

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

This Letter of Offer is sent to you as an Equity Shareholder of Aurum Soft Systems Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager / Registrar to the Offer. In case you have recently sold your Equity Shares in the Target, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER BY

Mr. Amarjit Singh Kalra

Residence: C- 130, Ground Floor, Mansarover Garden, New Delhi – 110 015

Tel. No.: +91 9910395913

E-mail id: amarjitkalra@yahoo.co.uk

Mr. Amarjit Singh Kalra referred to as the “Acquirer”

To acquire

1,69,26,000 (One crore sixty nine lakhs twenty six thousand) fully paid-up Equity Shares of face value of Rs. 2/- each representing in aggregate 26% of the Issued, Subscribed and Paid up Share Capital

Of

Aurum Soft Systems Limited (“Target/ASSL”)

Registered Office: Ground Floor, New no. 9, Venkateshwara Nagar, 4th Street, Adyar, Chennai, Tamil Nadu – 600 020

Tel. No.: +91 44 4218 7785/ 4218 7794, E-mail: balu@aurumsoftsystems.com

At a price of Rs. 0.98/- (Ninety eight paise only) per fully paid up Equity Share (“Offer Price”) payable in Cash. Pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof (the “SEBI Takeover Regulations”).

1. This Offer is being made by the Acquirer pursuant to Regulation 3(1) and 4 of SEBI Takeover Regulations and subsequent amendments thereto for substantial acquisition of Shares and voting rights of the Target.
2. As of the date of this Letter of Offer, to the best of the knowledge of Acquirer, there are no regulatory or statutory approvals required by the Acquirer for this Offer. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals.
3. The Offer is not subject to any minimum level of acceptance.
4. If there is any upward revision in the Offer Price by the Acquirer at any time prior to the commencement of the last three Working Days before the commencement of the tendering period i.e. March 08, 2017 the same would be informed by way of a Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the Acquirer for all the Shares validly tendered anytime during the Offer.
5. **There is no competitive bid as on the date of this Draft Letter of Offer.**
6. **This is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations** and is being made for the acquisition of 26% of the Voting Share Capital of the Target Company.
7. A copy of Public Announcement, Detailed Public Statement and Letter of Offer (including Form of Acceptance cum Acknowledgment) is also available on the website of Securities and Exchange Board of India (the “SEBI”), i.e. www.sebi.gov.in.

All future correspondence should be addressed to the Manager / Registrar to the Offer at the following addresses:

| MANAGER TO THE OFFER | REGISTRAR TO THE OFFER |
|--|--|
|  <p>SPA Capital Advisors Limited SEBI Regn. No.: INM000010825 25, C - Block, Community Centre Janak Puri, New Delhi - 110 058, India Tel. No. +91 11 2551 7371, 4567 5500 Fax No. +91 11 2553 2644 E-mail ID: mssl.openoffer@spagroupindia.com Investor grievance E-mail id: grievances.mb@spagroupindia.com Website: www.spacapital.com Contact Person: Ms. Anchal Lohia</p> |  <p>Beetal Financial & Computer Services Private Limited SEBI Regn. No.: INR000000262 Beetal House, 3rd Floor, 99, Madangir, New Delhi-110062 Tel. No.: 011-29961281-83, 26051064 Fax No.: 011 29961284 E-mail ID: beetal@beetalfinancial.com Investor grievance E-mail id: investor@beetalfinancial.com Website: www.beetalfinancial.com Person: Mr. Punit Mittal</p> |

SCHEDULE OF ACTIVITIES OF THE OFFER

| ACTIVITY | Date | Day |
|---|----------------------|------------|
| Public Announcement | January 13, 2017 | Friday |
| Detailed Public Statement | January 20, 2017 | Friday |
| Last date for a competing Offer | February 13, 2017 | Monday |
| Identified Date* | February 21, 2017 | Tuesday |
| Last date by which Letter of Offer will be dispatched to the Shareholders | March 2, 2017 | Thursday |
| Last date for upward revision in Offer Price | March 2, 2017 | Thursday |
| Last date by which Committee of Independent Directors of the Board of Target shall give its recommendations / comments | March 3, 2017 | Friday |
| Issue of advertisement announcing the Schedule of Open Offer and status of requisite statutory approvals | March 7, 2017 | Tuesday |
| Date of commencement of Tendering Period | March 8, 2017 | Wednesday |
| Date of closure of Tendering Period | March 22, 2017 | Wednesday |
| Last date of communication of acceptance / rejection and payment of consideration for accepted tenders / return unaccepted Shares | April 7, 2017 | Friday |

* Identified Date is only for the purpose of determining the names of the Shareholders of the Target to whom the Letter of Offer would be sent.

RISK FACTORS

Given below are the risks related to the transaction, proposed Offer and those associated with the Acquirer:

(A) Relating to transaction

The Offer is subject to the compliance of terms and conditions as mentioned under the Share Purchase Agreement dated January 13, 2017 (as referred in para 3.1.6 of this Draft Letter of Offer). In terms of Regulation 23(1)(c) of the SEBI Takeover Regulations if such Condition Precedents and other Conditions are not satisfactorily complied with, the Offer would stand withdrawn.

(B) Relating to the Offer

- (1) In the event that either (a) the statutory or regulatory approvals, if any, are not received in a timely manner (b) there is any litigation leading to stay on the offer by a court of competent jurisdiction, or (c) SEBI instructs the Acquirer not to proceed with the offer, then the offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of Target, whose shares have been accepted in the offer as well as the return of shares not accepted by the Acquirer, may be delayed. In case of delay in receipt of any statutory or regulatory approval, SEBI has the power to grant extension of time to Acquirer for payment of consideration to the public shareholders of the Target who have accepted the 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 Takeover Regulations.
- (2) In the event of over-subscription to the Offer, the acceptance will be on a proportionate basis and there is no certainty that all the Equity Shares tendered by the Public Shareholders in the Offer will be accepted.
- (3) Shareholders should note that the shareholders who have tendered their acceptance to the Open Offer are not entitled to withdraw such acceptance during Tendering Period, even if the acceptance of Equity Shares under the Open Offer and dispatch of consideration are delayed. The tendered Shares and documents would be held by the Registrar to the Offer till such time as the process of acceptance of Equity Shares and the payment of consideration is completed.
- (4) The Acquirer makes no assurance with respect to the financial performance of the Target and disclaims any responsibility with respect to any decision taken by the Shareholders on whether or not to participate in the Offer.
- (5) The Acquirer makes no assurance with respect to its investment / divestment decisions relating to its proposed shareholding in the Target.
- (6) The Acquirer does not provide any assurance with respect to the market price of the Equity Shares of the Target before, during or after the Offer and 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.
- (7) The Equity Shares tendered in response to the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer (in accordance with the SEBI Takeover Regulations and other applicable laws, rules and regulations), and the Shareholders will not be able to trade, sell, transfer, exchange or otherwise dispose of such Equity Shares until the completion of the Offer or withdrawal of the Offer in accordance with Regulation 23 of the SEBI Takeover Regulations.
- (8) The Manager to the Offer and / or Acquirer accepts no responsibility for statements made otherwise than in the Letter of Offer / Detailed Public Statement / Public Announcement and anyone placing reliance on any other source of information (not released by the Acquirer) would be doing so at his / her / its own risk.

