

# LETTER OF OFFER

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as Equity Shareholder(s) of **California Software Company Limited ("Calsoft")**. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer or Registrars to the Offer. In case, you have sold your Equity Shares in California Software Company Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the purchaser of the Equity Shares or the member of stock exchange through whom the said sale was effected.

### CASH OFFER BY

#### Kemoil Limited ("The Acquirer")

having office at Level 28, Three Pacific place, 1, Queen Road East, Hong Kong;  
Tel No. +852 29801845; Fax No. +852 29809262 along with

#### Chemoil Energy Limited, (Person Acting in Concert / PAC)

having office at Level 28, Three Pacific place, 1, Queen Road East, Hong Kong;  
Tel No. +852 29801845; Fax No. +852 29809262  
to the existing shareholders of

### CALIFORNIA SOFTWARE COMPANY LIMITED (THE "TARGET COMPANY"/ "CALSOFT")

(Registered Office: 1205, D Block, 12th Floor, Tidel Park, Taramani, Chennai – 600 113, India.  
Tel. No: +91 44 2254 1080; Fax No. +91 44 2254 2902; E-mail: investor@calsoft.co.in; Website: www.calsoft.co.in)

### TO ACQUIRE

upto 24,73,002 equity shares of Rs.10/- each representing 20% of the fully paid up equity share capital of the company at a price of Rs.100/- per fully paid-up equity share.

- The Offer is being made by the Acquirer pursuant to Regulation 11(1) and 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.
- The Offer is subject to the Acquirer obtaining approval from the RBI under Foreign Exchange Management Act, 2000 for acquiring equity shares tendered by shareholders. As on the date of this Letter of Offer, there are no other approvals, statutory or otherwise required under the Companies Act, 1956, Monopolies and Restrictive Trade Practices Act, 1969 and or any other applicable laws and from any bank/ financial institutions for the said acquisition required to implement this Offer.
- The Acquirer being non-resident will require an approval from RBI for payment of purchase consideration to the shareholders who shall tender their shares in the Offer. Accordingly, transfer of equity shares received from the shareholders under the offer is subject to receipt of RBI approval for the same.
- Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement/ Letter of Offer, can withdraw the same upto three working days (i.e. Friday, May 23, 2008) prior to the date of the closure of the Offer (i.e. Wednesday, May 28, 2008)**
- The Acquirers are permitted to revise the Offer Price of Equity Shares upward any time up to seven working days prior to the date of the closing of the Offer. If there is any upward revision in the Offer Price of Equity Shares by the Acquirers till the last date of revision viz., Friday, May 16, 2008 or in case of withdrawal of the Offer, the same would be informed by way of a Public Announcement in the newspapers mentioned in Clause 3.2 of this Letter of Offer and the same revised price would be payable by the Acquirers to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirers under the Offer.
- The Offer is not subject to minimum level of acceptance.
- The procedure for acceptance is set out in Clause 12 of this Letter of Offer.
- There has been no competitive bid.**
- As the Offer Price cannot be revised during seven working days prior to the date of closing of the Offer/bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price of each offer/ bid and tender their acceptance accordingly.**
- The Public Announcement, this Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is also available on SEBI's website [www.sebi.gov.in](http://www.sebi.gov.in)

#### MANAGER TO THE OFFER

#### REGISTRAR TO THE OFFER



#### Religare Securities Limited

(SEBI Registration No.: INM000011062)

14, Mittal Chambers, Nariman Point,  
Mumbai - 400 021

Tel No. +91-22-4007 4800; Fax: +91-22-4007 4869

Email: calsoft.openoffer@religare.in

Website: www.religare.in

Contact Person: Mr. Ritesh Shroff



#### Integrated Enterprises (India) Limited

(SEBI Registration No INR000000544)

Kences Towers, II Floor, 1, Ramakrishna Street,  
North Usman Road, T. Nagar, Chennai - 600 017

Tel: +91-44-2814 0801to3; Fax: +91-44-2814 2479

E-mail: sureshbabu@iepindia.com

Website: www.iepindia.com

Contact Person: Mr. K. Suresh Babu

**OFFER OPENS ON : Friday, May 09, 2008**

**OFFER CLOSES ON : Wednesday, May 28, 2008**

#### Schedule of Major Activities of the Offer

Activity	Original day and date	Revised day and date
Public Announcement Date (PA)	Monday, August 20, 2007	Tuesday, August 21, 2007
Specified Date*	Friday, September 07, 2007	Friday, September 07, 2007
Last date for a competitive bid	Monday, September 10, 2007	Monday, September 11, 2007
Date by which Letter of Offer to be dispatched to shareholders	Wednesday, October 03, 2007	Monday, May 05, 2008
Date of opening of the Offer	Friday, October 12, 2007	Friday, May 09, 2008
Last date for upward revision of the Offer Price	Tuesday, October 23, 2007	Friday, May 16, 2008
Last date for withdrawing acceptance of the Offer	Friday, October 26, 2007	Friday, May 23, 2008
Date of closing of the Offer	Wednesday, October 31, 2007	Wednesday, May 28, 2008
Last date of communicating rejection / acceptance and payment of consideration for accepted tenders and / or the unaccepted equity shares / share certificates will be dispatched / credited.	Tuesday, November 13, 2007	Wednesday, June 11, 2008

\* Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent and all owners (registered or unregistered) of the shares of the Target Company (except Acquirer, PAC and Seller) are eligible to participate in the Offer anytime before the closing of the Offer.

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### 1. Definitions

Acquirer	Kemoil Limited
Board	Board of Directors
BSE	The Bombay Stock Exchange Limited
Calsoft / Target Company /the Company	California Software Company Limited
CDSL	Central Depository Services (India) Ltd
DP or Depository Participant	Integrated Enterprises (India) Limited
EPS	Earning per share
FEMA	The Foreign Exchange Management Act, 2000, and subsequent amendments thereof
FCDs	Fully Convertible Debentures
FII(s)	Foreign Institutional Investors registered with SEBI
FOA or Form of Acceptance	Form of Acceptance-cum-Acknowledgement accompanying this Letter of Offer
FOW or Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
Letter of Offer/ LOO	This Letter of Offer
HPAC	High Powered Advisory Committee
Manager or Manager to the Offer or RELIGARE	Religare Securities Limited
NRI(s)	Non-Resident Indians
Non-Resident Shareholders	NRIs', OCBs' and FIIs' holding the Equity Shares of Calsoft
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Bodies

Offer or Open Offer	Open Offer to acquire 24,73,002 equity shares of Rs. 10/- each representing 20% of the fully paid up equity share capital of Calsoft at a price of Rs.100/- per share
Offer Period	From Friday, May 09, 2008 to Wednesday, May 28, 2008
Offer Price	Rs.100/- per fully paid-up Equity Share of Rs.10/-each of Calsoft
PAC / Persons Acting in Concert	Chemoil Energy Limited (CEL), a company incorporated and registered under the Companies Ordinance, on October 9, 1987 with the Company Registry in Hong Kong with registered office at Level 28, Three Pacific Place, 1, Queen Road East, Hong Kong
Person eligible to participate in the Offer	Equity shareholders of Calsoft (other than the Acquirer) whose names appear on the Register of Members of Calsoft at the close of the business hours on Friday, September 07, 2007 (the "Specified Date") and also to those persons who own the shares at any time prior to the closure of the Offer, but are not the registered equity shareholders excluding the signatories to the Securities Purchase Agreement and Shareholders Agreement and PACs
Public Announcement or PA	Public Announcement for the Open Offer issued on behalf of the Acquirer dated Monday, August 20, 2007.
Registrars or Registrars to the Offer/ Integrated	Integrated Enterprises (India) Limited
RBI	Reserve Bank of India
RoNW	Return on Net Worth
The Regulations/SEBI (SAST) Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, and subsequent amendments thereof.
Seller	Andorra Services Limited (Andorra)
Specified Date	Friday, September 07, 2007

## **RISK FACTORS**

### **Relating to the transaction**

- The Share Holders Agreement (SHA) entered into between the Acquirer and existing promoter entails the Acquirer acquiring full control over the management and functioning of the Target company in place of the existing promoter on compliance with the provisions of the Take over code.

