copies of delivery instruction slips (in case of dematerialized Equity Shares) should be dispatched by registered post/courier or hand delivered to the Registrar to the Offer or its collection centres so as to reach not later than 17:00 hours on or before Closure of the Tendering Period (Monday, October 23, 2017).**

## **RISK FACTORS**

**The risk factors set forth below pertain to the underlying transaction, this Offer and association with the Acquirer and are not in relation to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by any Public Shareholder in this Offer, but are merely indicative. Equity Shareholders are advised to consult their stockbrokers, investment consultants and/or tax advisors, for analysing and understanding all the risks with respect to their participation in this Offer.**

**For capitalized terms used herein please refer to the definitions set out below.**

### **Risk factors relating to the Offer**

1. In accordance with the Share Purchase Agreement, the transaction under the Share Purchase Agreement shall be completed upon the fulfilment of conditions precedent agreed between the Acquirer and the Sellers in the Share Purchase Agreement. In the event of delay in receipt of such 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), in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, 2011, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer to diligently pursue such approval, and subject to such terms and conditions as may be specified by SEBI, including payment of interest in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, 2011, grant an extension of time to the Acquirer to make the payment of the consideration to the Equity Shareholders whose Equity Shares have been accepted in the Offer. Where any statutory approval or exemption extends to some but not all of the Equity Shareholders, the Acquirer shall have the option to make payment to such Equity Shareholders in respect of whom no statutory approvals or exemptions are required in order to complete this Offer. The Acquirer reserves the right to withdraw the Offer in accordance with Regulation 23(1)(a) of the SEBI (SAST) Regulations, 2011 in the event the requisite statutory approvals that may be necessary at a later date are refused.
2. This Open Offer is an offer to acquire up to 32,14,902 (Thirty-two Lakhs Fourteen Thousand Nine Hundred Two) fully paid-up equity shares representing 26% of the total paid-up equity share capital of Target Company from the Eligible Shareholders. In case of Equity Shares tendered in the Open Offer by the Eligible Shareholders are more than the Offer Size, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the Eligible Shareholders in the Open Offer will be accepted.
3. In the event that either: (a) regulatory or statutory approvals are not received in time, (b) there is any litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirer from performing his obligations hereunder, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are accepted under the Offer as well as the return of Equity Shares not accepted under the Offer by the Acquirer may get delayed. In case the delay is due to non-receipt of statutory approval(s), then in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, 2011, 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 for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the validly tendering Shareholders.
4. The acquisition of Shares tendered by NRIs and OCBs are subject to approval/exemption, if applicable, from the RBI. NRI and OCB holders of Equity Shares, if any, must obtain all requisite approvals required to tender the Shares held by them pursuant to this Offer (including without limitation, the approval from the RBI or FIPB) and submit such approvals, along with other documents required in terms of the Draft Letter of Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs, QFIs and FIIs) had required any approvals (including from the RBI or FIPB) in respect of the Shares held by them, they will be required to submit the previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered in this Offer.
5. The Equity Shares tendered in the Offer and documents will be held in the special account of the Clearing Corporation till the process of acceptance of tenders and the payment of consideration is completed. The

Shareholders will not be able to trade in such Equity Shares during such period. During such period, there may be fluctuations in the market price of the Equity Shares. The Acquirer makes no assurance with respect to the market price of the Equity Shares both during the period that the Offer is open and upon completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

6. The Acquirer and the Manager to the Offer accept no responsibility for the statements made otherwise than in this Draft Letter of Offer / Detailed Public Statement / Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer, or the Manager to the Offer) would be doing so at his/her/their own risk.
7. Shareholders should note that the Shareholders who tender the Equity Shares in acceptance of the Offer shall not be entitled to withdraw such acceptances during the tendering period even if the acceptance of the Equity Shares in this Offer and dispatch of consideration are delayed.
8. This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this Draft Letter of Offer resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy, in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.
9. The Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.
10. This Offer is subject to completion risks as would be applicable to similar transactions.

#### **Risks relating to Acquirer and the Target Company**

1. The Acquirer makes no assurance with respect to the financial performance of the Target Company and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
2. The Acquirer makes no assurance with respect to its investment/disinvestment decisions relating to its proposed shareholding in the Target Company.
3. The Acquirer cannot provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and the Acquirer expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
4. Post this Offer, (assuming full acceptance) the Acquirer will have significant control over the Target Company pursuant to Regulation 3(1) and 4 of SEBI (SAST) Regulations.

#### **NO OFFER / SOLICITATION / REGISTRATION IN OTHER JURISDICTIONS**

##### *General*

This Draft Letter of Offer together with the DPS and the Public Announcement in connection with the Offer, has been prepared for the purposes of compliance with the applicable laws and regulations of India, including the SEBI Act and the SEBI (SAST) Regulations, 2011, as amended, and has not been registered or approved under any laws or regulations of any country outside of India. The disclosures in this Draft Letter of Offer and the Offer particulars including but not limited to the Offer Price, Offer Size and procedures for acceptance and settlement of the Offer is governed by SEBI (SAST) Regulations, 2011, as amended, and other applicable laws, rules and regulations of India, the provisions of which may be different from those of any jurisdiction other than India. Accordingly, the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and

regulations of any jurisdiction outside of India. The information contained in this Draft Letter of Offer is as of date of this Draft Letter of Offer. The Acquirer and the Manager to the Offer are under no obligation to update the information contained herein at any time after the date of this Draft Letter of Offer.

No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. The Letter of Offer shall be dispatched to all public shareholders whose name appears on the register of members of the Target Company, at their stated address, as of the Identified Date, subject to Regulation 18(2) of the SEBI (SAST) Regulations, 2011 viz. provided that where local laws or regulations of any jurisdiction outside India may expose the Acquirer or the Target Company to material risk of civil, regulatory or criminal liabilities in the event the Letter of Offer in its final form were to be sent without material amendments or modifications into such jurisdiction, and the shareholders resident in such jurisdiction hold Equity Shares entitling them to less than five per cent of the voting rights of the Target Company, the Acquirer may refrain from dispatch of the Letter of Offer into such jurisdiction: provided further that, subject to applicable law, every person holding Equity Shares, regardless of whether he, she or it held Equity Shares on the Identified Date or has not received the Letter of Offer, shall be entitled to tender such Equity Shares in acceptance of the Offer. Further, receipt of Draft Letter of Offer by any public shareholder in a jurisdiction in which it would be illegal to make this Offer, or where making this offer would require any action to be taken (including, but not restricted to, registration of the Letter of Offer under any local securities laws), shall not be treated by such public shareholder as an offer being made to them and shall be construed by them as being sent for information purposes only.

Persons in possession of this Draft Letter of Offer are required to inform themselves of any relevant restrictions in their respective jurisdictions. Any public shareholder who tenders his, her or its Equity Shares in this Offer shall be deemed to have declared, represented, warranted and agreed that he, she or it is authorised under the provisions of any applicable local laws, rules, regulations and statutes to participate in this Offer.

#### **CURRENCY OF PRESENTATION:**

In this Draft Letter of Offer, all references to “₹”/“INR” are to Indian Rupee(s), the official currency of India. 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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### 1. KEY DEFINITIONS

Term	Definition / Abbreviation
Acquirer	Mahalingam Vasudevan
Act	The Companies Act, 2013 as amended or modified from time to time or The Companies Act, 1956 to the extent applicable.
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.
Board of Directors	The Board of Directors of the Target Company
Book Value per share	Net worth / Number of outstanding equity shares
BSE	BSE Limited
Buying Broker	In our case being, Inventure Growth and Securities Limited
California Software Company Limited / Calsoft / Target Company	California Software Company Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at #149, Robert V Chandran Tower, Seventh floor, Tambaram Velacherry Main Road, Pallikaranai, Chennai – 600 100, Tamil Nadu, India
CDSL	Central Depository Services (India) Limited
Chartered Accountant	A chartered accountant within the meaning of The Chartered Accountants Act, 1949
CIN	Corporate Identity Number
Clearing Corporation	Clearing Corporation of Stock Exchanges
Date of closure of Offer	October 23, 2017
Date of opening of Offer	October 9, 2017
Detailed Public Statement / DPS	Detailed Public Statement dated August 29, 2017 made by the Manager to the Offer on behalf of the Acquirer to the shareholders of the Target Company, in relation to the Offer and published in the newspapers on August 29, 2017 in accordance with Regulation 3(1) and 4 read with Regulations 13(4), 14 and 15(2) and other applicable regulations of the SEBI (SAST) Regulations, 2011
DIN	Directors identification number
DP	Depository participant
Draft Letter of Offer / DLOO / DLoF / Draft LoF	This Draft Letter of Offer dated September 1, 2017, filed with SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations, 2011
EPS	Earnings per Equity Share derived by dividing the Profit after Tax less Preference Dividend by Number of issued, subscribed and fully paid-up Equity Shares.
Equity and Voting Share Capital	1,23,65,006 equity shares of Rs.10.00 each
Equity Share(s)	The fully paid up equity share(s) of the Target Company having a face value of Rs.10.00 per equity share.
Equity Shareholder(s)	All holders of Equity Shares, including beneficial owners of the Equity Shares.
Escrow Account	Escrow Account bearing no. 000405115378 with the Escrow Bank bearing the name