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

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1. DEFINITIONS

| | |
|--|--|
| Acquirer | Mr. Amarjit Singh Kalra |
| Board | The Board of Directors of Target |
| Book Value per Share | Net Asset Value per Equity Share (i.e. Net worth / Number of Equity Shares issued) |
| CIN | Corporate Identification Number |
| CDSL | Central Depository Services (India) Limited |
| Companies Act 1956 | The Companies Act, 1956, as amended or replaced. |
| Companies Act 2013 | The Companies Act, 2013 to the extent notified by the MCA and in force as of the date of this Letter of Offer. |
| Date of commencement of Tendering Period | Wednesday, March 08, 2017 |
| Date of closure of Tendering Period | Wednesday, March 22, 2017 |
| Detailed Public Statement | Detailed Public Statement which appeared in the newspapers on January 20, 2017. |
| DIN | Director Identification Number |
| Draft Letter of Offer | This Draft Letter of Offer dated January 28, 2017. |
| EPS / Earning Per Share | Earning per Equity Share, for the period under reference and annualized. (Profit after tax / Number of Equity Shares issued) |
| Equity Shares / Share | Equity share(s) (including partly paid up shares) of the Target, having a face value of Rs. 2 each |
| Erstwhile SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended. |
| Escrow Agreement | Escrow Agreement dated January 18, 2017 between the Acquirer, Escrow Bank and the Manager to the Offer. |
| Escrow Bank / Escrow Agent | Axis Bank Limited |
| FEMA | The Foreign Exchange Management Act, 1999, as amended or modified from time to time. |
| FII | Foreign Institutional Investor |
| FIPB | Foreign Investment Promotion Board, Ministry of Finance, Government of India |
| Identified date | February 21, 2017 i.e. the date falling on the 10 th Working Day prior to the commencement of the Tendering period, for the purpose of determining the Shareholders of the Target to whom the Letter of Offer shall be sent. |
| Letter of Offer | Letter of Offer dated [●] |
| Manager to the Offer / Merchant Banker | SPA Capital Advisors Limited |
| NRI | Non Resident Indian |
| NSDL | National Securities Depository Limited |
| OCB | Overseas Corporate Bodies as defined under FEMA |
| Offer / Open Offer | Open Offer to acquire 1,69,26,000 (One crore sixty nine lakhs twenty six thousand) fully paid-up Equity Shares of face value of Rs. 2/- each representing 26% of the issued, subscribed and Paid Up Share Capital of the Target at the Offer Price of Rs. 0.98/- per equity share payable in cash and subject to the terms and conditions mentioned in the Letter of Offer, the Public Announcement and Detailed Public Statement. |
| Offer Price | Rs.0.98/- (Ninety eight paise only) per fully paid up Equity Share of Rs.2/- each payable in cash |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| Persons eligible to participate in the Offer | Registered shareholders of the Target, unregistered shareholders who own the Equity Shares of the Target at any time prior to the closure of Offer, including the beneficial owners of the shares held in dematerialized form, except the parties to Share Purchase Agreement dated January 13, 2017. |

| | |
|---|--|
| Public Announcement (PA) | Public Announcement of the Open Offer made by the Manager to the Offer on behalf of the Acquirer on January 13, 2017 in accordance with SEBI Takeover Regulations. |
| RBI | Reserve Bank of India |
| Registrar or Registrar to the Offer | Beetal Financial & Computer Services Private Limited having its registered office situated at Beetal House, 3rd Floor, 99, Madangir, New Delhi-110062. |
| Return on Net Worth | (Profit After Tax / Net Worth) *100 |
| INR / Rs. | Indian Rupees |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI | Securities and Exchange Board of India |
| SEBI Takeover Regulations/SEBI (SAST) Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto. |
| Sellers | Mr. Srikanth Ramanathan and Shripatheer Investments Private Limited |
| Share Purchase Agreement(SPA) | Share Purchase Agreement dated January 13, 2017 entered into between the Acquirer and Sellers. |
| Stock Exchange | BSE |
| Target or ASSL | Aurum Soft Systems Limited |
| Tendering Period | Period commencing from March 08, 2017 and ending on March 22, 2017 |
| Working Day | Working day of SEBI |

2. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF AURUM SOFT SYSTEMS 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 COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE 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 THE DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, “SPA CAPITAL ADVISORS LIMITED” HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 28, 2017 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE 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 a “Triggered Offer” under the Regulation 3(1) and 4 of SEBI Takeover Regulations for substantial acquisition of shares and voting rights accompanied with change in control and management of the Target.
- 3.1.2. On January 13, 2017, Mr. Amarjit Singh Kalra, resident of C - 130, Ground Floor, Mansarover Garden, New Delhi- 110015, referred to as the “Acquirer”, had entered into a Share Purchase Agreement with Mr. Srikanth Ramanathan and Shripatheer Investments Private Limited, collectively referred to as the “Sellers” and individually as the “Seller”, forming a part of the Promoter Group of the Target, to acquire 2,04,95,427 (Two crores four lakhs ninety five thousand four hundred twenty seven) Equity Shares representing 31.48% of the issued and subscribed equity share capital and 31.48% of the Paid Up / Voting Capital of the Target (“Sale Shares”). The total consideration payable by the Acquirer to the Sellers for the purchase of the Sale Shares is Rs 1,84,45,885/- (Rupees one crore eighty four lakhs forty five thousand eight hundred eighty five only) i.e. at the rate of Rs. 0.90/- (Ninety paise only) per

Equity Share. The consideration for the purchase of Shares shall be paid in cash by the Acquirer. The Acquisition will result in the change in control and management of the Target.

The Acquirer has shareholding of 1,45,78,080 shares representing 22.39% of the paid up share capital of the Target as on the date of Share Purchase Agreement. Pursuant to the Share Purchase Agreement dated January 13, 2017, the Acquirer intends to acquire following equity shares from the Promoters:

| Name of the Acquirer | Name of the Seller | Number of Equity Shares to be acquired pursuant to Share Purchase Agreement dated May 18, 2014 | Number of Equity Shares for which acquisition completed | % of Paid up capital of Target |
|-------------------------|--|--|---|--------------------------------|
| Mr. Amarjit Singh Kalra | Shrikanth Ramanathan | 20,68,500 | Nil | 3.18 |
| | Shripathee Investments Private Limited | 1,84,26,927 | Nil | 28.31 |

3.1.3. The Offer is not as a result of Global Acquisition resulting in indirect acquisition of Target. The acquisition of the Sale Shares by the Acquirer is subject to certain conditions precedent as provided in the Share Purchase Agreement.

3.1.4. Mr. Srikanth Ramanathan and Shripathee Investments Private Limited, its Promoters and its Directors have not been prohibited by SEBI from dealing in securities. However, Mr. M.V.S. Ananthkrishnan Promoter/Director of Shripathee Investments Private Limited was issued show cause notice by SEBI vide letter no. IVD/ID3/PKB/AA/WIL/134677/2008 dated August 11, 2008 restraining him from dealing in securities, in terms of directions issued under Section 11B of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. Mr M.V.S. Ananthkrishnan in September 2008 proposed settlement of the proceedings through a consent order and undertook to pay Rs 50 lakhs towards the settlement terms along with undergoing voluntary debarment from dealing in securities market in any manner whether directly or indirectly, for a period of 3 months. SEBI accepted the said proposal vide letter dated April 22, 2010. Accordingly Mr. M.V.S. Ananthkrishnan remitted a sum of Rs 50 lakhs in May 2010 and was debarred from dealing in securities market for a period of 3 months from June 15, 2010 as per SEBI consent order of same date. Further, apart from the obligations under the terms of the Share Purchase Agreement dated January 13, 2017, the Sellers do not have any other liabilities / obligations towards the Acquirer.