### **Relating to the Acquirer**

- The Acquirer is an investment company and does not have any active business operations.

### **Relating to the proposed offer**

- The Acquirer makes no assurance with respect to the market price of the Shares during / after the Offer. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.
- The Acquirer will require an RBI approval for the purpose of releasing payment of purchase consideration to the shareholders, after the closure of the Offer. Transfer of equity shares received from the shareholders under the offer is subject to receipt of RBI approval for the same.
- In the event that either (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a stay of the Offer, or (c) SEBI instructing the Acquirers 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 shareholders of Calsoft whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirers may be delayed.
- If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations.

- The equity shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the equity shares of Calsoft. Accordingly, Acquirer and the PAC make no assurance with respect to the market price of the equity shares both during the Offer Period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any shareholder of Calsoft on whether to participate or not to participate in the Offer.
- In case of delay in the receipt of any statutory approvals, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

### **Currency of Presentation**

In this Letter of Offer, all references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "USD", "US\$" or "US Dollars" are to United States Dollars, the official currency of the United States of America. The Exchange rates for the conversion from US\$ to INR are 1 US\$= Rs.43.44, Rs.44.12, Rs.45.20 and Rs.43.47 respectively, the rates prevailing on March 31, 2007, December 31, 2006, December 31, 2005 and December 31, 2004 respectively. In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

## **2. Disclaimer Clause**

**"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE 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 COMPANY WHOSE EQUITY SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGER - RELIGARE SECURITIES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 4, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE 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 to the offer**

- 3.1.1. This offer is being made by Kemoil Limited (hereinafter referred to as "Kemoil"/"Acquirer") to the equity shareholders of California Software Company Limited (hereinafter referred to as "Target Company"/ "Calsoft").
- 3.1.2. Kemoil, a company organized under the laws of Hong Kong and having its registered office at Level 28, Three Pacific Place, 1, Queen Road East, Hong Kong, is a subsidiary of Chemoil Energy Limited,(CEL) located at Level 28, Three Pacific Place, 1, Queen Road East, Hong Kong (Telephone No. +852 29801845 and Fax No. +852 29809262). CEL is engaged in the business of integrated physical supply of marine fuel products.
- 3.1.3. On July 28, 2007 Kemoil has acquired 1,25,000 Fully Paid up Equity Shares of Rs.10/- and 83,25,000 Fully Convertible Debentures (FCDs) of face value of Rs.10/- each at a price of Rs. 90/- per share fully paid up and Rs. 10/- per FCD, respectively vide a Securities Purchase Agreement dated July 28, 2007 with Andorra Services Limited (herein after referred to as "Andorra" / Selling Shareholder / Seller).
- 3.1.4. On August 17, 2007:
  - i. 22,00,000 fully paid Equity Shares of the Target Company have been allotted to Kemoil by way of a preferential allotment.
  - ii. Kemoil has applied to Calsoft for conversion of the FCDs into fully paid up equity shares of Rs. 10 each. On acceptance of the request by the board of directors of Calsoft, on August 17, 2007, 83,25,000

FCDs of Rs.10 each were converted into 9,25,000 Fully Paid up Equity Shares of Rs.10/- each.

(The Preferential allotment as mentioned in Clause 3.1.4 (i) and conversion of the FCDs as per Clause 3.1.4 (ii) is herein after individually referred to as "Preferential Allotment" and "Acquisition" respectively and collectively referred to as "Transactions")

- 3.1.5. The Board of Directors of Target Company in its meeting held on June 11, 2007 proposed to issue and allot 22,00,000 fully paid up equity shares of Rs.10/- each for cash at a price of Rs.100/- per equity share (including premium of Rs.90/- per share) aggregating to Rs. 22,00,00,000/- (Rupees Twenty Two Crores Only) to the Acquirer.

In the Extra Ordinary General Meeting held on July 14, 2007 the shareholders of the Target Company approved the above mentioned preferential issue and authorized the Board of Directors in this regard by passing a Special resolution under Section 81 (1A) of the Companies Act, 1956 and other applicable provisions.

Pursuant to the receipt of the in principle approvals from Bombay Stock Exchange Limited (BSE) dated August 7, 2007 and National Stock Exchange of India Limited (NSE) dated August 1, 2007 and subscription money received from the Acquirer the Board of Directors of the Target Company allotted 22,00,000 fully paid up equity shares to the acquirer on August 17, 2007 at a price of Rs.100/- per equity share (including premium of Rs.90/- per share) representing 17.79% of fully paid up equity capital of the Target Company. Shares issued under this preferential issue would also be subject to a lock-in period as provided in the SEBI (Disclosure and Investor Protection) Guidelines, 2000 ("SEBI Guidelines").

- 3.1.6. In pursuance of the resolution passed by the shareholders of Calsoft on October 16, 2006, Board of Directors of Calsoft at their meeting held on October 30, 2006, had allotted 94,50,000 FCDs of Rs.10/- each to Andorra. These FCDs carried an option of conversion into 10,50,000 fully paid up equity shares of Rs.10/- each at a price of Rs.90/- each (including a premium of Rs.80/- per share) in three tranches over a maximum period of 18 months from the date of allotment as follows:

- a. First Tranche: 11,25,000 FCDs of Rs.10/- each credited as fully paid up shall be converted into 1,25,000 equity shares on or before March 31, 2007.
- b. Second Tranche: 40,50,000 FCDs of Rs.10/- each credited as fully paid up shall be converted into 4,50,000 equity shares on or before March 31, 2008.
- c. Third Tranche: 42,75,000 FCDs of Rs.10/- each credited as fully paid up shall be converted into 4,75,000 equity shares on or before April 30, 2008.

The Board of directors of Calsoft at their meeting held on March 30, 2007 converted the first tranche of the FCDs based on the request from Andorra. Subsequent to agreement as mentioned in Clause 3.1.3, seller has transferred 1,25,000 Equity Shares and 83,25,000 FCDs to Kemoil. The resultant shares would be subject to lock in period as provided in the SEBI Guidelines.

- 3.1.7. In light of the transactions as mentioned in Clause 3.1.3 and 3.1.4 and previous holding, the Acquirer has acquired 47.71% voting rights in Calsoft. Further, the Acquirer has acquired sole control over the affairs of Calsoft since the existing promoter Mr. S. Santhosh has entered into a Shareholders' Agreement dated August 17, 2007 with Kemoil for setting out the respective roles with regard to the management and functioning of the Target Company. Mr. S. Santhosh (along with relatives), post the transaction as aforesaid, will collectively hold 5,65,796 equity shares representing 4.58% of the fully paid up equity share capital of the Target Company. The Shareholders' Agreement, inter alia, confers on Kemoil, right to induct directors on the Board of Calsoft. Kemoil will be entitled to exercise the aforesaid rights under the said Shareholders' Agreement upon the closure of the Offer and hence Kemoil will acquire control of Calsoft resulting in a change of control of Calsoft in pursuance of Regulations 12 of the SEBI (SAST) Regulations. Also, in terms of the said agreement Kemoil will become the sole promoter of the target company and Mr. S. Santhosh's shareholding will be classified in the public category. However, Mr. S. Santhosh would continue as the Managing Director of Calsoft and shall operate and manage the affairs of the target company under the supervision of its board of directors in professional capacity.
- 3.1.8. The offer to the shareholders of the Target Company consequent to the above referred transactions as per Clause 3.1.3 and 3.1.4 and change in the control as per Clause 3.1.7 is being made in accordance with Regulation 11(1), 12 and other applicable regulations of SEBI (SAST) Regulations. Any further acquisition of shares/ voting rights / control of the Target Company, whether direct or indirect, would be governed by the relevant provisions of SEBI (SAST) Regulations and amendments thereto.
- 3.1.9. Prior to the aforementioned transactions as mentioned in Clauses 3.1.3 and 3.1.4 above the Acquirer held 26,48,963 Equity Shares representing 28.67% of the equity share capital of the Target Company. Upon the

completion of the transactions mentioned above, the Acquirer will hold 58,98,963 Equity Shares forming 47.71% of the post preferential fully paid-up voting equity share capital of the Target Company. The PAC is not holding any equity shares in the Target Company.