	and title of “CALSOFT OPEN OFFER - ESCROW ACCOUNT”.
Escrow Agreement	The Escrow Agreement dated August 23, 2017 entered into among the Acquirer, the Manager to the Offer and the Escrow Bank.
Escrow Amount	The amount deposited by the Acquirer in one or more escrow account(s), having lien marked with an irrevocable right to encash the proceeds in favour of the Manager to the Offer, in compliance with Regulation 17 of the SEBI (SAST) Regulations.
Escrow Bank	ICICI Bank Limited acting through its office at 1st Floor, 122, Mistry Bhavan, Dinshaw Wachha Road, Backbay Reclamation, Churchgate, Mumbai – 400 020
FII(s)	Foreign Institutional Investors as defined under SEBI FPI Regulations
FIPB	Foreign Investment Promotion Board
Foreign Portfolio Investor or FPIs	A foreign portfolio investor, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
Form of Acceptance-cum-Acknowledgement	The form of Acceptance-cum-Acknowledgement, which will be a part of the Letter of Offer.
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
Identified Date	September 25, 2017 i.e., the date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Public Shareholders to whom the Letter of Offer shall be sent
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961, and subsequent amendments thereof
ISIN	International Securities Identification Number
Manager to the Offer	In our case being, Inventure Merchant Banker Services Private Limited
Maximum Open Offer Consideration	Rs.2,57,19,216 (Rupees Two Crores Fifty-seven Lakhs Nineteen Thousand Two Hundred Sixteen only) being the total consideration payable to the Public Shareholders by the Acquirer pursuant to the Open Offer.
Negotiated Price	The total consideration payable by the Acquirer, for the acquisition of 63,06,152 (Sixty-three Lakhs Six Thousand One Hundred Fifty-two) fully paid-up equity shares of Rs.10.00 (Rupee Ten only) each of the Target Company (the Sale Shares), shall be the sum of Rs.100/- (Rupees One Hundred only), which shall be apportioned equally between each of the Sale Shares. Such apportioned price will be the negotiated price i.e. Re. 0.01586 for each 1,000 Sale Shares.
Net worth	Net Worth means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
NRI	Non-resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2000, and subsequent amendments thereof
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas corporate body, as defined under Foreign Exchange Management (Deposit) Regulations, 2000, and subsequent amendments thereof
Offer / Open Offer	This offer, which is being made by the Acquirer to the shareholders, for acquiring up to 32,14,902 (Thirty-two Lakhs Fourteen Thousand Nine Hundred Two) equity shares of Rs.10.00 (Rupees Ten only) each, representing 26% (Twenty-six per cent) of total share capital of the Target Company.
Offer Consideration	Rs.2,57,19,216 (Rupees Two Crores Fifty-seven Lakhs Nineteen Thousand Two Hundred Sixteen only) i.e. consideration payable for acquisition of 32,14,902 (Thirty Two Lakhs Fourteen Thousand Nine Hundred two) Equity Shares of the Target Company at an Offer Price of Rs.8.00 (Rupees Eight only) per Equity Share
Offer Price	Rs.8.00 (Rupees Eight only) per equity share of the Target Company payable in cash as determined under regulation 8 of the SEBI (SAST) Regulation, 2011
Offer Size	Up to 32,14,902 (Thirty-two Lakhs Fourteen Thousand Nine Hundred Two) equity shares of Rs.10.00 (Rupees ten) each, representing 26% (Twenty-six per cent) of total share capital of the Target Company
PAN	Permanent account number
Person acting in Concert / PAC	There are no person acting in concert with the Acquirer for this Offer
PIO	Person of Indian Origin

Public Announcement / PA	Public Announcement of the Offer issued by the Manager to the Offer, on behalf of the Acquirers on August 23, 2017 in accordance with the SEBI (SAST) Regulations.
QFI	Qualified Foreign Investors
RBI	Reserve Bank of India
Registrar/Registrar to the Offer/RTA	In our case being, Integrated Registry Management Services Private Limited
Sale Shares	63,06,152 (Sixty-three Lakhs Six Thousand One Hundred Fifty-two) fully paid up Equity Shares of the Target Company, constituting 51% of the total paid-up equity share capital of the Target Company, presently held by the Seller and proposed to be sold to the Acquirer, for the aggregate consideration of Rs.100.00 (Rupees One Hundred only) payable in cash in terms of the Share Purchase Agreement.
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act,1992
SEBI(LODR) Regulations, 2015/ LODR	Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and subsequent amendments thereof.
SEBI (SAST) Regulations/ SEBI (SAST) Regulations, 2011	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof.
SEBI (SAST) Regulations, 1997	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997
SCRR	Securities Contract (Regulation) Rules, 1957 (as amended)
Seller / Promoter	Kemoil Limited
Selling Broker	Shall have the meaning ascribed to it in section 9 of this Draft Letter of Offer
SPA / Share Purchase Agreement	Share Purchase Agreement dated August 23, 2017 entered into between the Acquirer and the Seller
Tendering Period	Period within which Shareholders of Target Company may tender their Equity Shares in acceptance of the Offer i.e., the period commencing from October 9, 2017 to October 23, 2017 (both days inclusive)
Working Day	Working days of SEBI as defined in the SEBI (SAST) Regulations, 2011 in Mumbai

*Note: All capitalized terms used in this Draft LoF and not specifically defined herein, shall have the meanings ascribed to them in the SEBI (SAST) Regulations.*

## 2. DISCLAIMER CLAUSE

**“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS 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. THIS 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 CALIFORNIA SOFTWARE COMPANY LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY WHOSE EQUITY SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, INVENTURE MERCHANT BANKER SERVICES HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 1, 2017 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER 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

3.1.1. The Offer is being made by the Acquirer to the Public Shareholders of the Target Company in Compliance with Regulation 3(1) and 4 of the SEBI (SAST) Regulations, 2011 and pursuant to the agreement for substantial acquisition of Equity Shares, voting rights and change in control and management of the Target Company in terms of the SPA dated August 23, 2017

3.1.2. The Offer to the Public Shareholders of the Target Company (other than the parties to the SPA) is to acquire up to 32,14,902 (Thirty-two Lakhs Fourteen Thousand Nine Hundred Two) Equity Shares representing 26% (Twenty-six per cent) of the total paid up share capital of the Target Company at a price of Rs.8.00 (Rupees Eight only) per Equity Share.

3.1.3. The Acquirer has entered into Share Purchase Agreement on August 23, 2017 with Kemoil Limited (referred to as the "Seller") who is the current Promoter of the Target Company, with the objective of taking complete management control of the Target Company along with acquisition of the entire present shareholding of the Seller in the Target Company i.e. 63,06,152 ( Sixty-three Lakhs Six Thousand One Hundred Fifty-two) fully paid-up Equity Shares of the Target Company ("Sale Shares"), representing 51% of the total paid-up equity share capital of the Target Company, presently held by the Seller, at an aggregate consideration of Rs.100/- (Rupees Hundred only).

3.1.4. The details of the Seller and Sale Shares being sold under SPA are as under:

Name and address of the Selling Shareholder	Part of Promoter Group (yes/ no)	Details of equity shares / voting rights held by the Selling Shareholders			
		Pre transaction		Post transaction	
		Number of equity shares	% vis-a-vis voting Share capital	Number of equity shares	% vis-a-vis voting share capital
Kemoil Limited, Address: 31/F, 148 Electric Road, North Point, Hong Kong.	Yes	63,06,152	51.00	Nil	Nil

3.1.5. The details of the present and proposed shareholding of the Acquirer in the Target Company are as under:

Pre and Post Offer Shareholding	Number of Sale Shares	% vis-a-vis voting share capital
Shareholding as on the PA date	Nil	Nil
Equity Shares acquired between the PA date and the date of this Draft Letter of Offer	Nil	Nil
Post Offer shareholding	95,21,054*	77.00*

\*Assuming full acceptance of Sale Shares

3.1.6. The salient features of the SPA are detailed below:

3.1.6.1 The Seller has agreed to sell and the Acquirer has agreed to purchase a majority shareholding in the Target Company of 63,06,152 (Sixty-Three Lakhs, Six Thousand, One Hundred and Fifty-Two) fully paid-up equity shares of Rs.10/- (Rupees Ten only) each of the Target Company constituting 51.00% of the Equity Shares ("Sale Shares"), subject to the compliance by the Acquirer with the SEBI (SAST) Regulations, 2011 and on the terms and subject to the conditions set out in Share Purchase Agreement;

3.1.6.2 The Seller has represented to the Acquirer, inter alia, that (a) the Seller is a company duly incorporated and validly existing under the laws of Hong Kong; (b) the Seller is the legal and beneficial owner of all of the Sale Shares; (c) the Sale Shares are fully paid-up; (d) the Sale Shares are free from all Encumbrances and there is no agreement or commitment to give or create any Encumbrance over or affecting the Sale Shares and no claim has been made by any person to be entitled to any such Encumbrance; (e) the Seller has full power and authority to enter into and perform the actions required

under the Share Purchase Agreement and other documents as relevant;

- 3.1.6.3 The Share Purchase Agreement is subject to the compliances of provisions of SEBI (SAST) Regulations and in case of non-compliances with the provisions of SEBI (SAST) Regulations, the Share Purchase Agreement shall not be acted upon.
- 3.1.6.4 Share Purchase Agreement shall be binding on the parties, their heirs, legal representatives, successors and permitted assigns.
- 3.1.6.5 The Sale Shares under the Share Purchase Agreement are free from all charges, encumbrances or liens.
- 3.1.6.6 The transfer of Sale Shares from the Seller to the Acquirer shall be affected after the completion of the Open Offer formalities as per regulation 22(1) of SEBI (SAST) Regulations.
- 3.1.6.7 The Acquirer / Seller have agreed to diligently provide all information within his / its power and possession to give true and proper disclosures to SEBI, NSE, BSE and to the shareholders.
- 3.1.6.8 The total consideration payable by the Acquirer for the sale and purchase of the said 63,06,152 (Sixty-three Lakhs Six Thousand One Hundred Fifty Two) Sale Shares shall be the sum of Rs.100/- (Rupees One Hundred only), which shall be apportioned equally between the Sale Shares and the adequacy and sufficiency of which is agreed and acknowledged by the Parties.
- 3.1.7. The Offer is not pursuant to any open market purchase or a global acquisition resulting in an indirect acquisition of the Equity Shares of the Target Company.
- 3.1.8. Neither the Acquirers nor the Seller have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the SEBI Act, 1992 or under any of the Regulations made under the SEBI Act.
- 3.1.9. As per Regulations 26(6) and 26(7) of SEBI (SAST) Regulations, 2011 the Committee of Independent Directors of the Board of the Target Company, will come out with their reasoned recommendation on the Offer to the shareholders of the Target Company and such recommendations shall be published at least two working days before the commencement of the Tendering Period i.e. on or before October 5, 2017 in the same newspapers where the Detailed Public Statement of the Offer was published.
- 3.1.6.1 After the completion of the Offer and pursuant to the transfer of the Equity Shares, the Acquirer shall be in a position to exercise effective management and control over the Target Company. Thus subsequent to the completion of this Offer, the Acquirer may in accordance with SEBI (SAST) Regulations, 2011 reconstitute the Board of Directors of the Target Company. As on date, the Acquirer has not decided on the names of persons who may be appointed on the Board of Directors of the Target Company.
- 3.1.10. The Acquirer shall, subsequent to the completion of this Offer nominate such number of people as may be required to replace the existing nominee directors of the Seller on the board of the Target Company (“Board”) and on all committees of the Board.
- 3.1.11. The Seller shall cease to be the Promoter of Target Company and relinquish the management control of the Target Company in favour of the Acquirer. The Acquirer will acquire control of the Target Company, and be classified as promoter subject to the approval of the shareholders of the Company by way of a special resolution in accordance with the provisions of Regulation 31A of the SEBI (LODR) Regulations, 2015. The reclassification shall also be subject to the compliance of the conditions specified in Regulation 31A of the SEBI (LODR) Regulations, 2015, being more specifically, that the exiting promoters shall not hold more than ten per cent of the Paid up Equity Share capital of the Target Company, post completion of Open Offer. They shall not have any special rights through formal or informal arrangements and they or their relatives shall not act as key managerial personnel for a period of more than three years from the date of shareholders’ approval.
- 3.2 **Details of the proposed Offer:**
- 3.2.1. In accordance with Regulation 13(4) and 14(3) of the SEBI (SAST) Regulations, 2011 the Acquirer has made and published Detailed Public Statement within 5 (five) working days from the date of Public Announcement, in the following newspapers on August 29, 2017