3.1.5. The salient features of the Share Purchase Agreement dated January 13, 2017 are as under:

- Subject to the provisions of the Agreement, each of the Sellers agree to sell, transfer, convey and deliver to the Purchaser and such Purchaser agrees to purchase, acquire and accept from the Sellers, free from Encumbrances, all rights, title and interest of the Sellers in and to the Shares together with all rights and benefits and accruing thereto in compliance with the Takeover Regulations. The sale and purchase of the Shares shall be completed in accordance with the provisions of the Agreement.
- The consideration for purchase of the Shares agreed between the parties is Rs. 0.90/- (Ninety paisa only) per Equity sale Share, which aggregates to Rs 1,84,45,885/- (Rupees one crore eighty four lakhs forty five thousand eight hundred eighty five only) for the entire shares comprised in the Shares (the "Purchase Price").
- This Agreement shall be effective from the date hereof; provided however that the Purchaser's obligations to purchase the Shares shall be subject to and conditional upon the Purchaser complying with the applicable provisions of the Takeover Regulations.
- The Purchaser acknowledges and confirms that the execution of said Agreement shall trigger obligations on the Purchaser to comply with the provisions of the Takeover Regulations related to making a Public Announcement and making an open offer for purchase of shares from public

shareholders subject to a minimum of twenty six (26) percent of total shares of the Target Company in compliance with the Takeover Regulations. The Purchaser shall simultaneously with the fulfilment of his obligations under the Takeover Regulations, procure from its merchant banker a certificate (the “Merchant Banker’s Certificate”) and submit to the Board of Directors of the Company and the Sellers, to confirm fulfilment of the Purchaser’s obligations under the Takeover Regulations. The Sellers shall provide to the Purchaser such documentation and information, as the Purchaser may reasonably require, and extend all required assistance, as the Purchaser may require, for complying with the provisions of the Takeover Regulations.

- The Parties agree that, in case of non-compliance with the provisions of the Takeover Regulations, the Parties shall not act upon the transaction of sale and purchase of the Shares envisaged in the said Agreement. In such an event, the Party responsible for such non-compliance shall be liable for all consequences thereof.

- 3.1.6. The Acquirer and Sellers may complete the acquisition contracted under the aforesaid Share Purchase Agreement after the expiry of twenty one working days from the date of Detailed Public Statement. The Acquirer has deposited 1,66,00,000 (Rupees one crore sixty six lakhs only) in cash in the Escrow Account which is more than 100% of the Maximum Consideration in compliance with the provisions of Regulation 22(2) of the SEBI Takeover Regulations.
- 3.1.7. There is no non- compete fee in the Share Purchase Agreement.
- 3.1.8. There is no Person Acting in Concert with the Acquirer for the purpose of this Open Offer.
- 3.1.9. There is no separate arrangement for the proposed change in control of the Target.
- 3.1.10. The Acquirer has not been prohibited by SEBI from dealing in securities in terms of any direction issued under Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.
- 3.1.11. As on date of this Draft Letter of Offer none of the Directors of the Target represents the Acquirer.
- 3.1.12. The recommendations of the Committee of Independent Directors, as constituted by the Board of Directors of the Target on the Offer, will be published at least two Working Days before the commencement of the tendering period, i.e. March 03, 2017 in the same newspapers where the Detailed Public Statement was published and a copy whereof shall be sent to SEBI, BSE and the Manager to the Offer.

3.2. **Details of the Proposed Offer**

- 3.2.1. In accordance with Regulations 14(1) and 14(3) of the SEBI Takeover Regulations, the Manager to the Offer, on behalf of the Acquirer, has submitted to BSE Limited, SEBI and the Target a copy of the Public Announcement made on January 13, 2017 and the Detailed Public Statement on January 20, 2017 which was published in the following newspapers:

| Publication | Editions |
|--------------------|--|
| Business Standard | English (All editions) |
| Business Standard | Hindi (All Editions) |
| Navshakti | Marathi (Mumbai Editions), being the place where Stock Exchange on which equity shares of Target are listed is situated. |
| Dinasuryaan | Tamil (Chennai Editions), being the place where registered office of the Target is situated. |

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

- 3.2.2. This Open Offer is made by Acquirer in terms of the SEBI Takeover Regulations to the Shareholders of Target (other than the parties to the Share Purchase Agreement) to acquire 1,69,26,000 (One crore sixty nine lakhs twenty six thousand) Equity shares of face value of Rs. 2/- each ("Equity Shares") representing 26% of the issued and subscribed Equity Share Capital and 26% of the Paid Up / Voting Capital of the Target at a price of Rs. 0.98 (Ninety eight paise only) per fully paid up Equity Share ("Offer Price"), payable in cash subject to the terms and conditions set out in the Public Announcement, Detailed Public Statement and the Letter of Offer.
- 3.2.3. This Offer is not a competing offer in terms of Regulation 20 of the SEBI Takeover Regulation and there have been no competing offers as of date of this Draft Letter of Offer.
- 3.2.4. This is not a conditional offer in terms of Regulation 19 of SEBI (SAST) Regulations and is not subject to any minimum level of acceptance from the Shareholders. The Acquirer will accept the Equity Shares of the Target which are tendered in valid form in terms of this Offer up to 1,69,26,000 (One crore sixty nine lakhs twenty six thousand) equity shares of face value of Rs. 2/- each.
- 3.2.5. The Acquirer has not undertaken any transaction in the Equity Shares of Target after the date of Public Announcement i.e. January 13, 2017 and up to the date of this Draft Letter of Offer.
- 3.2.6. The Equity Shares of the Target will be acquired by the Acquirer free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights declared thereafter.
- 3.2.7. Upon completion of the Offer, assuming full acceptances in the Offer and pursuant to Share Purchase Agreement, the Acquirer will hold 5,19,99,507 (Five crores nineteen lakhs ninety nine thousand five hundred seven) Equity Shares constituting 79.88% of the issued and subscribed capital and 79.88% of the Paid Up / Voting Capital of the Target . In terms of Regulation 38 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Rule 19A(1) of the Securities Contracts (Regulations) Rules, 1957, the Target is required to maintain at least 25% public shareholding for listing on a continuous basis. In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the present Offer after considering the Share Purchase Agreement and Open Offer Shares would result the Public shareholding in the Target falling below the minimum level required as per the Listing Agreement entered with the Stock Exchange for the purpose of listing on continuous basis. The Acquirer undertakes to take necessary steps to facilitate compliance of the Target with the relevant provisions of the LODR Regulations and other applicable laws, within the time period mentioned therein or in accordance with such other directions as may be provided by the Stock Exchange.
- 3.2.8. Further, the Acquirer shall not be eligible to make Voluntary Delisting offer under SEBI (Delisting Equity Shares) Regulations, 2009, unless a period of twelve months have elapsed from the date of completion of the offer period as per Regulation 7(5) of SEBI (SAST) Regulations, 2011.
- 3.2.9. The Manager to the Offer does not hold any Equity Shares in the Target as on the date of Public Announcement and / or Detailed Public Statement and / or Draft Letter of Offer. 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 during the Offer Period.
- 3.3. Object of the Acquisition / Offer**
- 3.3.1. The Offer is being made pursuant to Share Purchase Agreement dated January 13, 2017 between the Acquirer and the Sellers whereby the Acquirer proposes to acquire 2,04,95,427 (Two crores four lakhs ninety five thousand four hundred twenty seven) Equity Shares representing 31.48% of the issued, subscribed and paid up Capital of the Target from the sellers.
- 3.3.2. Acquirer has no plans to alienate any material assets of the Target whether by sale, lease, encumbrance or otherwise outside the ordinary course of business of the Target. In the event any

substantial assets of the Target are proposed to be sold, disposed off or otherwise encumbered in the succeeding two years from the date of closure of the Open Offer period, the Acquirer undertakes that he shall do so only upon receipt of prior approval of the Shareholders of the Target through Special Resolution in terms of Regulation 25(2) of the SEBI Takeover Regulations and subject to applicable laws as may be required.