- 3.1.10. The Acquirer or the PAC have not acquired or sold any shares of Calsoft from the date of PA till the date of Letter of Offer.
- 3.1.11. The Acquirer, PAC and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of directions under Section 11B of SEBI Act or under any of the regulations made under the SEBI Act.

### 3.2. The Offer

- 3.2.1. The PA, dated August 20, 2007 as per Regulation 15(1) of the Regulations, was made in the following newspapers on August 21, 2007:

Newspaper	Language	Edition
Business Standard	English	All Editions
Business Line	English	All Editions
Prathakal	Hindi	All Editions
Makkal Kural	Tamil	All Editions

A copy of the PA is also available on SEBI's website [www.sebi.gov.in](http://www.sebi.gov.in)

- 3.2.2. The Acquirer is making an offer to the shareholders of Calsoft to acquire 24,73,002 fully paid-up Equity Shares of Rs. 10/- each of Calsoft ("Equity Shares"), representing 20% of the fully paid up voting equity share capital (post transactions) of Calsoft, at a price of Rs.100/- per fully paid-up Equity Share (the "Offer Price") payable in cash in terms of Regulations 20 and 21 of the Regulations (the "Offer" or "Open Offer"). The Offer is in accordance with Regulation 11(1) and 12 of the Regulations, consequent to the Preferential Issue, Conversion and Acquisition referred to in Clause 3.1.3 and 3.1.4 above resulting in consolidation of holding by the Acquirer. There are no partly paid-up shares of Calsoft.
- 3.2.3. Neither the Acquirer nor the PAC has acquired any equity shares of Calsoft during the 12 months preceding the date of the PA other than as mentioned in Clause 3.1.3 and 3.1.4 above. The Average price paid by the Acquirer for the above acquisitions is Rs.97.00/- and the highest price paid is Rs.100.00/-.
- 3.2.4. The Offer is not conditional on any minimum level of acceptance.
- 3.2.5. This is not a Competitive Bid.
- 3.2.6. If there is any upward revision in the Offer Price of Equity Shares by the Acquirer till the last date of revision viz., Friday, May 16, 2008 or in case of withdrawal of the Offer, the same would be informed by way of a public announcement in the newspapers in which the original PA was published on Tuesday, August 21, 2007; and the same revised price would be payable by the Acquirer to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.

The Offer is subject to the terms and condition set out herein in the Letter of Offer.

- 3.2.7. This Offer is subject to receipt of the statutory approvals mentioned in Clause 10 of this LOO. In terms of Regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 3.2.8. The Equity Shares tendered and accepted pursuant to the Offer will be acquired by the Acquirer. The Equity Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 3.2.9. The Acquirer or the PAC have not acquired or sold any equity shares of Calsoft from the date of the PA upto the date of the Letter of Offer.

### 4. Rationale for the Acquisition and Offer

- 4.1 Presently the Acquirer is a major shareholder of Calsoft and this Offer to the shareholders of Calsoft is made pursuant to Regulation 11(1) and 12 of the Regulations consequent to the Preferential Issue of equity shares to the Acquirer and the Acquisition and the Change in the control as explained in Clause 3 above resulting in consolidation of their holdings in Calsoft. Calsoft is in the process of scaling up its operations. Calsoft proposes to make strategic investments, which would help it to exploit short to medium term business opportunities.

- 4.2 The Acquisition of equity shares in Calsoft by the Acquirer is made for the following reasons:-
- i. Funds from the subscription of the equity shares would support the long term working capital requirements and would be used to part finance the future expansion plans of Calsoft.
  - ii. Consolidation of the shareholding of the Acquirer in the Target Company.
- 4.3 As required under Regulation 16 (ix) (a) of the Regulations, The Acquirer along with the PAC do not have any plans to dispose off or otherwise encumber any asset of Calsoft in the next two years except in the ordinary course of business of Calsoft and except to the extent to optimize the value to all shareholders by restructuring and/or rationalisation of assets, investments, liabilities or otherwise of Calsoft. The Acquirers will not dispose of, sell or otherwise encumber any substantial assets of Calsoft except with the prior approval of the shareholders of Calsoft.

## 5. Background of the Acquirer and the PACs

### 5.1. Kemoil Limited (Acquirer)

- 5.1.1. Kemoil, a company incorporated and registered under the Companies Ordinance, on April 12, 1983 in Hong Kong. The registration number of the Company is 123315. The registered office of Kemoil is at Level 28, Three Pacific Place, 1, Queen Road East, Hong Kong (Telephone No. +852 29801845 and Fax No. +852 29809262). Kemoil is an Investment Holding Company and is promoted by CEL.
- 5.1.2. The Authorized share capital of Kemoil Limited is Hong Kong Dollars (HKD) 10,000 divided into 10 shares of HKD 1,000 each. Kemoil is a subsidiary of CEL. The present shareholding pattern of Kemoil is as follows:

Sr. No	Name of the Shareholder	No of shares	% of the total capital
1	Chemoil Energy Limited	9	90.00
2	Overseas Nominees Limited*	1	10.00
	<b>Total</b>	<b>10</b>	<b>100.00</b>

\*The entire share capital of Kemoil is beneficially held by Chemoil Energy Limited (CEL)

#### 5.1.3. Details of the Board of Directors

Sr. No	Name, Designation and Residential Address	Age, Qualifications and Experience	Date of Appointment
1	Mr. Lucius Charles Conrad Director 4035, 20 <sup>th</sup> Street, San Francisco, California, 94114, USA	Aged 62, Lucius Charles Conrad is Bachelor of Arts in Sociology from Columbia College and M.B.A. in International and Multinational Business from Golden Gate University. An experience of more than three decades is in his credit in marketing, operations and finance functions.	June 3, 1997

Note:

Mr. Lucius Charles Conrad has not acquired any Shares of the Target Company in the twelve month period prior to the Public Announcement and since the date of the Public Announcement and upto the date of this Letter of Offer.

Mr. Robert V Chandran was on the board of Kemoil till January 7, 2008. He was also the non-executive chairman on the board of Calsoft till January 7, 2008. Mr. Robert V Chandran died in an accident on January 7, 2008.

Mr. Robert V. Chandran was a director and substantial shareholder in Andorra the selling shareholder, which had acquired 1,25,000 Equity Shares of target company on conversion of the FCDs as described in Clause 3.1.6 above. The same has been transferred by Andorra to Kemoil vide a Securities Purchase Agreement dated July 28, 2007.