Sr.No.	Name of the Newspaper	Language	Editions
1.	Financial Express	English	All Editions
2.	Jansatta	Hindi	All Editions
3.	Mumbai Tarun Bharat	Marathi	Mumbai
4.	Makkal Kural	Tamil	Chennai

- 3.2.2. A copy of the Public Announcement and the Detailed Public Statement is also available on the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).
- 3.2.3. Pursuant to the Open Offer, the Acquirer proposes to acquire 32,14,902 (Thirty-two Lakhs Fourteen Thousand Nine Hundred Two) Equity Shares representing 26% of the fully paid up Voting Share Capital of the Target Company, as of the tenth (10th) working day from the closure of the tendering period, at the Offer Price of Rs.8.00 (Rupees Eight only) per Equity Share, to be paid in cash, in accordance with the SEBI (SAST) Regulations, 2011 and subject to the terms and conditions mentioned in the Public Announcement, Detailed Public Statement, Draft Letter of Offer and in the Letter of Offer that will be circulated to the shareholders in accordance with the SEBI (SAST) Regulations, 2011, whose names appear on the register of members of the Target Company or beneficiaries on the beneficiary records of the Depository Participant as on the Identified Date i.e. September 25, 2017.
- 3.2.4. The date of the opening of the Tendering Period for the Offer is October 9, 2017.
- 3.2.5. The Equity Shares to be acquired under the Offer must be 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 Equity Shareholder shall have obtained the necessary consents for selling the Equity Shares on the foregoing basis. All Equity Shares validly tendered by the Public 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.
- 3.2.6. There is no differential pricing for this Offer.
- 3.2.7. The Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations, 2011, and there are no competing offers as on the date of this Draft Letter of Offer.
- 3.2.8. This Offer is not conditional and subject to any minimum level of acceptance from the Shareholders of the Target Company, in terms of Regulation 19 (1) of SEBI (SAST) Regulations, 2011.
- 3.2.9. Pursuant to Regulation 12 of the SEBI (SAST) Regulations, 2011 the Acquirer has appointed Inventure Merchant Banker Services Private Limited as the Manager to the Offer.
- 3.2.10. Shareholders can tender their lock-in Equity Shares, if any, in the Offer subject to the continuation of the residual lock-in period in the hands of the Acquirer.
- 3.2.11. The Manager to the Offer, Inventure Merchant Banker Services Private Limited, does not hold any Equity Shares in the Target Company as at the date of this Draft Letter of Offer and is not related to the Acquirer and the Target Company in any manner whatsoever. The Manager to the Offer further declares and undertakes that it will not deal on its own account in the Equity Shares of the Target Company during the Offer Period.
- 3.2.12. In the event of Equity Shares being validly tendered in the Offer by the Shareholders are more than the Offer Size, the acquisition of Equity Shares from each Public Shareholder will be on a proportionate basis, to be decided in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance decided is fair and equitable 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). The marketable lot for the Equity Shares for the purpose of this Offer shall be 1 (one). In case of acceptance on a proportionate basis, the unaccepted share certificates, unaccepted delivery instructions slips, transfer forms and other documents, if any, will be returned by registered post.
- 3.2.13. As of the date of this Draft Letter of Offer, there are no statutory or other approvals required to complete the acquisition of the Sale Shares. If, however, any statutory or other approval(s) becomes applicable prior to the completion of the Offer, the Offer would be subject to such statutory or other approval(s) being obtained. In

terms of Regulation 23(1) of the SEBI (SAST) Regulations, 2011 in the event that the approval(s) 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 withdrawal of the Offer, the Acquirer shall through the Manager to the Offer, within two working days of such withdrawal, in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, 2011, make an announcement in the same newspapers in which the public announcement of the open offer was published, stating the grounds for the withdrawal of the offer and inform in writing to SEBI, registered office of Target Company and all the stock exchanges on which the shares of the target company are listed, and the stock exchanges shall forthwith disseminate such information to the public.

- 3.2.14. In terms of regulation 25(2) of the SEBI (SAST) Regulations, 2011, if the Acquirer has not declared an intention in the Detailed Public Statement and the Letter Of Offer to alienate any material assets of the target company or of any of its subsidiaries whether by way of sale, lease, encumbrance or otherwise outside the ordinary course of business, the Acquirer, where he has acquired control over the target company, shall be debarred from causing such alienation for a period of two years after the offer period.
- 3.2.15. After the acquisition of the Offer Shares, assuming full acceptance in the Offer, the public shareholding in the Target Company may fall below the minimum level required for continued listing under Regulation 38 of the SEBI (LODR) Regulations, 2015 and Rule 19A of the Securities Contracts (Regulation) Rules, 1957. In the event the public shareholding in the Target Company falls below 25% of the voting share capital pursuant to this Offer, the Acquirer shall bring down the non-public shareholding in the Target Company to the level specified within the time prescribed in the Securities Contracts (Regulation) Rules, 1957 and SEBI (SAST) Regulations, 2011.

#### **4. OBJECT OF THE ACQUISITION / OFFER**

- 4.1. The Acquirer has entered into Share Purchase Agreement on August 23, 2017 with Kemoil Limited (referred to as the "Seller") who is the current Promoter of the Target Company, with the objective of taking complete management control of the Target Company along with acquisition of the entire present shareholding of the Seller in the Target Company i.e. 63,06,152 ( Sixty-three Lakhs Six Thousand One Hundred Fifty-two) fully paid-up Equity Shares of the Target Company ("Sale Shares"), representing 51% of the total paid-up equity share capital of the Target Company, presently held by the Seller, at an aggregate consideration of Rs.100/- (Rupees Hundred only).
- 4.2. **This Offer is a mandatory offer in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations pursuant to change in control of the Target Company accompanied with an agreement to acquire the entire shareholding of the existing Promoter of the Target Company being 63,06,152 Equity Shares representing 51% of the total paid-up share capital of the Target Company.**
- 4.3. The object of the acquisition is substantial acquisition of Shares/voting Rights accompanied by control over the management of the Target Company. At present, the Acquirer does not have any plans to make major changes to the business permitted by the main objects of the Memorandum of Association of the Target Company except in the ordinary course of business. The Acquirer may continue to pursue the business permitted by the main objects of the Memorandum of Association of the Target Company. However, in case the Acquirer intends to build new business it shall be subject to the prior approval of the Shareholders. Upon completion of the Offer, the Acquirer may reorganize the present Capital structure of the Company and also further strengthen the Board.
- 4.4. In terms of Regulation 25(2) of the SEBI (SAST) Regulations, the Acquirer does not have any plans to sell, dispose of or otherwise encumber any material assets of the Target Company during the period of 2 (two) years from the expiry of the Offer period except to the extent required: (a) for the purposes of restructuring, rationalisation or reorganisation of assets, investments, business operations or liabilities of the Target Company; or (b) in the ordinary course of business of the Target Company. It will be the responsibility of the Board to make appropriate decisions in these matters in accordance with the requirements of the business of the Target Company. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws and legislation at the relevant time. Further, during such period of 2 (two) years, save as set out above, the Acquirer undertakes not to sell, dispose of or otherwise encumber any material assets of the Target Company except with the prior approval of the shareholders of the Target Company through a special resolution by way of a postal ballot in terms of Regulation 25(2) of the SEBI (SAST) Regulations.
- 4.5. If the acquisition of the Offer Shares results in the public shareholding in the Target Company falling below the minimum level required for continued listing under Regulation 38 of the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015 and Rule 19A of the Securities Contract (Regulation) Rules, 1957 and subsequent amendments thereto (the “SCRR”), to the extent the post-offer holding of the Acquirer in the Target Company exceeds the maximum permissible non-public shareholding under SCRR, the Acquirer undertakes to reduce his shareholding to the level stipulated in the SCRR within the time and in the manner specified in the SCRR and SEBI (LODR) Regulations.