- 3.3.3. The object of acquisition is to acquire substantial shares/voting rights accompanied with change in management and control of the Target Company. The acquirer reserves the right to modify the present structure of the business in a manner which is useful to the larger interest of the shareholders. Any change in the structure that may be carried out, will be in accordance with the laws applicable.
- 3.3.4. The Acquirer intends to seek a reconstitution of the Board of Directors of the Target in compliance with Regulation 24(1) of SEBI Takeover Regulations. The Acquirer has undertaken that he or his representatives, if appointed on the Board in compliance with Regulation 24(1), will not participate in any deliberations or vote on any matter in relation to the Open Offer.

4. BACKGROUND OF THE ACQUIRER

- 4.1. Mr. Amarjit Singh Kalra (“Acquirer”), son of Sh. Surinder Singh Kalra, aged 51 years, resident of C-130, Mansarover Garden, New Delhi 110 015 , Tel. + 91 9910395913, has more than 30 years of experience in the field of manufacturing and export of Electronics. He has successfully established the brand “5CORE” as a distinguished manufacturer and exporter to many parts of the world. The Net Worth of Mr. Amarjit Singh Kalra as on December 31, 2016 is Rs 85,35,78,928 as certified by Ms. Anshu (Membership No. 528381), Proprietor, Anshu & Co., Chartered Accountants, S-2/59, Swarn Park, Mundka, New Delhi – 110 041, vide certificate dated January 13, 2017.
- 4.2. As on the date of this Draft Letter of Offer, Mr. Amarjit Singh Kalra is not a Director on the Board of Directors of the Target.
- 4.3. Mr. Amarjit Singh Kalra does not hold any position on Board of Directors of any listed company. He is a director of following unlisted companies:

| Name of the Company | CIN | Current Designation | Date of Appointment |
|-------------------------------------|-----------------------|----------------------------|----------------------------|
| 5 Core Acoustics Private Limited | U29100DL1995PTC072253 | Director | September 01, 2014 |
| Five Core Electronics Limited | U32109DL2002PLC148250 | Director | April 11, 2002 |
| Indian Acoustics Private Limited | U32109DL2010PTC204357 | Director | June 21, 2010 |
| Digi Export Venture Private Limited | U32200DL2010PTC204832 | Director | June 25, 2010 |
| Happy Acoustics Private Limited | U74999DL2012PTC233017 | Director | March 16, 2012 |

- 4.4. Details of the equity shares acquired by Acquirer – as on date of this draft letter of offer , the Acquirer holds 1,45,78,080 equity shares representing 22.39% of the paid up share capital of the Company. The details of acquisitions are as under:

| Date of Acquisition | No. of Shares Acquired |
|---------------------|------------------------|
| 23-Aug-16 | 2,500.00 |
| 25-Aug-16 | 1,000.00 |
| 30-Aug-16 | 1,000.00 |
| 1-Sep-16 | 5,000.00 |
| 2-Sep-16 | 19,000.00 |
| 7-Sep-16 | 20,000.00 |
| 8-Sep-16 | 20,675.00 |
| 9-Sep-16 | 2,203.00 |
| 15-Sep-16 | 1,400.00 |
| 16-Sep-16 | 1,000.00 |
| 19-Sep-16 | 10,000.00 |
| 20-Sep-16 | 5,540.00 |
| 21-Sep-16 | 4,304.00 |
| 22-Sep-16 | 1,000.00 |
| 23-Sep-16 | 700.00 |
| 26-Sep-16 | 3,700.00 |
| 28-Sep-16 | 2,200.00 |
| 29-Sep-16 | 1,250.00 |
| 5-Oct-16 | 7,000.00 |
| 6-Oct-16 | 2,490.00 |
| 7-Oct-16 | 22,902.00 |
| 14-Oct-16 | 1,000.00 |
| 17-Oct-16 | 10,008.00 |
| 20-Oct-16 | 575.00 |
| 21-Oct-16 | 2,500.00 |
| 25-Oct-16 | 967.00 |
| 26-Oct-16 | 750.00 |
| 27-Oct-16 | 1,000.00 |
| 28-Oct-16 | 7,000.00 |
| 24-Nov-16 | (7,000.00)* |
| 10-Jan-17 | 62,70,120.00 |
| 11-Jan-17 | 51,74,296.00 |
| 12-Jan-17 | 29,82,000.00 |

*Equity Shares sold at Rs 0.56/- per share

The average price of acquisition is R. 0.54/- per equity share and maximum purchase price is Rs. 0.60/- per equity share.

- 4.5. In respect of the above, following disclosures were made by the acquirer, as per the provisions of Chapter V of SEBI (SAST) Regulations, 2011:

| S. No. | Regulation/Sub-Regulation | Due Date for Compliance as mentioned in the regulation | Actual date of compliance | Delay, if any (in No. of days) | Status of compliance with Takeover Regulations |
|--------|---------------------------|--|---------------------------|--------------------------------|--|
| 1. | 29(1) | January 12, 2017 | January 12, 2017 | Nil | Complied |
| 2. | 29(2) | January 13, 2017 | January 13, 2017 | Nil | Complied |
| 3. | 29(2) | January 16, 2017 | January 13, 2017 | Nil | Complied |

- 4.6. Acquirer is not in the list of 'wilful defaulters' issued by any bank, financial institution, or consortium thereof in accordance with guidelines on wilful defaulters issued by SEBI.
- 4.7. He has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the Securities and Exchange Board of India Act, 1992 or under any of the Regulations made thereof.

5. BACKGROUND OF THE TARGET – AURUM SOFT SYSTEMS LIMITED

- 5.1. Aurum Soft Systems Limited ("ASSL" / "Target") was incorporated as a private limited company on March 04, 1994 with the Registrar of Companies Tamil Nadu as Jaisal Securities Private Limited. On December 29, 1994 the company was converted into the public limited and the name of the company was changed to Jaisal Securities Limited. On February 04, 2010 the name of the company was further changed to Aurum Soft Systems Limited. The Registered Office of the Target is situated at Ground Floor, New no. 9, Venkateshwara Nagar, 4th Street, Adyar, Chennai, 600020, Tamil Nadu, Tel.: +91 44-42187785/42187794. The Corporate Identification Number of the Target is L32200TN1994PLC026958. The present promoters of the Target are Mr. Srikanth Ramanathan and Shripathee Investements Private Limited.
- 5.2. The Target company is engaged in the business of providing enterprise applications and flexible IT solutions.
- 5.3. The total Authorised Share Capital of the Company is Rs. 41,00,00,000 (Rupees forty one crores only) consisting of 13,70,00,000 equity shares of Rs. 2/- each and 6,80,00,000 Non-cumulative optionally convertible Preference Shares of Rs. 2/- each as on the date of this Draft Letter of Offer. The total paid up share capital of the Target is Rs. 13,02,00,000 consisting only of equity share capital.
- 5.4. The total Paid Up Equity Share Capital of the Target is Rs. 13,02,00,000 comprising of 6,51,00,000 fully paid up Equity Shares of face value of Rs. 2/- each. There are no partly paid-up shares in the Target Company and none of the equity shares are under Lock-in.
- 5.5. Share Capital structure of the Target as on the date of this Draft Letter of Offer is as follows:

| Paid up Equity Share Capital of Target | Vo. of Shares (Face Value Rs 2) / Voting Rights | Percentage of Shares / Voting Rights |
|---|--|---|
| Fully paid up Equity Shares | 6,51,00,000.00 | 100.00 |
| Partly paid up Equity Shares | - | - |
| Total paid up Equity Shares | 6,51,00,000.00 | 100.00 |
| Total voting rights in Target | 6,51,00,000.00 | 100.00 |