5.1.4. The Financial Highlights of the Acquirer are as under:

**Profit & Loss Statement**

Particulars	Financial year / period ending							
	March 31, 2007		December 31, 2006		December 31, 2005		December 31, 2004	
	US\$	Rs in lacs	US\$	Rs in lacs	US\$	Rs in lacs	US\$	Rs in lacs
Income From Operations	0	0	0	0	0	0	0	0
Other Income	0	0	57287	25.28	38455	17.38	446,396	194.04
<b>Total Income</b>	<b>0</b>	<b>0</b>	<b>57287</b>	<b>25.28</b>	<b>38455</b>	<b>17.38</b>	<b>446,396</b>	<b>194.04</b>
Total Expenditure	0	0	57287	25.28	38455	17.38	3,087	1.34
Profit Before Depreciation Interest & Tax	0	0	0	0	0	0	443,309	192.70
Depreciation	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	37,733	16.40
<b>Profit Before Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>405,576</b>	<b>176.30</b>
Provision For Tax	0	0	0	0	0	0	0	0
<b>Profit After Tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>405,576</b>	<b>176.30</b>

**Balance sheet Statement**

Particulars	Financial year / period ending							
	March 31, 2007		December 31, 2006		December 31, 2005		December 31, 2004	
	US\$	Rs in lacs	US\$	Rs in lacs	US\$	Rs in lacs	US\$	Rs in lacs
<b>Sources of Fund</b>								
Paid Up Share Capital	1450	0.63	1450	0.64	1450	0.66	1450	0.63
Reserves & Surplus (Excluding Revaluation Reserves)	-1450	-0.63	-1450	-0.64	-1450	-0.66	-1450	-0.63
<b>Networth</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Secured Loans	0	0	0	0	0	0	0	0
Unsecured Loans	2655762	1153.66	2614830	1153.66	735567	332.47	1009301	438.74
<b>Total</b>	<b>2655762</b>	<b>1153.66</b>	<b>2614830</b>	<b>1153.66</b>	<b>735567</b>	<b>332.47</b>	<b>1009301</b>	<b>438.74</b>
<b>Uses Of Funds</b>								
Net Fixed Assets	0	0	0	0	0	0	0	0
Investments	2655762	1153.66	2614830	1153.66	735567	332.47	1009301	438.74
Net Current Assets	0	0	0	0	0	0	0	0
Misc. Expenditure not written off	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2655762</b>	<b>1153.66</b>	<b>2614830</b>	<b>1153.66</b>	<b>735567</b>	<b>332.47</b>	<b>1009301</b>	<b>438.74</b>

**Other Financial Data**

Particulars	Financial year / period ending							
	March 31, 2007		December 31, 2006		December 31, 2005		December 31, 2004	
	US\$	Rs	US\$	Rs	US\$	Rs	US\$	Rs
Dividend (%) (1)	-	-	-	-	-	-	-	-
Earnings Per Share (US\$/Rs) (2)	-	-	-	-	-	-	40557.60	1763039.00
Return On Networth (%) (3)	-	-	-	-	-	-	-	-
Book Value Per Share (US\$/Rs) (4)	-	-	-	-	-	-	-	-

Notes:

1. Profit/(loss) for the year attributable to equity shareholders divided by the average number of equity shares outstanding during the year
2. Profit/(loss) after tax divided by the number of equity shares outstanding at the date of the balance sheet;
3. Profit/(loss) after tax divided by the Networth. Networth is represented by Share Capital and Net Reserves reduced by miscellaneous expenditure not written off.
4. Networth divided by the number of equity shares outstanding at the date of the balance sheet

The Exchange rates for the conversion from US\$ to INR are the rates prevailing as on the last day of each of the periods presented i.e. 1 US\$= Rs.43.44, Rs.44.12, Rs.45.20 And Rs.43.47 respectively.

(Source: Management certificate dated August 9, 2007. Certificate dated August 14, 2007 from R Balaji & Company, Chartered Accountants, Chennai (Membership No. 26922) for conversion into Indian Rupee)

There are no contingent liabilities.

#### Reason for rise / fall in the Total Income and PAT

##### – FY 2006 over FY 2005

The increase in the total income in FY 2006 over FY 2005 was due to increase in the dividend income from the investment holding. However the income generated were wiped off by the expenses incurred during the year. Hence the Company has not reported any profits in FY 2006.

##### – FY 2005 over FY 2004

The total income in FY 2005 came down due to the exit of the company from other business operation except investment holding. In FY 2005 the Company has derived only dividend income from the investments, when compared to the previous year. The income generated were fully wiped off by the expenses incurred during the year. Hence the Company has not reported any profits in FY 2005.

The Other Income of the Acquirer consists of only dividend income, which is Nil for 3 month period ended March 31, 2007. The Acquirer has no income other than dividend income, which is part of other income.

The company being an investment company has no fixed assets and is a wholly owned subsidiary of Chemoil Energy Limited. The company has no other business other than the investment holding.

5.1.5. The equity shares of Kemoil are not listed on any stock exchange whether in India or abroad.

#### 5.2. Details of Chemoil Energy Limited (CEL) (PAC)

5.2.1. Chemoil Energy Limited (CEL), a company incorporated and registered under the Companies Ordinance, on October 9, 1987 with the Company Registry in Hong Kong. The Company was originally incorporated as Estaminet Company Limited and renamed as Berkshire Oil Company Limited on January 15, 1988. The name was changed to the present name on April 19, 2006. The registration number of the Company is 200591. The registered office of CEL is at Level 28, Three Pacific Place, 1, Queen Road East, Hong Kong (Telephone No. +852 29801845 and Fax No. +852 29809262).

5.2.2. CEL one of the leading suppliers of marine fuel products across the world.

5.2.3. The Authorized share capital of CEL is HKD 1,000,000 comprises of 80,000,000,000 ordinary shares of HKD 0.0000125 each and issued share capital of the Company is HKD 16157.65 comprising of 1,292,612,000 ordinary shares of HKD 0.0000125. The shareholding pattern of CEL is as follows:

Sr. No	Category of Shareholders	No of shares	% of the total capital
1	Robert V Chandran*	549,360,000	42.50
2	Itochu Corporation	284,729,000	22.03
3	Itochu Petroleum Company (S) Pte. Ltd	200,000,000	15.47
4	Andorra Services Limited	44,898,000	3.47
5	Public	213,625,000	16.53
	<b>Total</b>	<b>1,292,612,000</b>	<b>100.00</b>

(Source: Management Certificate dated August 18, 2007)

\*Since deceased on January 7, 2008, the shareholding is under process of transmission for transfer in favour of Ms.Vivian Pearl Johnston Chandran.