## 5. BACKGROUD OF THE ACQUIRER - MAHALINGAM VASUDEVAN:

- 5.1. Mahalingam Vasudevan, aged 50 years, having address at PO No. 119675, 3205, Executive Towers, Tower – B, Business Bay, Dubai, United Arab Emirates, Tel. No.: +971 52 166 7280 is the Acquirer in terms of Regulation 2(1)(a) of the SEBI (SAST) Regulations. Mr. Vasudevan is a non-resident Indian (NRI) currently residing in the United Arab Emirates. Mr. Vasudevan’s PAN No. is ABGPV5992D and Aadhar No. is 752635208538. He has experience of more than 25 years in the field of clinical data management services, IT enabled services and software development. The India address of Mr. Vasudevan is 39, Avia Enclave, Balakrishnan Street, Nanmangalam, Kancheepuram, Chennai – 600 117, Tamil Nadu.
- 5.2. The Acquirer is not forming part of the present Promoter group of the Target Company. Acquirer confirms that he is not related to the Promoters, Directors or key employees of the Target Company in any manner. As on date of this Draft Letter of Offer, the Acquirer is an independent director of the Target Company and shall reclude himself from participating in any deliberations of the board of directors of the Target Company or voting on any matter in relation to this Open Offer.
- 5.3. As on the date of this Draft Letter of Offer, the Acquirer neither holds any Equity Share in the Target Company nor has previously acquired any equity share of the Target Company. Therefore the provisions of Chapter V of SEBI (SAST) Regulations, 2011 and/or Chapter II of the SEBI (SAST) Regulations, 1997 are not applicable to him.
- 5.4. The Acquirer has not acquired any Equity Shares of Target Company between the date of the Public Announcement, being August 23, 2017 and the date of this Draft Letter of Offer.
- 5.5. Mr. Vasudevan proposes to acquire 32,14,902 (Thirty-two Lakhs Fourteen Thousand Nine Hundred Two) fully paid-up Equity Shares of the Target Company constituting 51% of the entire paid up/voting capital of the Target Company through Share Purchase Agreement (referred to as “SPA”) dated August 23, 2017 with the objective of acquisition of substantial shares / voting rights and taking complete management control of the Target Company.
- 5.6. C.A. N. Balasubramanian (Membership No. 023445), partner of N. Balasubramanian Associates, Chartered Accountants (FRN No. 0335S) having his Office at 50, Montpam Road, Kilpauk, Chennai – 600 010, Phone: +91 9444016789; E-mail: balasubramanian@rediffmail.com has certified vide certificate dated July 31, 2017 that the Net worth of Mr. Vasudevan is Rs. 9,50,00,000/- (Rupees Nine Crore Fifty Lakhs Only) as on July 31, 2017.
- 5.7. Acquirer does not belong to any group. Details of the companies in which the Acquirer is a Director as on the date of this Details Public Statement are as given hereunder:

1.	<b>CIN / LLPIN</b>	U73100TN2008PTC066892
	<b>Name of the Company/ LLP</b>	Rhys Healthcare Private Limited
	<b>Current designation</b>	Director
	<b>Date of appointment at current designation</b>	16/09/2009
	<b>Original date of appointment</b>	16/09/2009
	<b>Company/ LLP Status</b>	Active
	<b>Defaulting status</b>	N.A.
2.	<b>CIN / LLPIN</b>	U73100TN2008PTC067015
	<b>Name of the Company/ LLP</b>	Rhys Pharmaceuticals Private Limited
	<b>Current designation</b>	Director
	<b>Date of appointment at current designation</b>	26/03/2008
	<b>Original date of appointment</b>	26/03/2008
	<b>Company/ LLP Status</b>	Active
	<b>Defaulting status</b>	N.A.
3.	<b>CIN / LLPIN</b>	U73100TN2009PTC073259
	<b>Name of the Company/ LLP</b>	Rhys Laboratories Private Limited

	<b>Current designation</b>	Director
	<b>Date of appointment at current designation</b>	16/10/2009
	<b>Original date of appointment</b>	16/10/2009
	<b>Company/ LLP Status</b>	Active
	<b>Defaulting status</b>	N.A.
4.	<b>CIN / LLPIN</b>	L72300TN1992PLC022135
	<b>Name of the Company/ LLP</b>	California Software Company Limited
	<b>Current designation</b>	Independent Director
	<b>Date of appointment at current designation</b>	12/08/2016
	<b>Original date of appointment</b>	12/08/2016
	<b>Company/ LLP Status</b>	Active
	<b>Defaulting status</b>	N.A.

5.8. The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the “**SEBI Act**”) or any other regulations made under the SEBI Act. Acquirer has confirmed that he is not categorized as a “willful defaulter” in terms of regulation 2(1) (zn) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

5.9. There are no persons acting in concert with the Acquirer for the purpose of this Offer.

## 6. BACKGROUND OF THE TARGET COMPANY

*(The disclosures mentioned under this section have been sourced from information published by the Target Company or provided by the Target Company or publicly available sources)*

6.1. California Software Company Limited, is a company incorporated in India in accordance with the Companies Act, 1956 and has its registered office at #149, Robert V Chandran Tower, Seventh Floor, Tambaram Velacherry Main Road, Pallikaranai, Chennai – 600 100, Tamil Nadu. The Target Company was incorporated under the Companies Act, 1956 on February 6, 1992 in the name of California Software Company Limited as a public limited company. The Target Company commenced business operations from October 19, 1992. The CIN of Target Company is L72300TN1992PLC022135. The name of the Target Company has not undergone any change in the last three years.

6.2. The Company is not having any operational activity since 2015. The main object of the California Software Company Limited is as under:

“a. *To carry on the business of development, sale, deal, import and export of computer software like systems, programs, management concepts, information and communication facilities and other related services as required by Industries, Government and its Corporations and departments and other service organisations.*

b. *To carry on the business of computer software and hardware consultancy, hiring selection, installation, servicing, maintenance and provision of all related services.*

c. *To carry on business in India and elsewhere as manufacturer, assemblers, designer, builder, seller, buyer, exporter, importer, factors, agents, hirers and dealers of digital and analogue data processing, devices and systems, electronic computers, mini and microcomputers, microprocessor based devices sand systems, electronic processing equipment's, central processing units, memories, peripherals of all kinds, data communication, equipment control systems, remote control systems, process control equipment's of all kinds, copiers, image processing and transmitting and receiving equipment's, word and test processor, reproduction and duplicating equipment, office and factory automation, electronic and electric typewriters, office and factory work stations, peripherals, controllers and interfaces, communication controllers and interfaces, modems, data loggers, data acquisition systems, data base processors, Dictaphones, voice input and recognition, processing, transmitting, receiving and recording devices, voice synthesis and reproduction devices, robots, electronic controls for all kinds of machine tools and other plant and machinery, computer typesetting and reproduction equipment software of all kinds including machine oriented and problem oriented software, data entry devices, data collecting systems, accounting and invoicing machines, intelligent terminals controllers, media, solid state devices, integrated circuits, transistors, liquid crystals. Liquid display systems, diodes, registers, capacitors, transformers and electronic hardware and appliances of any type and description including all future developments.”*

- 6.3. The last allotment was done by the Target Company on August 17, 2007. There have been no changes in capital structure of the Target Company during the current financial year in which the PA has been made and for a period of eight financial years preceding the current financial year in which PA has been made.
- 6.4. Kemoil became the Promoter of the Company in 2007 in compliance with SEBI (SAST) Regulations, 1997 by acquisition of majority voting rights and management control from then promoter Mr. S. Santhosh. As on the date of the Public Announcement, Kemoil is the promoter of the Company, holding 63,06,152 Equity Shares (representing 51% of voting share capital of the Target Company). Kemoil Limited (Company Registration No.123315), having its registered office at 31/F, 148 Electric Road, North Point, Hong Kong, is a company incorporated in accordance with the laws of Hong Kong.
- 6.5. As on the date of this Draft Letter of Offer, the authorized share capital of the Target Company is Rs.15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lakhs only) Equity Shares of Rs.10/- (Rupees Ten Only) each. The issued, subscribed and paid-up equity share capital of the Target Company is Rs.12,36,50,060/- (Rupees Twelve Crore Thirty-six Lakhs Fifty Thousand Sixty only) divided into 1,23,65,006 (One Crore Twenty-three Lakhs Sixty-five Thousand Six only) Equity Shares of Rs.10/- each.
- 6.6. As on date of this Draft Letter of Offer, (a) none of the Equity Shares of the Target Company are under lock-in; (b) there are no Equity Shares that have been forfeited and not reissued; (c) there are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into Equity Shares at any later date in the Target Company.
- 6.7. The Equity Shares of California Software Company Limited are listed and permitted for trading on BSE Limited (Scrip Code: 532386) and National Stock Exchange of India Limited (Scrip ID: CALSOFT). The Equity Shares of the Target Company are infrequently traded on both the Stock Exchanges within the meaning of the explanation provided to regulation 2(1)(j) of the SEBI (SAST) Regulations.
- 6.8. The Target Company is compliant with the listing requirements and there is no non-listing or suspension of Equity Shares on BSE or NSE. The entire issued, subscribed and paid-up share capital of the Target Company is listed on BSE and NSE. The Equity Shares of the Target Company are listed on BSE (with effect from December 4, 2004) and on NSE (with effect from June 28, 2000). The Equity Shares were delisted from Bangalore Stock Exchange with effect from February 14, 2005, from the Stock Exchange – Ahmedabad with effect from February 8, 2005, from the Cochin Stock Exchange Limited with effect from October 8, 2005, and from the Madras Stock Exchange Limited with effect from September 21, 2005.
- 6.9. The capital structure of the Target Company as of the date of this Draft Letter of Offer is:

<b>Paid-up Equity Shares</b>	<b>No. of Shares / Voting Rights</b>	<b>% of Shares/Voting Rights (Pre preferential allotment)</b>
Fully Paid-up Equity shares	1,23,65,006	100%
Partly Paid-up Equity shares	Nil	Nil
Total paid-up Equity shares	1,23,65,006	100%
Total Voting Rights in the Company	1,23,65,006	100%

- 6.10. As on the date of this Draft Letter of Offer, the composition of the Board of Directors of the Target Company is as follows:

<b>Name of the Director</b>	<b>Designation</b>	<b>Qualification</b>	<b>Residential Address</b>	<b>Experience</b>	<b>DIN</b>	<b>Date of Appointment</b>
Frederick Ivor Bendle	Managing Director	Chartered Accountant and Lawyer	31 West Coast Park, #01-26 Botannia-127649 Singapore	More than 35 years in finance and accounts	03156399	13/02/2012
Perakatte Joseph George	Director	Doctorate in mechanical engineering	Perakatte House, Poovathode P.O.(via), Bharananganam 686578 Kerala, India	40 years of teaching and research	0334799	29/12/1992

Vijayapriya Narayanan	Director	Chartered Accountant	Old No.744/4, New No.32/4, 59 <sup>th</sup> Street, 10 <sup>th</sup> Sector, KK Nagar, Chennai- 600078 Tamil Nadu, India	10 years in finance.	07172974	30/04/2015
Mahalingam Vasudevan (Acquirer)	Independent Director	M. Pharmacy, PhD	39, Avia Enclave, Balakrishnan Street, Nanmangalam, Kancheepuram, Chennai – 600 117, Tamil Nadu	25 years in the field of clinical data management services, IT enabled services and software development	01608150	12/08/2016

6.11. Acquirer is an Independent Director on the board of directors of the Target Company and shall reclude himself from participating in any deliberations of the board of directors of the Target Company or voting on any matter in relation to this Open Offer.