- 5.6. Further, as of the date of this Draft Letter of Offer, there are no outstanding convertible instruments (warrants / fully convertible debentures / partly convertible debentures) issued by the Target.
- 5.7. The Equity Shares (ISIN: [INE600D01021]) of the Target are presently listed on BSE Limited (Scrip Code: 530885). The Equity Shares of the Target are not suspended from trading on BSE. The Equity Shares of Target were also earlier listed on Madras Stock Exchange ("MSE"). However SEBI vide its Order dated May 14, 2015 provided an exit to MSE as a Stock Exchange. Pursuant to such de-recognition of MSE, the Company cease to be listed on MSE.

- 5.8. As on the date of this Draft Letter of Offer, the composition of the Board of Directors of the Target is as under:

| Name | Designation | DIN | Address | Date of appointment |
|--|-------------------|----------|---|---------------------|
| Kamakshi Shankararaman | Director | 00215869 | Flat A Kumaran Kudil 69, Anbu Nagar Main Road, Alwarthirunaga R Chennai-600 087 | 10/07/2015 |
| Kannimangalam Subramanyan Vaidyanathan | Director | 01122393 | 29 N 6coats Road T Nagar Chennai- 600 017 | 19/12/2008 |
| Keerthivasan Balaji | Chairman | 02146692 | 1-720, Haritha Homes, First Main Road Sabari Nagar Extn, Mugalivakkam Chennai-600 116 | 15/03/2011 |
| Srikanth Ramanathan | Managing Director | 02266332 | 47, Sadhullah Street, Flat No.3, T. Nagar Chennai-600 017 | 06/02/2009 |
| Ganapathi Subramanian Venkatraman | Director | 02317407 | N.No.8 O.No.27/1 Ramakrishnapuram 2nd Street West Mambalam, Chennai-600 033 | 19/12/2008 |

- 5.9. The Target has not been party to any scheme of amalgamation, restructuring, merger / de merger and spin off during last 3 years.

- 5.10. Brief audited financial statements of the Target for financial years ended March 31, 2016, March 31, 2015, March 31, 2014 and for the period ended December 31, 2016 are as under:

(all figures in Rs. Lakhs- except otherwise stated)

| Particulars | Period Ended 31.12.2016 | Year Ended 31.03.2016 | Year Ended 31.03.2015 | Year Ended 31.03.2014 |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| Profit and Loss Statement | | | | |
| Income from Operations (Net) | 306.83 | 1019.98 | 1057.93 | 1234.31 |
| Other Income | 24.71 | 73.05 | 39.87 | 72.24 |
| Total Income | 331.54 | 1093.03 | 1097.80 | 1306.55 |
| Total Expenditure | 302.33 | 984.14 | 1108.88 | 1284.75 |
| Profit Before Depreciation, Interest and Tax | 29.48 | 1971.56 | 97.81 | 129.66 |
| Depreciation | 0.27 | 100.00 | 108.89 | 107.86 |
| Interest | - | - | - | - |
| Profit Before Tax | 29.21 | (2071.56) | (11.08) | (513.81) |
| Provision for Tax | 14.23 | 36.49 | (1.71) | (6.80) |
| Profit after Tax | 14.98 | (2,108.05) | (9.37) | (520.61) |
| Balance Sheet Statement | | | | |
| Sources of fund | | | | |
| Paid up Share Capital | 1302.00 | 1302.00 | 1302.00 | 1302.00 |
| Reserves and Surplus * | (666.41) | (688.61) | 1,382.95 | 1,400.55 |
| Net worth | 635.59 | 613.39 | 2,684.95 | 2,702.55 |
| Secured Loans | - | - | - | - |
| Unsecured Loans | - | - | - | - |
| Total | - | - | - | - |
| Uses of fund | | | | |
| Net fixed assets | 1.19 | 0.23 | 100.23 | 209.46 |
| Investments | 567.52 | 140.04 | 1793.91 | 1735.90 |
| Net Current Assets | 547.52 | 435.24 | 177.60 | 118.82 |

| Particulars | Period | Year Ended | Year Ended | Year Ended |
|------------------------------|---------------------|------------|------------|------------|
| | Ended 31.12.2016 | 31.03.2016 | 31.03.2015 | 31.03.2014 |
| Other Financial Data | | | | |
| Dividend (%) | Nil | Nil | Nil | Nil |
| Earnings Per Share (in Rs.) | 0.02 | (3.24) | (0.01) | (0.80) |
| Return on Net worth (%) | 2.36 | (343.67) | (0.35) | (19.26) |
| Book Value Per Share (in Rs) | 0.98 | 0.94 | 4.12 | 4.15 |

*Net of Deffered Tax Assets/Liabilities

5.11. Pre and Post Offer shareholding pattern of the Target as on the date of this Draft Letter of Offer is as under:

| Shareholders' category | Shareholding prior to the agreement / acquisition and offer | | Shares agreed to be acquired pursuant to Share Purchase Agreement | | Shares to be acquired in open offer (Assuming full Acceptance) | | Share holding / voting rights after the acquisition and offer | |
|---|---|---------------|---|----------------|--|--------------|---|--------------|
| | (A) | | (B) | | (C) | | (A)+(B)+(C)= (D) | |
| | No. | % | No. | % | No. | % | No. | % |
| (1) Promoter group | | | | | | | | |
| a. Parties to agreement, if any | | | | | | | | |
| Shripathee Investments Private Limited | 1,84,26,927 | 28.31 | (1,84,26,927) | (28.31) | - | - | - | - |
| Mr. Srikanth Ramanathan | 20,68,500 | 3.18 | (20,68,500) | (3.18) | - | - | - | - |
| b. Promoters other than (a) above | - | - | - | - | - | - | - | - |
| Total 1(a + b) | 2,04,95,427 | 31.48 | (2,04,95,427) | (31.48) | - | - | - | - |
| (2) Acquirer | | | | | | | | |
| Amarjit Singh Kalra | 1,45,78,080 | 22.39 | 2,04,95,427 | 31.48 | 1,69,26,000 | 26.00 | 5,19,99,507 | 79.88 |
| (3) Parties to agreement other than (1)(a) & (2) | | | | | | | | |
| (4) Public (other than parties to agreement, & acquirer) | 3,00,26,493 | 46.13 | - | - | - | - | 1,31,00,493 | 20.12 |
| GRAND TOTAL (1+2+3+4) | 6,51,00,000 | 100.00 | 2,04,95,427 | 31.48 | 1,69,26,000 | 26.00 | 6,51,00,000 | 100.0 |