5.2.4. Details of the Board of Directors

Sr. No	Name, Designation and Residential Address	Age, Qualifications and Experience	Date of Appointment
1	Mr. Clyde Micheal Bandy, Chairman & CEO, 3802, Emerald Lake Drive, Missouri City, Texas 77459	Aged 59, Clyde Michael Bandy had been appointed as Lead Independent Director in CEL on August 31, 2006 and was appointed as Chairman & CEO of CEL in January 2008. He holds B.S. Engineering from Texas A&M University, an MBA from the University of New Mexico, and an Executive Program certificate from the University of Michigan. He is having experience of more than 35 years in energy industry.	August 31, 2006; Appointed as Chairman and CEO w.e.f. January 14, 2008.
2	Ms. Vivian Pearl Johnston Chandran, Non Executive Director 26, Keppel Bay Road, #02-38, Singapore 098648	Aged 52, Vivian Pearl Johnston Chandran is Master of Arts in Transformative Learning and Change and a Master of Arts in Organization Development and Transformation from the California Institute of Integral Studies. She is serving in the capacity of director on the board of various companies.	November 24, 2003
3	Ms. Sharon Stacey Johnston Chandran, Executive Director 15, Eugenia Way Hillsborough, California, 94010 United States.	Aged 30, Sharon Stacey Johnston Chandran has attended the University of California at Berkeley. She is having the experience of working in various divisions of finance, operations, marketing, chartering, trading and is a director on the board of various companies.	February 27, 2006
4	Mr. Koji Takayanagi Non Executive Director, 10-4, Benten 4-Chome, Urayasu-shi 279-0026, Japan	Aged 55, Koji Takayanagi is Chief Operating Officer (Energy Trade Division) and Executive Officer of Itochu Corporation. He holds a Bachelor of Science and Engineering from Waseda University. He is having more than three decades of experience in Oil and energy industry.	August 31, 2006
5	Mr. Fuminobu Oda Non Executive Director #224, 4 - 27 - 5, Eda-Minami, Tsuzuki-Ku, Yokohama-shi, 224-0007, Japan.	Aged 46, Fuminobu Oda brings with him over 20 years of experience as a management professional in the oil industry. He holds a Bachelor's degree in Economics from Hiroshima University, Japan.	April 1, 2006
6	Mr. Philp Calvin Anderson Independent Director 72, Grange Road, # 4 -01, Singapore - 249576.	Aged 50, Philip Calvin Anderson is holding Bachelor of Science in Agricultural Economics from the University of California at Davis, and received his Ph.D. in Management of Organizations from Columbia University. He is a career academician in entrepreneurship.	August 31, 2006
7	Mr. Micheal Lim Choo San Lead Independent Director 11, Caldecott Close, Singapore - 299120	Aged 60, Michael Lim Choo San is Chairman and Director of Nomura Singapore Limited. He holds Bachelor of Commerce and Administration from the Victoria University of Wellington in New Zealand and is qualified as a Chartered Accountant with the Institute of Chartered Accountants of New Zealand. He is a Fellow of the Institute of Certified Public Accountants of Singapore. His experience includes various senior positions of different firms including Price Waterhouse Group.	August 31, 2006
8	Mr. Peter Michael Meade Independent Director 300 Worthington Ave, Spring Lake, N J 07762	Aged 58 years, Peter Meade is Chairman and Independent Director of OceanConnect Holdings Inc. a worldwide brokerage for marine fuel, gas oil, clean products, biofuel and risk management services. From 1998 to 2002, Mr. Meade was Vice-President and Chief Financial Officer of Fuel and Marine Marketing LLC. From 1980 to 1998, he held various management, finance and treasury positions in Texaco including Assistant General Manager of the Marine Lubricant Group. Previously, he worked at General Foods Corporation and Chase Manhattan Bank. He holds a BA degree in Liberal Arts from Saint Leo University and an MBA in Finance from Long Island University.	February 26, 2008

Note:

Mr. Clyde Micheal Bandy, the executive chairman and CEO on the board of CEL and is also the non-executive chairman on the board of Calsoft. Mr. Fuminobu Oda, Non Executive Director on the Board of CEL

was a Non executive Director on the Board of Calsoft, However Mr. Oda has ceased to be a director of Calsoft w.e.f. August 23, 2007. They have recused themselves and shall not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer.

Late Mr. Robert V Chandran the erstwhile Chairman and CEO of CEL was also the non-executive chairman on the board of Calsoft till January 7, 2008.

None of the directors of CEL have acquired any Shares of the Target Company in the twelve month period prior to the Public Announcement and since the date of the Public Announcement and upto the date of this Letter of Offer. However Andorra the selling shareholder, wherein Late Mr. Robert V. Chandran was a director and substantial shareholder, had acquired 1,25,000 Equity Shares on conversion of the FCDs as described in Clause 3.1.5 above, the same being transferred by Andorra to Kemoil vide a Securities Purchase Agreement dated July 28, 2007.

5.2.5. The Audited consolidated Financials of CEL are as under:

#### Profit & Loss Statement

Particulars	Financial year / period ending							
	March 31, 2007		December 31, 2006		December 31, 2005		December 31, 2004	
	US\$ (000's)	Rs in lacs	US\$ (000's)	Rs in lacs	US\$ (000's)	Rs in lacs	US\$ (000's)	Rs in lacs
Income From Operations	1,015,681	441,229	4,345,598	1,917,278	3,673,776	1,660,363	2,062,153	896,418
Other Income	-8589	-3731	64,660	28,528	-16,607	-7505	316	137
<b>Total Income</b>	<b>1,007,092</b>	<b>437,498</b>	<b>4,410,258</b>	<b>1,945,806</b>	<b>3,657,169</b>	<b>1,652,858</b>	<b>2,062,469</b>	<b>896,555</b>
Total Expenditure	978,938	425,267	4,317,742	1,904,988	3,583,613	1,619,614	2,037,159	885,553
Profit Before Dep Int & Tax	28,154	12,231	92,516	40,818	73,556	33,244	25,310	11,002
Depreciation	1,218	529	3,372	1,488	3,184	1,439	3,122	1,357
Interest	4,648	2,019	20,159	8,894	13,682	6,184	6,213	2,701
<b>Profit Before Tax</b>	<b>22,288</b>	<b>9,683</b>	<b>68,985</b>	<b>30,436</b>	<b>56,690</b>	<b>25,621</b>	<b>15,975</b>	<b>6,944</b>
Provision For Tax	4,424	1,922	11,137	4,913	7,177	3,244	3,037	1,320
<b>Profit After Tax</b>	<b>17,864</b>	<b>7,761</b>	<b>57,848</b>	<b>25,523</b>	<b>49,513</b>	<b>22,377</b>	<b>12,938</b>	<b>5,624</b>

#### Balance sheet Statement

Particulars	Financial year / period ending							
	March 31, 2007		December 31, 2006		December 31, 2005		December 31, 2004	
	US\$ (000's)	Rs in lacs	US\$ (000's)	Rs in lacs	US\$ (000's)	Rs in lacs	US\$ (000's)	Rs in lacs
<b>Sources of Fund</b>								
Paid Up Share Capital	2	1	2	1	2	1	2	1
Reserves & Surplus (Excluding Revaluation Reserves)	254,420	110,524	236,314	104,262	103,553	46,801	55,606	24,172
<b>Networth</b>	<b>254,422</b>	<b>110,525</b>	<b>236,316</b>	<b>104,263</b>	<b>103,555</b>	<b>46,802</b>	<b>55,608</b>	<b>24,173</b>
Secured Loans	62,907	27,328	51,357	22,658	57,802	26,123	13,530	5,881
Unsecured Loans		0		0		0		0
<b>Total</b>	<b>317,329</b>	<b>137,853</b>	<b>287,673</b>	<b>126,921</b>	<b>161,357</b>	<b>72,925</b>	<b>69,138</b>	<b>30,054</b>
<b>Uses Of Funds</b>								
Net Fixed Assets	69,896	30,364	16,922	7,466	15,135	6,840	15,243	6,626
Investments	35,458	15,404	23,835	10,516	21,321	9,636	18,699	8,129
Net Current Assets	209,226	90,891	243,861	107,591	118,193	53,417	24,951	10,846
Loans and Advances	2,749	1,194	3,055	1,348	6,884	3,111	10,391	4,517
Total Miscellaneous Expenses Not Written Off	0		0		0		0	
<b>Total</b>	<b>317,329</b>	<b>137,853</b>	<b>287,673</b>	<b>126,921</b>	<b>161,533</b>	<b>73,004</b>	<b>69,284</b>	<b>30,118</b>
Minority Interest	0		0		176	79	146	64

## Other Financial Data

Particulars	Financial year / period ending							
	March 31, 2007		December 31, 2006		December 31, 2005		December 31, 2004	
	US\$	Rs	US\$	Rs	US\$	Rs	US\$	Rs
Dividend (%) (1)	0%	0%	550000%	550000%	70000%	70000%	150000%	150000%
Earnings Per Share [US\$ / Rs] (2)	0.01	0.43	0.05	2.3	0.05	2.03	0.01	0.51
Return On Networth (%) (3)	7.02%	7.02%	24.48%	24.48%	47.81%	47.81%	23.27%	23.27%
Book Value Per Share [US\$ / Rs] (4)	0.2	8.55	0.18	8.07	0.09	4.26	0.05	2.2

Notes:

1. Profit/(loss) for the year attributable to equity shareholders divided by the average number of equity shares outstanding during the year.
2. Profit/(loss) after tax divided by the number of equity shares outstanding at the date of the balance sheet.
3. Profit/(loss) after tax divided by the Networth. Networth is represented by Share Capital and Net Reserves reduced by miscellaneous expenditure not written off.
4. Networth divided by the number of equity shares outstanding at the date of the balance sheet.