6.12. Brief financial details of the Target Company, as obtained from its audited financial statements as at and for the financial years ended March 31, 2017, March 31, 2016 and March 31, 2015 are as follows:

*(Rupees in Lakhs, except per share data)*

Profit and Loss Statement	Year ended March 31,		
	2017	2016	2015
Income from Operations	0.00	0.00	0.00
Other Income	1.55	368.05	362.86
<b>Total Income</b>	<b>1.55</b>	<b>368.05</b>	<b>362.86</b>
Total Expenditure	(172.22)	(200.94)	568.32
<b>Profit Before Depreciation &amp; Tax</b>	<b>173.77</b>	<b>568.99</b>	<b>(205.46)</b>
Depreciation	0.00	0.00	254.25
Interest	0.00	699.28	901.31
<b>Profit before Tax &amp; Extra Ordinary Items</b>	<b>173.77</b>	<b>(130.29)</b>	<b>(1361.02)</b>
Extra Ordinary Items	0.00	0.00	0.00
Profit Before Tax	173.77	(130.29)	(1212.04)
Provision for Tax	0.00	0.00	0.00
<b>Profit After Tax</b>	<b>173.77</b>	<b>(130.29)</b>	<b>(1212.04)</b>
Balance Sheet Statement	Year ended March 31,		
	2017	2016	2015
<b>Sources of Funds</b>			
Paid-up Share Capital	1236.50	1236.50	1236.50
Reserves & Surplus (excluding revaluation reserve)	(3,870.97)	(4,044.74)	(3,914.45)
Secured Loan	0.00	0.00	2,508.07
Unsecured Loan	0.00	3,696.80	2,469.36
Current Liabilities	3,546.85	40.53	6,018.33
Deferred Tax Liability	0.00	0.00	0.00
<b>Total</b>	<b>912.38</b>	<b>929.09</b>	<b>8317.80</b>
<b>Uses of Funds</b>			
Net Fixed Assets	0.00	0.00	4,197.15
Investments- Long Term	0.00	0.00	0.00
Investments- Current	0.00	0.00	0.00
Non-Current Assets	908.81	918.15	3,943.49
Current Assets	3.57	10.94	177.16
<b>Total</b>	<b>912.38</b>	<b>929.09</b>	<b>8,317.80</b>
<b>Other Financial Data</b>			
Net Worth	(2,634.47)	(2,808.24)	(2,677.95)
Dividend (in %)	0	0	0
Earnings Per share (EPS)	1.41	(1.05)	(9.80)



Return on Net Worth (in %)*	(6.60)	-ve	-ve
Book Value (in Rs. Per Share)	(21.31)	(22.71)	(21.66)

(Source: Annual Report for the financial year ended March 31,2017, March 31,2016 and March 31, 2015 as certified by CA N. Balasubramanian (Membership No.023445), partner of N Balasubramanian Associates, Chartered Accountants (FRN No.0355S) having its Office at 50, Montpam Road, Kilpauk, Chennai – 600 010, Phone: +91 9444016789; E-mail: balasubramanian@rediffmail.com vide its certificate dated August 22, 2017.)

\* In spite of Net Profit being positive the Return on Net Worth is negative because of negative Net Worth as on March 31, 2017. For the Financial Year ended March 31, 2016 and 2015 the calculations are not provided as in each of these financial years the Target Company incurred loss and the net worth in each of these financial years was also negative.

6.13. Pre and Post Offer Shareholding Pattern of the Target Company as on date of this Draft Letter of Offer is and shall be as follows:

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 acceptance(s))		Shareholding/ Voting rights after the acquisition and offer.	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No.	%	No.	%
<b>(1) Promoter group</b>								
a. Parties to agreement, if any <b>Kemoil</b> (Seller and Outgoing Promoter)	63,06,152	51.00	(63,06,152)	(51.00)	Nil	Nil	Nil	Nil
b. Promoters other than (a) above	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total 1(a+b)</b>	<b>63,06,152</b>	<b>51.00</b>	<b>(63,06,152)</b>	<b>(51.00)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>(2) Acquirers</b>								
Acquirer <b>Mahalingam Vasudevan</b>	Nil	Nil	63,06,152	51.00	32,14,902	26.00	95,21,054	77.00
b. PAC	-	-	-	-	-	-	-	-
<b>Total 2(a+b)</b>	<b>Nil</b>	<b>Nil</b>	<b>63,06,152</b>	<b>51.00</b>	<b>32,14,902</b>	<b>26.00</b>	<b>95,21,054</b>	<b>77.00</b>
(3) Parties to agreement other than (1) (a) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, Acquirer & PACs)								
a. FIs/MFs/FIIs/Banks, SFIs (Indicate names)	-	-	-	-				
b. Others	60,58,854	49.00	Nil	Nil	(32,14,902)	(26.00)	28,43,952	23.00
<b>Total (4) (a+b)</b>	<b>60,58,854</b>	<b>49.00</b>	<b>Nil</b>	<b>Nil</b>	<b>(32,14,902)</b>	<b>(26.00)</b>		
<b>GRAND TOTAL (1+2+3+4)</b>	<b>1,23,65,006</b>	<b>100.00</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>1,23,65,006</b>	<b>100.00</b>

The Acquirer shall be classified after the completion of the open offer formalities/consummation of the SPA as the promoter of the Target Company subject to the approval of the shareholders of the Target Company by way of a special resolution in accordance with the provisions of Regulation 31A of the SEBI (LODR) Regulations. The reclassification shall also be subject to the compliance of the conditions specified in Regulation 31A of the SEBI (LODR) Regulations, being more specifically, that the exiting promoter with it shall not hold more than ten per cent of the paid-up equity capital of the Company, they shall not have any special rights through formal or informal arrangements and they or their relatives shall not act as key managerial personnel for a period of more than three years from the date of shareholders' approval.

6.14. As per the Share Holding Pattern filed with BSE and NSE for June 30, 2017, the numbers of shareholders in the Target Company in public category were 3,544.

6.15. The Target Company has not been party to any scheme of amalgamation, restructuring, merger / demerger and spin off during the last three years.

6.16. There are no contingent liabilities as on the date of this Draft LoF except in respect of the following:

S.No.	Name of the Statute	Nature of the dues	Amount in ₹	Forum where dispute is pending
1	Income Tax Act, 1961	Income Tax (AY 1997-98)	11,27,394	Assessing Officer
2	Income Tax Act, 1961	Income Tax (AY 2000-01)	22,84,617	Assessing Officer
3	Income Tax Act, 1961	Income Tax (AY 2001-02)	15,24,090	Madras High Court
4	Income Tax Act, 1961	Income Tax (AY 2002-03)	33,56,300	Madras High Court
5	Income Tax Act, 1961	Income Tax (AY 2003-04)	12,42,460	Madras High Court
6	Income Tax Act, 1961	Income Tax (AY 2004-05)	12,914,393	Assessing Officer
7	Income Tax Act, 1961	Income Tax (AY 2006-07)	12,380	Assessing Officer
8	Income Tax Act, 1961	Income Tax & TDS (AY 2007-08)	17,677,960	Assessing Officer
9	Income Tax Act, 1961	Income Tax (AY 2008-09)	5,320,670	Assessing Officer
10	Income Tax Act, 1961	Income Tax (AY 2009-10)	3,786,310	Assessing Officer
12	Income Tax Act, 1961	Income tax (AY 2010-11)	2,544,460	Assessing Officer
13	Income Tax Act, 1961	Income Tax (AY 2011-12)	48,678,090	Assessing Officer
14	Income Tax Act, 1961	Income Tax (AY 2013-14)	30,361,050	Assessing Officer
14	Income Tax Department	TDS Ward Chennai(FY 2007-08)	2,29,850	TDS Ward 1(1) Chennai
15	Income Tax Department	TDS Ward Chennai(FY 2008-09)	4,76,980	TDS Ward 1(1) Chennai
16	Income Tax Department	TDS Ward Chennai(FY 2009-10)	39,440	TDS Ward 1(1) Chennai
17	Income Tax Department	TDS Ward Chennai(FY 2010-11)	70,650	TDS Ward 1(1) Chennai
18	Income Tax Department	TDS Ward Chennai(FY 2011-12)	1,86,880	TDS Ward 1(1) Chennai
19	Income Tax Department	TDS Ward Chennai(FY 2012-13)	1,51,460	TDS Ward 1(1) Chennai
20	Income Tax Department	TDS Ward Chennai(FY 2013-14)	9,200	TDS Ward 1(1) Chennai
21	Income Tax Department	TDS Ward Chennai(FY 2014-15)	6,700	TDS Ward 1(1) Chennai
		Total IT demand	132,001,334	
	Service Tax	Service Tax	35,52,977 *	Joint Commissioner of ST

Source: Target Company

6.17. The Compliance Officer of the Target Company is Jitendra Kumar Pal, Company Secretary, based at California Software Company Limited, Robert V Chandran Tower, 7th Floor, 149 Tambaram Velacherry Main Road, Pallikaranai, Chennai – 600 100, Tamil Nadu, Tel. No.- +91 44 4282 9000, email id- jitendrak@calsoftgroup.com.

## 7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 7.1 Justification for the offer price

7.1.1 The Equity Shares of California Software Company Limited are listed and permitted for trading on BSE Limited (Scrip Code: 532386) and National Stock Exchange of India Limited (Scrip ID: CALSOFT). The ISIN Number is INE 526B01014.

7.1.2 The total trading turnover in the Equity Shares of the Target Company on the stock exchanges based on trading volume during the twelve calendar months prior to the month of Public Announcement (August 1, 2016 to July 31, 2017) is as under:

Name of the Stock Exchange	Total traded volumes during the 12 calendar months preceding date of PA ("A")	Weighted average number of Equity Shares during the 12 calendar months preceding date of PA ("B")	Trading Turnover (A/B)
BSE	1,94,970	1,23,65,006	1.58%
NSE	40,418	1,23,65,006	0.33%

Source: www.bseindia.com; www.nseindia.com

7.1.3 Based on the information provided in point above, the Equity Shares of the Target Company are infrequently traded on the BSE and NSE within the meaning of explanation provided in regulation 2(1)(j) of the SEBI (SAST) Regulations.