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1. Justification of Offer Price

- 6.1.1. The equity shares of the Target Company are listed and traded at BSE Limited (Scrip Code: 530885) and are infrequently traded as per SEBI (SAST) Regulations. The annualized trading turnover of the equity shares traded during the twelve calendar months (i.e. January 01, 2016 to December 31, 2016) preceding the calendar month in which PA was made i.e. January 2017, is given below:

| S. No. | Name of the Stock Exchange | Total No. of Equity Shares traded during the 12 calendar months preceding January 2017 | Total No. of Equity Shares Listed | Traded Turnover (In terms of % to the Total Listed equity Shares) |
|--------|----------------------------|--|-----------------------------------|---|
| 1. | BSE Limited | 7,66,693 | 6,51,00,000 | 1.18% |

- 6.1.2 The trading turnover of the equity shares traded during the twelve calendar months (i.e. January 01, 2016 to December 31, 2016) is less than 10.00% (Ten percent) of total number of shares of the Target Company, the Equity Shares of the Target Company are therefore not frequently traded in terms of Regulation 2(1)(j) of the SEBI Takeover Regulations.
- 6.1.3 The offer price of Rs.0.98/- (Ninety eight paise only) per fully paid-up equity share is calculated and justified in terms of Regulation 8(2) of the SEBI Takeover Regulations, being the highest of the following:

| Particulars | Amount |
|---|----------------|
| The highest negotiated price per Equity Share of the Target for any acquisition under the agreement attracting the obligation to make a Public Announcement of the Offer. | Rs 0.90 |
| The volume-weighted average price paid or payable for acquisitions by the Acquirer during the fifty-two weeks immediately preceding the date of the Public Announcement. | Not Applicable |
| The highest price paid or payable for any acquisition by the Acquirer during the twenty six weeks immediately preceding the date of the Public Announcement. | 0.60 |
| The volume-weighted average market price of Equity Shares for a period of sixty (60) trading days immediately preceding the date of the Public Announcement as traded on BSE, being Stock Exchange where the Equity Shares of the Target are listed. | Not Applicable |
| Since the Equity Shares are not frequently traded, the price determined by the Acquirer and the Manager to the Open Offer taking into account valuation parameters including book value, comparable trading multiples and such other parameters as are customary for valuation of shares of such companies. | 0.98 |

- 6.1.4 Ms. Anshu (Membership No. 528381), Proprietor, Anshu & Co., Chartered Accountants, having office at S-2/59, Swarn Park, Mundka, New Delhi- 110 041, vide certificate dated January 17, 2017 has certified that the fair value of the Equity Share of the Target is Rs 0.84 (Eighty four paise only) per fully paid up Equity Shares based on the financial ratios of the Company and the decision of the Hon'ble Supreme Court of India in the matter of Hindustan Lever Employees Union v/s Hindustan Lever Limited, 1995. However, The Acquirer has decided to acquire the fully paid up Equity Shares at a price of Rs 0.98 (Ninety eight paise only) each.
- 6.1.5 There has been no revision in the Offer Price since the date of Public Announcement till the date of this Draft Letter of Offer. The Offer Price does not warrant any adjustments for Corporate Actions.

- 6.1.6 In the event of further acquisition of Equity Shares of the Target by the Acquirer during the offer Period, by purchase of Equity Shares of the Target at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI Takeover Regulations. However, the acquirer shall not be acquiring any Equity Share of the Target after third working day prior to the commencement of the tendering period and until the expiry of the tendering period.
- 6.1.7 The Acquirer may, in terms of Regulation 18(4) of the SEBI Takeover Regulations, make upward revision of the Offer Price at any time prior to the commencement of the last three working days before the commencement of the tendering period. If there is any such upward revision in the Offer Price by the Acquirer or in case of withdrawal of Offer, the same would be informed by way of Public Announcement in the same newspapers where the original Detailed Public Statement has appeared. Such revision in the Offer Price would be payable by the Acquirer for all the Equity Shares validly tendered at anytime during the Offer. In case of upward revision in the Offer Price, the value of the Escrow Account shall be computed on the revised consideration calculated at such revised Offer Price and any additional amount required will be funded via cash in the Escrow Account by the Acquirer prior to effecting such revision, in terms of the Regulation 17(2) of the SEBI Takeover Regulations.
- 6.1.8 If the Acquirer acquire Equity Shares of the Target during the twenty-six weeks after the tendering period at a price higher than the offer Price, then the Acquirers shall pay the difference between the highest acquisition price and the offer price, to all shareholders whose 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 under the SEBI Takeover Regulations or open market purchases made in the ordinary course on the stock exchanges, not being negotiated acquisition of shares of the Target in any form.

6.2 Financial Arrangement

- 6.2.1 The total funding requirement for the Offer (assuming full acceptances) i.e. for the acquisition of 1,69,26,000 Equity Shares from the public Shareholders of the Target at a Offer Price of Rs 0.98/- (Ninety eight paise only) per fully paid up Equity Share is Rs 1,65,87,480 (Rupees one crore sixty five lakhs eighty seven thousand four hundred eighty only), (the “**Maximum Consideration**”).
- 6.2.2 The Acquirer has adequate resources and have made firm financial arrangements for financing the acquisition of the Equity Shares under the Offer, in terms of Regulation 25(1) of the SEBI Takeover Regulations. Ms. Anshu , (Membership no. 528381), Proprietor, Anshu & Co., Chartered Accountants, having office at S-2/59, Swarn Park, Mundka, New Delhi- 110 041, has vide certificate dated January 13, 2017 certified that the Acquirer has adequate resources to meet the fund requirements for the acquisition of the Equity Shares of the Target under the Open Offer.
- 6.2.3 The Acquirer, the Manager to the Offer and Axis Bank, a banking corporation incorporated under the laws of India, acting through its branch office at 4A/1 Kripal Plaza, Main Nazafgarh Road, Tilak Nagar, New Delhi- 110018, have entered into an Escrow Agreement on January 18, 2017, for the purpose of the Offer (the “Escrow Agreement”). Pursuant to the Escrow Agreement and in compliance with the Regulation 17(1) of the SEBI Takeover Regulations, the Acquirer has opened an Escrow Account in the name and style as “ASSL-Open Offer Escrow Account” bearing Account number 917020012072755. The Acquirer has deposited Rs 1,66,00,000 (Rupees one crore sixty six lakhs only) in cash in the Escrow Account which is more than 100% of the value of Maximum Consideration payable under the Offer (assuming full acceptances) as certified by Axis Bank Limited vide letter dated January 19, 2017. The Manager to the Offer is duly authorised by the Acquirer to realise the value of the Escrow Account and operate the Escrow Account in terms of the SEBI Takeover Regulations.
- 6.2.4 Based on the above and in the light of the Escrow arrangement, the Manager to the Offer is satisfied that firm arrangements have been put in place by the Acquirer to fulfil the Acquirer’s obligations through verifiable means in relation to the Offer in accordance with the SEBI Takeover Regulations.