The Exchange rates for the conversion from US\$ to INR are the rates prevailing as on the last day of each of the periods presented i.e. 1 US\$= Rs.43.44, Rs.44.12, Rs.45.20 and Rs.43.47 respectively.

(Source: Certificate from Price water house coopers dated August 7, 2007. Certificate dated August 9, 2007 from V Chandrasekaran, Chartered Accountant, Chennai (Membership No. 24923) for conversion into Indian Rupee)

### Significant Accounting Policies:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are prepared under the historical cost convention except as disclosed in the accounting policies below.

#### 1. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

#### 2. Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in United States Dollars ("US\$"), which is the Group's functional and presentation currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognized in profit or loss as part of fair value gain or loss.

### 3. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (Note 3.6). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives, as follows:

Buildings and improvement on leasehold land	5-12 years
Office and computer equipment, furniture and fittings	3-5 years
Vessels	4 years
Equipment and terminals	15 years
Motor vehicles	10 years

Fully depreciated property, plant and equipment are retained in the consolidated financial statements until they are no longer in use.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

### 4. Impairment of non-financial assets

Property, plant and equipment and investments in associates are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognized in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. Reversals of impairment losses for these assets are recognized in the income statement.

### 5. Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at very reporting date.

### 6. Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. While utilized by the Group for risk management purposes, and although these derivatives are linked to the inventory or underlying transaction, they do not meet the criteria of hedge accounting as defined by International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement" and thus do not qualify for hedge accounting. Changes in

the fair value of derivatives are recognized immediately in the income statement under “ Other gains/ (losses)-(net)”.

#### **7. Inventories**

Inventories are stated at fair value less costs to sell, with changes in fair value less costs to sell recognized in the income statement in the period of change.

#### **8. Trade and other receivables**

Trade and other receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recognized in the income statement under “Other expenses”.

#### **9. Cash and cash equivalents**

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of bank drafts and bank balances and deposits pledged with banks for bank loans. Bank overdrafts are included under borrowings in current liabilities on the balance sheet.

#### **10. Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **11. Trade and other payables**

Trade and other payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **12. Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **13. Borrowing costs**

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognized on a time-proportion basis in the income statement using the effective interest method.

The amount of borrowing cost capitalized on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

#### **14. Income taxes**

Current income tax liabilities (and assets) for current and prior periods are recognized at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates ( and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax, it is not accounted for, arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either neither accounting nor taxable profit or loss. Deferred income tax is determined using tax

rates (and lows) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will be reverse in the foreseeable future.

#### **15. Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **16. Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of sales tax, estimated returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

- a. Sales of goods are recognized upon passing of title to the customer which generally coincides with delivery and acceptance of the good sold.
- b. Interest income is recognized on a time proportion basis, using the effective interest method.
- c. Chartering income on time charters is recognized on a time proportion basis according to the agreements in place.
- d. Revenue from the provision of services is recognized upon completion of service
- e. Rental income from operating leases is recognized on a straight-line basis over the lease term.
- f. Divided income is recognized when the right to receive payment is established.

#### **Contingent Liabilities:**

A claim was lodged against a subsidiary in respect of demurrage, shifting costs and withheld freight of approximately US\$2,000. The subsidiary has made a provision for \$896 as at balance sheet date for the withheld freight costs. However, it has disclaimed liability for the demurrage and shifting costs and is defending the action. The directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements.

The Group is also involved in certain lawsuits and claims that arise in the ordinary course of conducting its business. Other than the provisions made in the consolidated financial statements, the directors believe that the Group is not liable under such claims, and/or that it is not possible to estimate the amount of additional losses, if any, that might result from adverse judgement against the Group.

A subsidiary has provided guarantees to a bank to cover the liabilities of an associate for US\$6,000 (2005: US\$6,000).

A subsidiary has provided a guarantee to a financing corporation to cover the liabilities of a related party for US\$1,621 (2005: nil).

It is not anticipated that any material liabilities will arise from these guarantees.

#### **Reason for rise / fall in the Total Income and PAT**

##### **– FY 2006 over FY 2005**

The total revenues for the FY 2006 stood at US \$ 4.41 billion against US \$ 3.66 billion in previous year recording a growth of 20%. The improvement was on account of increased supply of fuel available to the US West Coast with additional sales in Long Beach coming new and larger ships employed in the growing trade with China.

The net profit after tax for the year was US \$ 57.8 million increased by 17 % over previous year of US \$ 49.5 million. The increases in profits are mainly on account of the improvement in revenues.

– **FY 2005 over FY 2004**

The total revenues for the FY 2006 stood at US \$ 3.66 Billion compared to US \$ 2.06 Billion in previous year, recording a growth of about 78%. The improvement was on account of large sales volumes and improved operating efficiencies.

The net profit after tax for the year to was US \$ 49.5 million increased by 284% over previous year of US \$ 12.9 Million. The increase in profits was due to higher margin and vast improvement in revenues.

- 5.2.6. CEL is listed on the Main Board of Singapore Exchange Securities Trading Limited (the “SGXST”) since December 14, 2006. The face value of the Equity shares of CEL is HKD 0.0000125 per share and the market price as on April 25, 2008 is USD 0.44 per share.
- 5.2.7. Being a listed company in SGXT the Company is complying with all the Corporate Governance as stipulated by the Listing agreement entered with the Stock Exchange. There are no outstanding litigations by or against the Company as on date.
- 5.2.8. CEL has appointed Yvonne Yap, 1 Temasek Avenue, #36-01 Millenia Tower, Singapore-039192, Tel. No. - (65) 6880 8200, Fax No.- (65) 6880 5988 as the Compliance officer.
- 5.2.9. There was no merger/ demerger, spin off during last 3 years involving CEL.
- 5.2.10. The Acquirer and the PAC are related to each other as the PAC is the holding company of the Acquirer.
- 5.2.11. The Acquirer and the PAC have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the “SEBI Act”) or under any other regulation made under the SEBI Act. However the Acquirer has made an application to High Powered Advisory Committee (HPAC) seeking consent terms for the allotment of forfeited shares of the Target in September 1997.
- 5.2.12. The Acquirer have duly complied with the provisions of Chapter II of the SEBI (SAST) Regulations.
- 5.2.13. Details of earlier acquisitions made by the Acquirer in Calsoft are as follows.