7.1.4 The Offer Price of Rs.8.00/- (Rupees Eight only) is justified in terms of regulation 8(2) of the Takeover Regulations, being the highest of the following:

Sr. No.	Particulars	Price (In INR. Per Share)
1.	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 i.e. the price per share under the SPA.	The aggregate consideration payable by the Acquirer, for the acquisition of 63,06,152 Sale Shares, shall be a sum of Rs.100/- (Rupees One Hundred only), which shall be apportioned equally between each of the Sale Shares. Such apportioned price will be the negotiated price i.e. Re. 0.01586 for each 1,000 Sale Shares.
2.	The volume-weighted average price paid or payable per Equity Share for acquisition by the Acquirer during 52 weeks immediately preceding the date of PA.	Not Applicable
3.	Highest price paid or payable for acquisitions by the Acquirer during 26 weeks immediately preceding the date of PA.	Not Applicable
4.	Where the shares are not frequently traded, the price determined by the Acquirer and the Manager to the Open Offer taking into account valuation parameters per Share including, book value, comparable trading multiples and such other parameters as are customary for valuation of shares	Rs. -7.31 i.e. Negative Rs.7.31* (As Equity Shares are infrequently traded)
	<b>Other financial Parameters</b>	As on March 31, 2017 (Audited)
	Return on Net Worth (%)**	(6.60)
	Book value per share (Rs.)	(21.31)
	Earnings per Share (Rs.)	1.41
	Industry Average P/E Multiple***	17.3

\* CA N. Balasubramanian (Membership No.023445), partner of N Balasubramanian Associates, Chartered Accountants (FRN No.0355S) having its Office at 50, Montpam Road, Kilpauk, Chennai – 600 010, Phone: +91 9444016789; E-mail: balasubramanian@rediffmail.com vide certificate dated August 23, 2017, has certified that he has in terms of Supreme Court decision in the case of Hindustan Lever Employee Union V/s. Hindustan Lever Limited (1995) (83 Companies Cases 30), considered the (i) Net Assets Value (“NAV”) Method; (ii) Profit earning capacity valuation method; and (iii) Market Price Method and accorded weights of 1, 2 and 2 respectively to the values arrived at under each methodology for the purpose of arriving at the fair value for the Equity Shares of the Target Company. As per the certification given, the Fair Value has been arrived at Rs. - 7.31 i.e. Negative Rs.7.31 per Equity Share.

\*\* In spite of Net Profit being positive the Return on Net Worth is negative because of negative Net Worth as on March 31, 2017.

\*\*\* Source: Capital Market, Volume No. XXXII/13, dated Aug 14-27, 2017; Sector – computers – software – medium / small.

7.1.5 The Offer is being made at a price of Rs.8.00/- (Rupees Eight only) per Equity Share, payable in cash, subject to the terms and conditions set out in the PA, DPS and this Draft LoF.

7.1.6 There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters.

7.1.7 The Acquirer shall disclose during the Tendering Period every acquisition made by him of any Equity Shares of the Target Company to the Stock Exchanges and to the Target Company at its registered office within Twenty-four hours of such acquisition in accordance with Regulation 18(6) of the SEBI (SAST) Regulations, 2011.

7.1.8 If the Acquirer acquire Equity Shares of the Target Company during the period of twenty-six weeks after the Tendering Period at a price higher than the Offer Price, then the Acquirer shall pay the difference between the highest acquisition price and the Offer Price, to all the Shareholders whose Equity Shares have been accepted in Offer within sixty days from the date of such acquisition. However, no such difference shall be paid in the event

that such acquisition is made under an open offer as per the SEBI (SAST) Regulations, 2011 or pursuant to SEBI (Delisting of Equity Shares) Regulations, 2009, or open market purchases made in the ordinary course on the stock exchange, not being negotiated acquisition of Equity Shares of the Target Company whether by way of bulk / block deals or in any other form.

7.1.9 There has been no revision in the Offer Price or to the size of this Offer as on the date of this Draft LoF.

7.1.10 An upward revision in the Offer Price or to the size of this Offer, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last three working days before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the Takeover Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increases to the amount kept in escrow account under regulation 17 prior to such revision (under Regulation 18(5) of SEBI (SAST) Regulations, 2011); (ii) make a public announcement in respect of such revisions in the same newspapers in which the DPS has been published; and (iii) simultaneously with the issue of such an announcement, inform SEBI, BSE, NSE and the Target Company at its registered office of such revision.

## 7.2 Financial Arrangements

7.2.1 The total fund requirement or the maximum consideration for the Open Offer assuming full acceptance of the Offer would be Rs.2,57,19,216 (Rupees Two Crores Fifty-seven Lakhs Nineteen Thousand Two Hundred Sixteen only) i.e. consideration payable for acquisition of 32,14,902 Equity Shares of the Target Company at an Offer Price of Rs.8.00/- (Rupees Eight only) per Equity Share ("**Total Consideration**"). The Acquirer has given an undertaking to the Manager to the Offer to meet its financial obligations under the Offer.

7.2.2 The Acquirer has confirmed that he has adequate financial resources to meet the obligations under the Offer and has made firm financial arrangements for financing the acquisition of the Offer Shares, in terms of Regulation 25(1) of the SEBI (SAST) Regulations, 2011.

7.2.3 In accordance with Regulation 17(1) of the SEBI (SAST) Regulations, the Acquirer has opened a Cash Escrow Account under the name and title of "CALSOFT OPEN OFFER - ESCROW ACCOUNT" with ICICI Bank Limited ("**Escrow Bank**") having its registered office at ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara, 390 007, Gujarat, India and acting for the purpose of this agreement through its branch situated at ICICI Bank Limited, Capital Markets Division, 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation, Churchgate, Mumbai – 400 020 and made a deposit of Rs.65,00,000/- (Rupees Sixty-five Lakhs Only) being more than Rs. 64,29,804/- (Rupees Sixty-four Lakhs Twenty-nine Thousand Eight Hundred Four only) being 25% of the total consideration payable in accordance with the SEBI (SAST) Regulations. Escrow Bank vide email dated August 24, 2017 has confirmed the credit balance of Rs.65,00,000/- (Rupees Sixty-five Lakhs Only) as on August 24, 2017.

7.2.4 In term of an agreement dated August 23, 2017 amongst the Acquirer, Manager to the Offer and the Escrow Bank ("**Escrow Agreement**"), Manager to the Offer have been solely authorized to operate and to realize the value lying in the Cash Escrow Account in terms of the SEBI (SAST) Regulations.

7.2.5 CA. N. Balasubramanian (Membership No.023445), partner of N Balasubramanian Associates, Chartered Accountants (FRN No. 0003355) having its Office at 50, Montpam Road, Kilpauk, Chennai - 600010, Phone: +91 9444016789; E-mail: balasubramanian@rediffmail.com vide its certificate dated July 31, 2017 have certified that the Net worth of Mr. Mahalingam Vasudevan as on July 31, 2017 is Rs.9,50,00,000/- (Rupees Nine Crore Fifty Lakhs Only).

7.2.6 In case of revision in the Offer Price, the Acquirer will further make Deposit with the Escrow Bank difference amount between previous Offer fund requirements and revised Offer fund requirements to ensure compliance with Regulation 18(5) (a) of the SEBI (SAST) Regulations.

7.2.7 No borrowing from any Bank / Financial Institution is being specifically made for this purpose. The funds required in relation to the Offer have been met from funds from the own funds of the Acquirer.

## 8. TERMS AND CONDITIONS OF THE OFFER

### 8.1. Operational terms and conditions

- 8.1.1. This Offer is not conditional upon any minimum level of acceptance by the Equity Shareholders of the Target Company. The Acquirer will acquire all the Equity Shares of the Target Company that are validly tendered as per terms of the Offer up to a maximum of 32,14,902 Equity Shares representing 26% of the total paid-up equity share capital of the Target Company.
- 8.1.2. This is not a competitive offer. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of Equity Shares of the Target Company.
- 8.1.3. The Acquirer is making an Offer (i) to all the Equity Shareholders of the Target Company (whose names will appear on the register of members of the Target Company or beneficiaries on the beneficiary records of the Depository Participant as on the Identified Date i.e. September 25, 2017; and (ii) to those persons who own the shares any time prior to the closure of the tendering period, but are not the registered shareholder(s), to acquire up to 32,14,902 (Thirty-two Lakhs Fourteen Thousand Nine Hundred Two) fully paid-up Equity Shares having face value of Rs.10/- (Rupees Ten only) each representing 26% of the total paid-up equity share capital of Target Company.
- 8.1.4. The tendering period will commence on October 9, 2017 and will close on October 23, 2017.
- 8.1.5. The Equity Shares of the Target Company will be acquired by the Acquirer free from all liens, charges and encumbrances together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 8.1.6. Accidental omission to dispatch the Letter of Offer to any Equity Shareholder to whom this Offer has been made or non-receipt of the Letter of Offer by any such Equity Shareholder shall not invalidate this Offer in any way.
- 8.1.7. The Identified date for this Offer as per the tentative Schedule of Activity is September 25, 2017.
- 8.1.8. Target Company has signed agreements with Depositories for offering Shares in dematerialized form. The ISIN Number is INE 526B01014.
- 8.1.9. The Marketable lot for the Equity Shares of the Target Company for the purpose of this Offer shall be 1 (One).
- 8.1.10. None of the Equity Shares of the Target Company are subject to Lock-in.
- 8.1.11. In terms of Regulation 18(9) of the SEBI (SAST) Regulations, 2011, 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.
- 8.1.12. There has been no revision in the Offer Price or Offer Size as on the date of this Draft LoF.
- 8.1.13. Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases / attachment orders / restriction from other statutory authorities wherein the Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation are liable to be rejected, if directions / orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer.
- 8.2. Eligibility for Accepting the Offer**
- 8.2.1. The Letter of Offer shall be mailed to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form or physical form (except the present Promoter Group shareholders) whose names appear in register of Target Company as on September 25, 2017, the Identified Date.
- 8.2.2. This Offer is also open to persons who own Equity Shares in Target Company but are not registered Shareholders as on the Identified date.
- 8.2.3. All Equity Shareholders/Beneficial Owners (except the present Promoter Group) who own Equity Shares of Target Company any time before the closure of the Offer are eligible to participate in the Offer.
- 8.2.4. The Form of Acceptance-Cum-Acknowledgement and other documents required to be submitted, will be accepted by the Registrar to the Offer, Integrated Registry Management Services Private Limited, 2<sup>nd</sup> Floor, Kences Towers No.1, N.A Ramakrishna ST. North Usman Road, Chennai- 600 017, Tamil Nadu Tel. No.: +91 44 2814 0801 / 02

/ 03 Fax No.: +91 44 2814 2479; E-mail: corpserv@integratedindia.in; Contact Person: S. Yuvaraj between 11.00 am to 5.00 pm on Working Days, between the Offer Opening date being October 9, 2017 until the Offer Closing Date being October 23, 2017.