7 TERMS AND CONDITIONS OF THE OFFER

7.1 Operational terms and conditions

- 7.1.1 This Offer is not subject to any minimum level of acceptances in terms of Regulation 19(1) of SEBI (SAST) Regulations from Shareholders of the Target and is not a competing offer in terms of Regulation 20 of SEBI (SAST) Regulations.
- 7.1.2 Letter of Offer along with the Form of Acceptance shall be sent to all the Equity Shareholders of the Target, whose names appear in its Register of Members on February 21, 2017, the Identified Date.
- 7.1.3 Accidental omission to dispatch Letter of Offer to any Shareholder entitled to this Open Offer or non-receipt of Letter of Offer by any Shareholder entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.
- 7.1.4 The Offer is subject to terms and conditions set out in this Letter of Offer, the Form of Acceptance cum Acknowledgment, the Public Announcement, the Detailed Public Statement and any other Public Announcements that may be issued with respect to the Offer.
- 7.1.5 The Letter of Offer along with the Form of Acceptance cum Acknowledgement would also be available at SEBI's website, www.sebi.gov.in and shareholders can also apply by downloading such forms from the website.
- 7.1.6 This Offer is subject to the receipt of the statutory and other approvals as mentioned in paragraph 7.4 of this Draft Letter of Offer. In terms of Regulation 23(1) of the SEBI Takeover Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 7.1.7 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance cum Acknowledgment and sent along with the other documents duly filled in and signed by the applicant Shareholder(s).
- 7.1.8 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 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.
- 7.1.9 Shareholders who have accepted the Open Offer by tendering their Shares and requisite documents in terms of the Public Announcement, Detailed Public Statement and Letter of Offer are not entitled to withdraw such acceptance during the Tendering Period for the Open Offer.
- 7.1.10 The acceptance of the Open Offer is entirely at the discretion of the Shareholders of the Target. The Acquirer will not be responsible for any loss of Share Certificate(s) and Open Offer acceptance documents during transit and the Shareholders of the Target are advised to adequately safeguard their interest in this regard.
- 7.1.11 Incomplete acceptances, including non submission of necessary enclosures, if any, are liable to be rejected. Further, in case the documents/forms submitted are incomplete and/or if they have any defect or modifications, the acceptance is liable to be rejected.
- 7.1.12 The Acquirer, Manager to the Offer or Registrar to the Offer accepts no responsibility for any loss of Equity Share Certificates, Offer Acceptances Forms, Share Transfer Deed etc., during transit and the Equity Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 7.2 **Locked in Equity Shares:** The Target has no shares which are locked-in.

7.3 **Persons eligible to participate in the Offer:** Registered shareholders of the Target and unregistered shareholders who own the Equity Shares of the Target any time prior to the closure of Offer, including the beneficial owners of the shares held in dematerialised form, except the parties to Share Purchase Agreement dated January 13, 2017.

7.4 **Statutory and other Approvals:**

7.4.1 As of the date of this Letter of offer, to the best of the knowledge of Acquirer, there are no regulatory or statutory approvals required by the Acquirer for this Offer. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such other statutory approvals. In terms of Regulation 23 of the SEBI Takeover Regulations, the Acquirer will have the right not to proceed with the Offer in the event any of the statutory approvals that are required are refused.

7.4.2 The Acquirer does not require any approval(s) from Financial Institutions or Banks for this Offer.

7.4.3 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirer for payment of consideration to Shareholders of the Target, subject to Acquirer agreeing to pay interest, if any, for the delayed period if directed by SEBI in terms of the Regulation 18(11) of the SEBI Takeover Regulations. Further, if the delay occurs on account of the wilful default or neglect or inaction or non-action by Acquirer in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 17(10)(e) of the SEBI Takeover Regulations.

8 **PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER**

8.1.1 All public shareholders, of the target Company, except the parties to the Share Purchase Agreement whether holding equity shares in dematerialized form or physical form, registered or unregistered, are eligible to participate in this Offer at anytime during the tendering period for this offer.

8.1.2 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.

8.1.3 The open offer will be implemented by the acquirer through a stock exchange mechanism made available by Stock Exchange in the form of a separate window ("Acquisition Window") as provided under the SEBI (SAST) Regulations and SEBI circular CIR/CFD/POLICY/CELL/1/2015 dated April 13, 2015 read with SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 9, 2016.

8.1.4 BSE Limited shall be the designated Stock Exchange for the purpose of tendering shares in the Open Offer.

8.1.5 Separate Acquisition Window will be provided by BSE Limited to facilitate placing of sell orders. The selling members can enter orders for Demat shares as well as physical shares.

8.1.6 The cumulative quantity tendered shall be displayed on the exchange website throughout the trading session at specific intervals by Stock Exchange during tendering period.

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

8.1.8 All Shareholders who desire to tender their Shares under the Open Offer would have to intimate their respective Stock Brokers ("Selling Broker"), during the normal trading hours of the secondary market.

8.2 Procedure for tendering Equity Shares held in dematerialised Form:

- 8.2.1 Shareholders who are holding equity shares in demat form and who desire to tender their equity shares in the Offer shall approach their broker (Selling Broker) indicating to their broker the details of Equity Shares they intend to tender in the Offer.
- 8.2.2 Shareholders shall submit Delivery Instruction Slip (“DIS”) duly filled in specifying market type as “Open Offer” and execution date along with all other details to their respective broker so that Shares can be tendered in Open Offer.
- 8.2.3 The Selling Broker would be required to transfer the number of Equity Shares by using the settlement number and the procedure prescribed by the Clearing Corporation of India Ltd. (“Clearing Corporation”) for the transfer of the Equity Shares to the Special account of the clearing corporation before placing the bids/ orders and the same shall be validated at the time of the order entry. The details of the Special Account of Clearing Corporation shall be informed in the issue opening circular that will be issued by BSE/ clearing corporation.
- 8.2.4 The selling Broker shall provide early pay-in of demat shares to the Clearing Corporation before placing the bids/orders and the same shall be validated at the time of order entry.
- 8.2.5 For Custodian Participant orders for demat Equity Shares, early pay-in is mandatory prior to confirmation of order by custodian. The custodian shall either confirm or reject the orders not later than the closing of trading hours on the last day of the Date of closing of the Open Offer. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
- 8.2.6 The details of settlement number for early pay-in of Shares shall be informed in the issue opening circular that will be issued by BSE/Clearing Corporation, before the opening of the Offer.
- 8.2.7 Upon placing the bid, the Shareholder Broker shall provide a TRS generated by the exchange bidding system to the Shareholder. TRS will contain the details of order submitted like Bid ID No., Application No., DP ID, Client ID, number of Equity Shares tendered etc.
- 8.2.8 Shareholders shall also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):
 - a) Duly attested power of attorney, if any person other than the Shareholder has signed the Tender Form;
 - b) Duly attested death certificate and succession certificate/ legal heirship certificate, in case any Shareholder has expired; and
 - c) In case of companies, the necessary certified corporate authorizations (including board and/ or general meeting resolutions).
- 8.2.9 The Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated offer decided by the Company.

8.3 Public Shareholders who are holding Equity Shares in physical form:

- I. Equity Shareholders who are holding Equity Shares in physical form and intend to participate in the Open Offer will be required to approach their Broker along with the complete set of documents for verification procedures to be carried out including the (i) original share certificate(s), (ii) 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 Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Company, (iii) self-attested copy of the

shareholder's PAN Card (iv) The Tender Form (duly signed by all Equity Shareholders in case Equity Shares are in joint names) the same order in which they hold shares (iv) any other relevant documents such as power of attorney, corporate authorization (including board resolution/specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable. In addition, if the address of the Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.