**Details of change in shareholding of Kemoil in Calsoft**

FY / Date	Transaction	Number of Shares Acquired / (Sold)	Paid up Capital	Acquisition as % of Paid up Share Capital	Cumulative holding	% Cumulative holding	Remarks	Compliance with SAST
6-Oct-94	Acquisition	174,539	678,866	25.71%	174,539	25.71%	72,492 shares were allotted for consideration other than cash	-
1-Jul-95	Acquisition	112,437	1,073,467	10.47%	286,976	26.73%	allotment for cash	-
6-Nov-95	Acquisition	474,832	1,548,299	30.67%	761,808	49.20%	allotment for cash	-
24-Apr-96	Acquisition	19,800	3,255,099	0.61%	781,608	24.01%	Allotment in Public Issue	-
Feb-97	Balance Holding	781,608	3,255,099	24.01%	781,608	24.01%	Holding at the beginning of SAST Regulations	Regulation 6 complied with
20-Sep-97	Acquisition	292,000	3,255,099	8.97%	1,073,608	32.98%	Re-Issue of forfeited shares	Regulation 7(1A), 7(2) and 7(3) complied with ^
29-Nov-99	Acquisition	267,948	4,761,088	5.63%	1,341,556	28.18%	Preferential Allotment	Regulation 7(1A), 7(2) and 7(3) complied with

FY / Date	Transaction	Number of Shares Acquired / (Sold)	Paid up Capital	Acquisition as % of Paid up Share Capital	Cumulative holding	% Cumulative holding	Remarks	Compliance with SAST
15-May-01	Acquisition	75,000	4,761,088	1.58%	1,416,556	29.75%	Market Purchase	-
23-Aug-02	Acquisition	400,000	4,761,088	8.40%	1,816,556	38.15%	Market Purchase	Regulation 7(1A), 7(2) and 7(3) complied with
20-Aug-04	Acquisition	123,927	4,761,088	2.60%	1,940,483	40.76%	Market Purchase	Regulation 7(1A), 7(2) and 7(3) complied with
5-Sep-05	Sale	(200,000)	4,921,406	-4.06%	1,740,483	35.37%	Market Sale	Regulation 7(1A), 7(2) and 7(3) complied with
16-Sep-05	Sale	(270,000)	4,921,406	-5.49%	1,470,483	29.88%	Market Sale	Regulation 7(1A), 7(2) and 7(3) complied with
3-Jan-06	Sale	(100,000)	4,921,406	-2.03%	1,370,483	27.85%	Market Sale	Regulation 7(1A), 7(2) and 7(3) complied with
16-Jun-06	Acquisition	1,278,480	9,046,406	14.13%	2,648,963	29.28%	Rights Issue allotment	N.A. - Exempt under Proviso to Regulation 3(i)(b)(ii)

*^Kemoil had been allotted 2,92,000 shares in September 1997 at a price of Rs. 22.50 per share by way of re-issue of forfeited shares representing 8.97% of the then paid up share capital, Kemoil has applied to Division of Regulatory Action, Enforcement Department, SEBI for a consent order vide application filed on March 11, 2008. The current open offer price is higher than the then assessable acquisition price plus the interest leviable for the period under consideration.*

Apart from the above Kemoil have not acquired any shares, other than those mentioned in Clause 3.1.3 and 3.1.4. They have complied with the disclosure norms of Chapter II of the SEBI (SAST) Regulations.

5.2.14. PAC is not holding any equity shares in the equity share capital of Calsoft.

5.2.15. The Acquirer and PAC have not promoted any company in India. The Acquirer has not promoted any company abroad, However CEL has the following subsidiaries promoted abroad:

**1. Chemoil Corporation, USA**

Date of Incorporation: December 22, 1982

Nature of Business: Fuel oil trading

Amount in US\$

Particulars	31-Dec-05	31-Dec-06	31-Dec-07
Equity Capital	3,530,000	3,530,000	3,530,000
Reserves excluding revaluation reserves	34,893,000	37,905,000	52,114,000
Total Income	2,260,887,000	2,553,825,000	3,251,703,000
Profit After Tax (PAT)	11,415,000	14,252,000	13,944,000
Earnings Per Share (EPS)	56,509.90	71,260.00	69,720.00
Net Asset value (NAV)	37,145	41,435	55,644

## 2. Chemoil International Pte. Ltd, Singapore

Date of Incorporation: August 8, 2000

Nature of Business: Fuel oil trading

Amount in US\$

Particulars	31-Dec-05	31-Dec-06	31-Dec-07
Equity Capital	13,051,000	13,051,000	13,051,000
Reserves excluding revaluation reserves	1,566,640	10,734,227	(136,552)
Total Income	812,016,599	1,099,446,203	1,299,038,959
Profit After Tax (PAT)	2,762,601	34,167,587	29,129,220
Earnings Per Share (EPS)	0.21	2.62	2.23
Net Asset value (NAV)	14,617,640	23,785,227	12,914,448

## 3. Chemoil Europe B.V., The Netherlands

Date of Incorporation: October 12, 1995

Nature of Business: Fuel oil trading

Amount in US\$

Particulars	31-Dec-05	31-Dec-06	31-Dec-07
Equity Capital	952,914	952,914	18,060,114
Reserves excluding revaluation reserves	2,274,759	(267,961)	(2,786,994)
Total Income	1,345,228,952	1,230,803,830	1,303,344,181
Profit After Tax (PAT)	204,151	(1,955,337)	(2,519,039)
Earnings Per Share (EPS)	102.08	(977.67)	(1,259.52)
Net Asset value (NAV)	3,227,673	684,953	15,273,120

## 6. Disclosure under Regulation 21(2)

Assuming full acceptance, the offer would not reduce the public shareholding below the minimum limit specified in the listing agreement with the Stock Exchange for the purpose of listing on a continuous basis.

## 7. Background of the Target Company

- 7.1. The Target Company California Software Company Limited (Calsoft) was incorporated under the Companies Act, 1956 on February 6, 1992 with the Registrar of Companies, Tamil Nadu at Chennai with CIN:U72300TN1992PLC022135. The registered office of the Company is situated at 1205, D Block, 12th Floor, Tidel Park, Taramani, Chennai – 600 113, India Tel. No: +91 44 2254 1080, Fax No. +91-44-2254 2902, E-mail: investor@calsoft.co.in, Website: www.calsoft.co.in
- 7.2. Calsoft is an SEI – CMMi Level 5 certified company in the field of Software Products and Solutions. Calsoft along with its subsidiaries is having offshore development facilities in Chennai, Bangalore and onshore development facilities in Pleasanton (California), Alameda (California) and Boston (Massachusetts) in USA, London, Dubai, Singapore and Japan. Calsoft along with subsidiaries is also having sales offices in USA, UK, Singapore, Japan, China, Taiwan, Dubai, Hong Kong, Copenhagen and in India.
- 7.3. The authorized capital of Calsoft comprises of 1,50,00,000 equity shares of Rs.10/- each aggregating to Rs.150,00,00,000/-. The issued, subscribed and paid-up share capital of Calsoft pursuant to the Preferential Issue and conversion comprises of 1,23,65,006 fully paid- up Equity Shares of Rs. 10/- each. There are no partly paid-up Equity Shares of Calsoft as at the date. There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc., which are convertible into equity at any later date.

There are no shares under lock-in period other than those mentioned in Clause 3.1.3, 3.1.4 and the following;

- 5,55,556 equity shares allotted on January 23, 2007 to the shareholders of Inatech Solutions Private Limited.
- 1,93,600 equity shares allotted on August 17, 2007 to the shareholders of Aspire Communications Private Limited.