- 8.2.5 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](http://www.sebi.gov.in). In case of non-receipt of the Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance-Cum-Acknowledgement from the SEBI's website for applying in the Offer.
- 8.2.6 Persons who have acquired the 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 the Equity Shares after the Identified Date, or those who have not received the Letter of Offer, may also participate in this Offer.
- 8.2.7 The acceptance of this Offer by the Equity Shareholders of 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.
- 8.2.8 If any of the public shareholders of the Target Company that are not resident in India (such NRIs, OCBs and FIIs) require any approvals *inter alia* from the Reserve Bank of India or any regulatory body for the transfer of any Equity Shares to the Acquirer, they shall be required to submit such approval along with the other documents required to be tendered to accept this Offer. If such approval is not submitted, the Acquirer reserve the right to reject the Equity Shares tendered by such shareholders that are not resident in India.
- 8.2.9 The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s)/Beneficial owner(s) of Target Company.
- 8.2.10 The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Form of Acceptance-Cum-Acknowledgement, Share Transfer Deed etc. during transit and the Equity Shareholders of Target Company are advised to adequately safeguard their interest in this regard.
- 8.2.11 The acceptance of Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.
- 8.2.12 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, 2011 confirming status of completion of various Offer Requirements.
- 8.2.13 The instructions, authorizations and provisions contained in the Form of Acceptance-Cum-Acknowledgement will constitute part of the terms of the Offer.
- 8.2.14 The Acquirer reserves the right to revise the Offer Price and/or the Offer Size upwards prior to the commencement of the last 3 (three) Working Days prior to the commencement of the Tendering Period, in accordance with the SEBI (SAST) Regulations, 2011 and the revision, if any, in the Offer Price would be announced in the Newspapers. The Acquirer would pay such revised price for all the shares validly tendered during the Tendering Period and accepted under the Offer in accordance with the terms of the Letter of Offer.
- 8.3. Statutory And Other Approvals**
- 8.3.1 The Offer is subject to receipt of the necessary approval(s), if any, from Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring Equity Shares tendered by non-resident shareholders, if any.
- 8.3.2 As of the date of this Draft LoF, to the best of the knowledge of the Acquirer, there are no statutory approvals required for the acquisition of Equity Shares that would be tendered pursuant to this Offer. If any statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event that such statutory approvals which are required are refused in terms of Regulation 23 of the SEBI (SAST) Regulations. The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Offer.
- 8.3.3 If any of the Public Shareholders of the Target Company that are not resident in India (such NRIs, OCBs and FIIs)

require any approvals *inter alia* from the Reserve Bank of India, the Foreign Investment Promotion Board or any regulatory body for the transfer any Equity Shares to the Acquirer, they shall be required to submit such approval along with the other documents required to be tendered to accept this Offer. If such approval is not submitted, the Acquirer reserves the right to reject the Equity Shares tendered by such shareholders that are not resident in India.

- 8.3.4 Subject to the receipt of statutory and other approvals, if any, the Acquirer shall complete all procedures relating to payment of consideration under this Offer within 10 working days from the date of expiry of the Tendering Period to those Equity Shareholders whose share certificates and/or other documents are found valid and in order and are accepted for acquisition by the Acquirer.
- 8.3.5 In terms of Regulation 18(11) of the SEBI (SAST) Regulations, the Acquirer shall be responsible to pursue all statutory approvals required by the Acquirer in order to complete the Open Offer without any default, neglect or delay. In case of delay in receipt of any statutory approval, the SEBI may, if satisfied that delayed receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer or the failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by the SEBI, in terms of regulation 18(11) of the SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable for forfeiture.
- 8.3.6 In terms of Regulation 23(1) of the SEBI (SAST) Regulations, if any of the conditions precedent and other conditions as stated in the SPA or approvals are not satisfactorily complied with or any of the statutory approvals are refused, the Acquirer have a right to withdraw the Offer. In the event of withdrawal, a public announcement will be made within two (2) working days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be filed with SEBI, the Stock Exchanges and the registered office of the Target Company.

## 9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

- 9.1. All the Public Shareholders, whether holding the shares in physical form or dematerialized form, registered or unregistered are eligible to participate in this Offer at any time during the Tendering Period for this Offer.
- 9.2. Persons who have acquired the 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 not received the Letter of Offer, may participate in this Offer by submitting an application on a plain paper giving details regarding their shareholding and confirming their consent to participate in this Offer on the terms and conditions of this Offer as set out in Public Announcement, the DPS and the Letter of Offer. Alternatively, such holders of the Equity Shares may apply in the Form of Acceptance-cum Acknowledgement in relation to this Offer that will be annexed to the Letter of Offer, which may also be obtained from the SEBI website (<http://www.sebi.gov.in/>) or the Registrar to the Offer.
- 9.3. 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, 2011, SEBI Circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 and SEBI Circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016 issued by SEBI, as amended from time to time, and notices / guidelines issued by the Stock Exchanges and the Clearing Corporation in relation to the mechanism / process for acquisition of shares through stock exchange pursuant to the tender offers under takeovers, buy back and delisting, as amended and updated from time to time.
- 9.4. BSE shall be the Designated Stock Exchange for the purpose of tendering Equity Shares in the Open Offer.
- 9.5. All the Equity Shareholders who desire to tender their Equity Shares under the Offer should consult with their respective depository participants and their respective stock brokers (“**Selling Broker**”) well in advance to understand the process and methodology in relation to tendering of Equity Shares through the Designated Stock Exchange.
- 9.6. The Acquisition Window will be provided by the Designated Stock Exchange to facilitate placing of sell orders. During the Tendering Period, the tender of the Equity Shares (in demat and physical form) by the Equity Shareholders in this Offer will be placed through their respective Selling Brokers during normal trading hours of the secondary market.

- 9.7. The Acquirer has appointed Inventure Growth and Securities Limited (“**Buying Broker**”) for the Open Offer through whom the purchases and settlement of the Offer Shares tendered in the Open Offer shall be made. The Contact details of the Buying Broker are as mentioned below:

**INVENTURE GROWTH & SECURITIES LIMITED**

2<sup>nd</sup> Floor, Viraj Tower, Nr. Andheri Flyover (North End)

Western Express Highway, Andheri (East) Mumbai – 400 069

**Tel No:** +91 22 3954 8500; **Fax No:** +91 22 4075 1535;

**Email:** info@inventuregrowth.com

**Website:** [www.inventuregrowth.com](http://www.inventuregrowth.com)

**SEBI Registration No:** INB230901739

**Contact Person:** Bhavi Gandhi

- 9.8. Modification / cancellation of orders will not be allowed during the tendering period of the Open Offer.
- 9.9. The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by the stock exchange during Tendering Period.
- 9.10. In case any Seller Broker is not registered with the Designated Stock Exchange and therefore the Equity Shareholder is unable to tender Equity Shares under the Offer, such Equity Shareholder may approach the Buying Broker to facilitate tendering of Equity Shares under the Offer.
- 9.11. **Procedure for tendering Equity Shares held in dematerialised form:**
- 9.11.1 All the shareholders who desire to tender their shares under the Open Offer would have to intimate their respective stock broker (“**Selling Broker**”) during the normal trading hours of the secondary market during tendering period.
- 9.11.2 The Equity Shareholders intending to tender Equity Shares are required to transfer, through their respective depository participants, the Equity Shares intended to be tendered to the early pay-in account Clearing Corporation. Such Equity Shareholders shall provide early pay-in of demat Equity Shares (except for custodian participant orders) to the Clearing Corporation using the settlement number provided in the Offer opening circular before their respective Selling Broker places the bids / orders on their behalf and the same shall be validated at the time of order entry.
- 9.11.3 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 6:00 pm on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected.
- 9.11.4 Equity Shareholders shall submit Delivery Instruction Slips (**DIS**) duly filled in specifying market type as “Open Offer” and execution date along with all other details to their respective depository participant / Selling Broker so that Equity Shares can be tendered in this Offer.
- 9.11.5 Upon placing the bid, the Selling Broker(s) shall provide transaction registration slip generated by the Designated Stock Exchange bidding system (**TRS**) to the Equity Shareholder. TRS will contain details of order submitted like Bid ID No., DP ID, Client ID, No. of Equity Shares tendered etc.
- 9.11.6 The Equity Shareholders will have to ensure that they keep their DP account active and unblocked to successfully facilitate the tendering of the Equity Shares and to receive credit in case of return of Equity Shares due to rejection or due to prorated Offer.
- 9.11.7 The resident Equity Shareholders (i.e. Equity Shareholders residing in India) holding Equity Shares in demat mode are not required to fill any Form of Acceptance-cum-Acknowledgement. The Equity Shareholders are advised to retain the acknowledged copy of the DIS and the TRS till the completion of Offer Period. All non-resident Equity Shareholders (i.e. Equity Shareholders not residing in India including NRIs and OCBs) holding physical and/or demat Equity Shares and all resident Equity Shareholders (i.e. Equity Shareholders residing in India) holding Equity Shares in physical mode are mandatorily required to fill the Form of Acceptance-Cum-Acknowledgement.



9.11.8 The non-resident Equity Shareholders holding Equity Shares in demat mode, directly or through their respective Selling Brokers, are required to send the Form of Acceptance-Cum-Acknowledgement along with the required documents to the Registrar to the Offer at its address given on the cover page of this Draft LoF. The Equity 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, either directly or through their respective Selling Brokers, to the Registrar to the Offer at its address given on the cover page of this Draft LoF.

**9.12. Procedure to be followed by shareholders who are holding equity shares in physical form:**

The Equity Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer shall approach Selling Broker and submit complete set of documents for verification procedure as mentioned below:

9.12.1 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;

9.12.2 Original share certificates;

9.12.3 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 favour of the Acquirer;

9.12.4 Self-attested copy of the Shareholder's PAN Card copy (in case of Joint holders, PAN card copy of all transferors).

9.12.5 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.