- II. Based on these documents, the concerned Shareholder Broker shall place the bid on behalf of Shareholders holding Equity Shares in physical form using the Acquisition Window of BSE. Upon placing the bid, the Shareholder 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.
- III. The Selling Broker/Shareholder has to deliver the original share certificate(s) & documents (as mentioned above) along with TRS either by hand delivery or through registered post or courier to RTA within 2 (two) days of bidding by Shareholder Broker at its own risk. The envelope should be super scribed as "ASSL- Open Offer".
- IV. One copy of the TRS will be retained by RTA and it will provide acknowledgement of the same to the Shareholder Broker /Shareholder.
- V. Shareholders holding Equity Shares in physical form should note that Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the Equity Shares for Open Offer by the Company shall be subject to verification by RTA. On receipt of confirmation of RTA, the bid will be accepted or rejected and accordingly the same will be depicted on the exchange platform.
- VI. In case any person has submitted Equity Shares in physical form for dematerialization, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Offer before Closing Date.
- VII. Equity Shareholders, being Non-Resident Shareholders of Equity Shares (excluding FIIs) shall also enclose a copy of the permission received by them from RBI, if applicable, to acquire the Equity Shares held by them.
- VIII. In case the Equity Shares are held on repatriation basis, the Non-Resident Shareholder shall obtain and enclose a letter from its authorized dealer/ bank confirming that at the time of acquiring the said Equity Shares, payment for the same was made by the non-resident Shareholder from the appropriate account (e.g. NRE a/c.) as specified by RBI in its approval. In case the Non-Resident Shareholder is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non repatriation basis and in that case the Non-Resident Shareholder shall submit a consent letter addressed to the acquirer allowing the acquirer to make the payment on a non-repatriation basis in respect of the valid Equity Shares accepted under the Open Offer.
- IX. If any of the above stated documents, as applicable, are not enclosed along with the Tender Form, the Equity Shares tendered under the Open Offer are liable to be rejected.
- X. Following details of the Bank Account for the purpose of transfer of funds by Clearing Corporation into the Bank accounts of the Equity Shareholders in accordance with SEBI Circular dated December 09, 2016 are required:
IFSC Code
Bank Account Number

8.4 Acceptance of 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, 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 nonmarketable 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.

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

- i. 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.
- ii. 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 this Letter of Offer or in the relevant Acceptance Form.
- iii. Letter of Offer along with a Form of Acceptance-cum-Acknowledgement (“Form of Acceptance”), will be dispatched to all the shareholders of the Target Company, whose names appear on the Register of Members of the Target Company and to the beneficial owners of the Equity Shares of the Target Company in dematerialized form whose names appear on the beneficial records of the respective depositories, in either case, at the close of business hours on Monday, February 21, 2017 (“Identified Date”).
- iv. In case of non-receipt of the Letter of Offer, such shareholders of the Target Company may download the same from the SEBI website (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.

8.6 Settlement Process

- a) On closure of the Offer, reconciliation for acceptances shall be conducted by the Registrar to the Offer and Manager to the Offer and the final list shall be provided to the Stock Exchanges to facilitate settlement on the basis of Shares transferred to the clearing Corporation.
- b) The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market and as per mechanism provided by BSE.
- c) Transfer of shares of shareholders under the tender offers would be made by Selling Brokers with the use the settlement number to be provided by the Clearing Corporation to transfer the shares in favour of Clearing Corporation. After such transfer of securities, the clearing corporation will be allowed to utilize the securities towards the settlement obligations under such offers. Further, consideration for the accepted shares in the tender offer and shares tendered but not accepted under such offer would be credited to shareholders' bank and demat accounts respectively.
- d) 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 account with Buyer Broker/Direct to demat account of Acquirer.
- e) In case of partial or non-acceptance of orders or excess pay-in, Demat Shares shall be released to the securities pool account of the Selling Member(s) / Custodian, post which, the Seller Member(s) would then issue contract note for the shares accepted.
- f) Any excess Physical Shares, to the extent tendered but not accepted, will be returned back to the Shareholder(s) by the Registrar to the Offer.

8.7 Settlement of Funds / Payment Consideration

- a) The Settlement of fund obligation for demats and physical shares shall be affected by clearing corporation. For the equity shares accepted under the open offer, the payment will be made by the Clearing Corporation to the shareholders directly to their bank account.
- b) Shareholders who intend to participate in the Offer should consult their respective Seller Member for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the Selling Shareholders for tendering Equity Shares in the Offer (secondary market transaction). The Acquirer accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling shareholder.
- c) Where the number of equity shares tendered by the shareholders are more than the Equity Shares agreed to be acquired by Acquirer, the Acquirer will accept the offers received from the 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.

8.8 Compliance with Tax requirements

a) NRIs/ OCBs/ FIIs

- In case No Objection Certificate or Tax Clearance Certificate is not submitted, the Acquirer will deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder. The Acquirer will send the proof of having deducted and paid the tax along with the payment consideration.
- In the case, shares being acquired by Acquirer and being responsible for paying to non-residents (including FIIs/OCBs) any income by way of interest, is required to deduct tax at source (including, in the case of non-residents, surcharge and education cess as applicable).
- All other taxes as may be applicable including TDS or withholding tax as per Income Tax Act 1961 will be deducted at the time of making payment to the successful shareholders. For claiming any lesser tax deduction/ withholding tax all necessary documents to be provided well in advance before making payments to successful shareholders. In absence of the same the Tax deduction/ withholding tax will be deducted at maximum marginal rate.

b) Resident Shareholder:

In case of acquisition made by individual acquirer, no TAX will be deducted. However, the acquirer will deduct Tax at the stipulated rate on interest, to the extent of the acquisition made by the corporate entity, if such interest amount payable exceeds Rs. 5,000.

9 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 at 25, C- Block, Community Centre, Janak Puri, New Delhi- 1100 058 from 10.30 a.m. to 3.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the Closure of the Offer.

- 9.1 Certificate dated January 13, 2017 issued by independent Chartered Accountant certifying the adequacy of resources with the Acquirer to fulfill its Open Offer financial obligations.
- 9.2 Certificate dated January 13, 2017 issued by independent Chartered Accountant certifying that the Net worth of Mr. Amarjit Singh Kalra is Rs 85,35,78,928 (Rupees eighty five crores thirty five lakhs seventy eight thousand nine hundred twenty eight only) as on December 31, 2016.
- 9.3 Copy of Share Purchase Agreement dated January 13, 2017 executed between the Acquirer and Sellers.
- 9.4 Undertaking form the Acquirer stating full responsibility for all the information contained in PA and Draft Letter of Offer.

- 9.5 Copy of Escrow Agreement dated January 18, 2017 and Certificate dated January 19, 2017 from Axis Bank Limited confirming the amount has been kept by the Acquirer in the Escrow Account.
- 9.6 Copy of Public Announcement dated January 13, 2017 and copy of the Detailed Public Statement published on January 20, 2017.
- 9.7 Copy of the Recommendation made by the Independent Committee of the Board of Directors of Target.
- 9.8 SEBI Observation letter no. [●] dated [●].

10 DECLARATION BY THE ACQUIRER

The Acquirer accepts full responsibility for the information contained in this Draft Letter of Offer (except for the information regarding the Target Company which has been compiled from the publicly available information and information provided by the Target Company) and also for the obligations laid down in the SEBI (SAST) Regulations and subsequent amendments thereof. The Acquirer would be responsible for ensuring compliance with the SEBI (SAST) Regulations and other applicable laws.

Sd/-

Amarjit Singh Kalra

Place: New Delhi

Date: January 28, 2017