9.12.6 Self attested copy of address proof such as valid Adhaar Card, Voter ID, Passport or Driving License.

9.12.7 The Selling Broker shall 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.

9.12.8 After placement of order, as mentioned above, the Seller Broker/shareholder shall deliver the Form of Acceptance-cum-Acknowledgement, TRS, original share certificate(s), valid share transfer form(s) and other documents either by registered post or courier or hand delivery to the Registrar to the Offer not later than 2 (two) days from the Offer Closing Date (by 5.00 pm). The envelope should be superscribed as ***"CALIFORNIA SOFTWARE COMPANY LIMITED – OPEN OFFER"***.

9.12.9 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 Shares in Open Offer shall be subject to verification by RTA. On receipt of the confirmation from RTA the bid will be accepted else rejected and accordingly the same will be displayed on Stock Exchange's Website.

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

**The Public Shareholders holding Shares in Demat mode are not required to fill any Form of Acceptance-Cum-Acknowledgement. Shareholders holding Equity Shares in physical mode will be required to fill the Form of Acceptance-Cum-Acknowledgement. Detailed procedure for tendering such Equity Shares will be included in the Form of Acceptance-Cum-Acknowledgement.**

### 9.13. **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 Shares and Physical Shares) validly tendered by the Public Shareholders under this Offer is more than the number of Offer Shares, the Acquirer shall accept those Equity Shares validly tendered by the Public 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 Public Shareholder shall not be less than the minimum marketable lot.

### 9.14. **Procedure for tendering the Equity Shares in case of Non Receipt of the 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 / Selling Broker and tender Shares in the Open Offer as per the procedure mentioned in the Letter of Offer or in the Form of Acceptance-Cum-Acknowledgement. The Letter of Offer will be dispatched to all the eligible shareholders of the Target Company. Public Shareholders holding Equity Shares in physical mode will be sent Form of Acceptance-Cum-Acknowledgement along with the Letter of Offer.

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](http://www.sebi.gov.in)) 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. The Letter of Offer along with the Form of Acceptance cum Acknowledgement would also be available at SEBI's website, [www.sebi.gov.in](http://www.sebi.gov.in), and shareholders can also apply by downloading such forms from the said website.

### 9.15. **Settlement Process**

- 9.15.1 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 Designated Stock Exchange to facilitate settlement on the basis of Shares transferred to the Clearing Corporation.
- 9.15.2 The Buying Broker will make the funds pay-in in the settlement account of the Clearing Corporation. For Equity Shares accepted under the Offer, the Equity Shareholders will receive funds payout directly in their respective bank accounts (in case of demat Equity Shares, in the bank accounts which are linked to the respective demat accounts) / as per secondary market pay-out mechanism (in case of physical Equity Shares). However, in the event that the pay-outs are rejected by the Equity Shareholder's bank accounts due to any reason, the pay-out will be transferred to their respective Selling Broker's settlement accounts and their respective Selling Brokers will thereafter transfer the consideration to their respective Equity Shareholders. The Equity Shareholders will be required to independently settle fees, dues, statutory levies or other charges (if any) with their Selling Brokers.
- 9.15.3 The funds payout pertaining to the bids of NRIs, foreign shareholders and/or bids confirmed by custodians, will be transferred to the Selling Broker's settlement accounts or the settlement bank account of the custodian, in accordance with the applicable mechanism prescribed by the Designated Stock Exchange and the Clearing Corporation from time to time.
- 9.15.4 The direct credit of shares shall be given to the demat accounts of the Acquirer indicated by the Acquirer's Buying Broker. For the same, the existing facility of client direct payout in the capital market segment shall be available.
- 9.15.5 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 Buying Broker's pool account.
- 9.15.6 In case of partial or non-acceptance of orders the balance demat Equity Shares shall be returned directly to the demat accounts of the Equity Shareholders. However, in the event of any rejection of transfer to the demat account of the Equity Shareholder for any reason, the demat Equity Shares shall be released to the securities pool account of their respective Selling Broker and the Selling Broker will thereafter transfer the balance Equity Shares to the respective Equity Shareholders

9.15.7 Any excess Physical Shares, to the extent tendered but not accepted, will be returned back to the Shareholder(s) directly by the Registrar to the Offer.

9.15.8 Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases / attachment orders / restriction from other statutory authorities wherein the Equity Shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation are liable to be rejected if directions / orders regarding these Equity Shares are not received together with the Equity Shares tendered under the Offer.

#### 9.16. Settlement of Funds / Payment Consideration

9.16.1 The Buying Broker will transfer the funds pertaining to the Offer to the Clearing Corporation's bank account as per the prescribed schedule.

9.16.2 For Equity Shares accepted under the Open Offer, Clearing Corporation will make direct funds payout to respective Equity Shareholders. If shareholders' bank account details are not available or if the funds transfer instruction are rejected by RBI/Bank, due to any reason, then such funds will be transferred to the concerned Selling Broker settlement bank account for onward transfer to their respective shareholders.

9.16.3 The payment will be made to the Buying Broker for settlement. For Equity Shares accepted under the Open Offer, the Equity Shareholder / Selling Broker / custodian participant will receive funds payout in their settlement bank account.

9.16.4 The funds received from the Buyer Broker by the Clearing Corporation will be released to the Equity Shareholder / Selling Broker (s) as per secondary market pay out mechanism.

9.16.5 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.

9.16.6 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.

#### 9.17. Note on Taxation

9.17.1 **Capital gain:** As per Income Tax Act, 1961 as amended by Finance Act, 2017, 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 be treated as Long Term Capital Gain ("LTCG") and will be exempt from capital gain tax under section 10(38) of the Income Tax Act, 1961 if the Securities Transaction Tax ("STT") has been paid at the time of acquisition as well as sale of such listed equity shares subject to certain exceptions notified by the Central Government. STT will be levied on and collected by a stock exchange on which the equity shares are sold. Further, any gain realized 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.

9.17.2 Public Shareholders are advised to consult their tax advisors for tax treatment arising out of the proposed Open Offer and appropriate course of action that they should take. The Acquirers do not accept nor hold any responsibility for any tax liability arising to any Public Shareholder as a result of this Open Offer.

#### 9.17.3 Tax deduction at source:

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

- In the case of non-resident Public 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 Public Shareholder. It is therefore recommended that the non-resident Public Shareholder may consult their custodians / authorized dealers / tax advisors appropriately.

9.17.4 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 tax at source, at the applicable rates, as per the Income Tax Act.

9.17.5 The tax rate and other provisions may undergo changes.

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

## **10. DOCUMENTS FOR INSPECTION**

The following documents are regarded as material documents and are available for inspection at the Office of the Manager to the Offer, Inventure Merchant Banker Services Private Limited, at 2nd Floor, Viraj Tower, Nr. Andheri Flyover (North End), Western Express Highway, Andheri (East) Mumbai – 400 069 from 11.00 am. to 5.00 pm. on any Working Day during the period from the Offer Opening date till date of expiry of the Tendering Period.

- 10.1. Copy of Certificate of Incorporation, Memorandum of Association and Articles of Association of California Software Company Limited.
- 10.2. Copy of Audited financial results for the year ending March 31, 2017 of California Software Company Limited. Copy of annual reports of California Software Company Limited for the Financial Years 2015-16 and 2014-15.
- 10.3. Copy of the certificate dated August 23, 2017 issued by CA. N. Balasubramanian (Membership No.023445), partner of N Balasubramanian Associates, Chartered Accountants (FRN No. 0003355) having its Office at 50, Montpam Road, Kilpauk, Chennai – 600 010, Tamil Nadu. Phone: +91 9444016789; E-mail: balasubramanian@rediffmail.com certifying the financial data of California Software Company Limited for the financial years ended March 31, 2017, 2016 and 2015.
- 10.4. Copy of the certificate dated July 31, 2017 issued by CA. N. Balasubramanian (Membership No.023445), partner of N Balasubramanian Associates, Chartered Accountants (FRN No. 0003355) certifying the Net worth of the Acquirer, Mahalingam Vasudevan as on July 31, 2017 and certifying that the Acquirer, Mahalingam Vasudevan has sufficient resources for fulfilling the obligations under the Offer, in full.
- 10.5. Copy of Escrow Agreement dated August 23, 2017 entered between Mahalingam Vasudevan (Acquirer), Inventure Merchant Banker Services Private Limited (Manager to the Offer) and ICICI Bank Limited (Escrow Bank).
- 10.6. Copy of e-mail dated August 24, 2017 from ICICI Bank Limited, Escrow Bank, confirming the cash deposit of Rs.65,00,000 (Rupees Sixty-five Lakhs Only) in the escrow account with a lien marked in favour of the Inventure Merchant Banker Services Private Limited, Manager to the Offer.
- 10.7. Copy of the share purchase agreement dated August 23, 2017 between the Mahalingam Vasudevan (Acquirer) and Kemoil Limited (Seller) which triggered the Offer.
- 10.8. Copy of Agreement dated August 23, 2017 between Mahalingam Vasudevan (Acquirer) and Integrated Registry Management Services Private Limited (Registrar to the Offer), for the purpose of the Offer.
- 10.9. Copy of Memorandum of Understanding dated August 23, 2017 between Mahalingam Vasudevan (Acquirer) and Inventure Merchant Banker Services Private Limited (Manager to the Offer), for the purpose of the Offer.
- 10.10. Copy of the Public Announcement dated August 23, 2017.

- 10.11. Published copy of the Detailed Public Statement dated August 29, 2017.
- 10.12. Copy of the recommendation dated [●] made by the Target Company's committee of independent directors, as required under Regulation 26(7) of the SEBI (SAST) Regulations, 2011.
- 10.13. Copy of the letter from SEBI dated September [●] containing its comments on the Draft LoF.
- 10.14. A copy of the documentation for opening a special depository account for the purpose of Offer.

#### **11. DECLARATION BY THE ACQUIRER**

For the purpose of disclosures in this Draft Letter of Offer relating to the Target Company and the Seller, the Acquirer has relied on the information provided by the Target Company and/or the Seller and has not independently verified the accuracy of details of the Target Company and/or the Seller. Subject to the aforesaid, the Acquirer, accepts full responsibility for the information contained in this Draft LoF and also accept responsibility for the obligations of the Acquirer as laid down in the SEBI (SAST) Regulations, 2011. The Acquirer shall be solely responsible for ensuring compliance with the SEBI (SAST) Regulations, 2011.

#### **ACQUIRER**

Sd/-

**(MAHALINGAM VASUDEVAN)**

Place: Chennai

Date: September 1, 2017

**[Form of Acceptance-Cum-Acknowledgement to be included in the Final Letter of Offer]**