- 7.4. All the Equity Shares of Calsoft, are listed on NSE and BSE. The shares are being frequently traded on BSE & NSE.
- 7.5. The present issued, subscribed and paid-up share capital of Calsoft pursuant to the Preferential Issue and conversion comprises of 1,23,65,006 fully paid-up Equity Shares of Rs.10/- each. There are no partly paid-up Equity Shares of Calsoft.
- 7.6. Share Capital Structure

<b>Issued and paid-up Equity Share Capital</b>	<b>No. of Equity Shares (Face Value - Rs. 10/-) / Voting Rights</b>	<b>% of Equity Shares/ Voting Rights</b>
Fully paid-up Equity Shares (a)	1,23,65,006	100%
Partly paid-up Equity Shares (b)	—	
Total Issued and paid-up Equity Shares (a+b)	1,23,65,006	100%
<b>Total</b>	<b>1,23,65,006</b>	<b>100%</b>

- 7.7. The capital build-up of Calsoft since its inception is as follows:

<b>Date of Allotment</b>	<b>Number of Shares Issued</b>	<b>Cumulative paid up capital</b>	<b>Mode of allotment</b>	<b>Identity of allottees Status of compliance (Promoters / Ex-promoters/Others)</b>	<b>Status of compliance with SAST (if any)</b>
29.12.1992	430,000	430,000	For cash at par	Promoter Group	-
12.01.1994	20,000	450,000	For cash at par	Promoters and others	-
19.07.1994	54,327	504,327	For cash at par	Promoters and others	-
06.10.1994	102,047	606,374	For cash at par	Promoter Group	-
06.10.1994	72,492	678,866	For consideration for equipments imported	Non- Promoter Group	-
01.04.1995	252,164	931,030	Rights Issue for cash at par	Existing shareholders	-
01.04.1995	29,976	961,006	For cash at par	Employees	-
01.07.1995	24	961,030	For cash at par	Employees	-
01.07.1995	87,269	1,048,299	Rights Issue at Par	Existing shareholders	-
01.07.1995	25,168	1,073,467	For cash at par	Promoter Group	-
06.11.1995	474,832	1,548,299	For cash at par	Non- Promoter Group	-
24.04.1996	1,706,800	3,255,099	Public Issue	Initial Public Offer	-
29.11.1999	1,505,989	4,761,088	Preferential Issue	Promoter Group, employees and others	Complied with all applicable provisions
18.04.2005	160,000	4,921,088	Preferential Issue	Non Promoters - to the erstwhile shareholders of Inatech Solutions	-
17.06.2006	3,444,762	8,365,850	Rights Issue	Existing shareholders	-
23.01.2007	555,556	8,921,406	Preferential Issue	Non Promoters - to the shareholders of Inatech Solutions Private Ltd	-
30.03.2007	125,000	9,046,406	Conversion of FCDs	Non - Promoter Group	-
28.07.2007	193,600	9,240,006	Preferential Issue	Non Promoters - to the shareholders of Aspire Communications Private Ltd	-
17.08.2007	2,200,000	11,440,006	Preferential Issue	Non - Promoter Group	Complied with all applicable provisions
17.08.2007	925,000	12,365,006	Conversion of FCDs	Non - Promoter Group	Complied with all applicable provisions

All applicable laws, rules and regulations have been complied with by the Company for the above allotments.

- 7.8. The Company has made the relevant disclosures in compliance with Chapter II of SEBI (SAST) Regulations, 1997 However Regulation 8(3) filings for period ended March 31, 2007 and for Record date on August 22, 2007 are being rectified by the company.
- 7.9. There are no penal actions have been initiated by the Stock Exchanges against Calsoft till date. Till date trading of shares has not been suspended on any of the Stock Exchanges where the Company's shares are listed. As on the date of PA, there are no outstanding convertible instruments of Calsoft.
- 7.10. Calsoft has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, as amended or under any other regulation made under the SEBI Act.
- 7.11. The Board of Directors of Calsoft are as below:

Sr. No	Name and Residential Address	Age, Experience and Qualification	Date of Appointment	Designation
1	Mr. Clyde Micheal Bandy, Chairman, 3802, Emerald Lake Drive, Missouri City, Texas 77459	Aged 59, Clyde Michael Bandy had been appointed as Lead Independent Director in CEL on August 31, 2006 and was appointed as Chairman & CEO of CEL in January 2008. He holds B.S. Engineering from Texas A&M University, an MBA from the University of New Mexico, and an Executive Program certificate from the University of Michigan. He is having experience of more than 35 years in energy industry.	February 08, 2008	Chairman
2	Mr. S. Santhosh 5510, Calico lane, Pleasanton, CA 94566, USA	Aged 45, S. (Sam) Santhosh is a graduate in Mechanical Engineering and a Post-graduate in Management from IIM, Calcutta. He has close to two decades of experience in the IT industry.	February 06, 1992	Managing Director
3	Dr. P.J.George Perakkattu House, Poovathode P.O (Via), Bharananganam, Kerala	Aged 73 years, he is a Doctorate in Mechanical Engineering. He has over 38 years of teaching and research experience.	December, 29, 1992	Non Executive Independent Director
4	Mr. T. T Narendran Professor, Dept. of Management Studies, IIT – Madras, Chennai – 600 036	Aged 56, he is a Professor, at the Indian Institute of Technology, Madras in the Dept of Management Studies. He is a Graduate in Mechanical Engineering from College of Engineering, Guindy, University of Madras and completed his Masters and Doctoral Degrees in Industrial Engineering at IIT Madras. He has about 29 years of experience in management education, research and consultancy.	September 28, 2005	Non Executive Independent Director
5	Mr. Dan George Peterson 673, TAM PTC O DR Walnut Creek, California, USA	Aged 61, Dan George Peterson holds a Bachelor's degree in Computer Science from the University of California, Berkely. He is a management professional with over 40 years of work experience, most of which is in the Information Technology Industry.	August 25, 2006	Executive Director (CEO of Informed Decisions Corporation INC, step down subsidiary of Calsoft)

Note:

Mr. Robert V Chandran was non-executive chairman on the board of Calsoft till January 7, 2008. He died in an accident on January 7, 2008.

Mr. Fuminobhu Oda has ceased to be the director of the company w.e.f. August 23, 2007 as he has not sought reappointment on the board of Calsoft.

7.12. Merger/demerger/spin off in the last three years.

There was no Merger/demerger/spin off in the last three years, except the following in the last three years;

A scheme of amalgamation between the WebSpectrum Software Limited (Transferor Company) and California Software Company Limited (Transferee Company) is proposed with effect from the appointed date i.e April 1, 2006 under Section 391 read with Section 394 of the Companies Act, 1956. WebSpectrum Software Limited is a wholly owned subsidiary of Calsoft. As per the scheme of amalgamation WebSpectrum will be fully amalgamated into Calsoft with effect from the effective date.

NSE and BSE has issued its "No objection" to the draft scheme of amalgamation under Clause 24 (f) of the listing agreement vide their letter dated March 20, 2007 and February 23, 2007 respectively.

Petition filed Section 391 read with Section 394 of the Companies Act, 1956 was heard by the High Court of Madras on July 9, 2007. The Company is awaiting the final order from the High Court for completing the Amalgamation procedures.

7.13. The audited financial highlights (Consolidated and Standalone) of Calsoft for the last three years audited by Mr. K J Tomy, Partner of M/s. Tomy & Francis, Chartered Accountants (Membership No. 22768), statutory auditors of the Target Company vide their certificate dated July 25, 2007 and the Certified Un-audited quarterly results are as below:

**Consolidated Financial Information:**

**Consolidated Profit & Loss Statement**

(Rs in lacs)

Particulars	Financial year / period ended			
	June 30, 2007*	March 31, 2007	March 31, 2006	March 31, 2005
Sales/Services rendered	5352.85	16469.10	11496.97	4828.00
Work in Progress-Increase	—	266.26	0.00	0.00
Other Income	41.73	159.13	46.98	58.21
<b>Total Income</b>	<b>5394.58</b>	<b>16894.49</b>	<b>11543.95</b>	<b>4886.21</b>
Total Operating Expenditure.	5065.29	15154.29	10563.86	4244.95
<b>Profit Before Depreciation, Finance Charges. Write-offs and Taxes</b>	<b>329.29</b>	<b>1740.20</b>	<b>980.09</b>	<b>641.25</b>
Depreciation	68.42	255.36	204.26	135.00
Finance Charges	37.68	153.06	232.33	46.43
Amortisation/write offs	—	27.89	255.09	125.10
<b>Profit Before Tax and Prior period adjustments and Minority interest</b>	<b>223.19</b>	<b>898.13</b>	<b>288.41</b>	<b>334.72</b>
Prior period items	—	236.76	0.07	0.00
Minority Interest adjustment	—	169.01	(201.59)	(3.65)
Provision for Tax	5.09	101.36	19.48	2.93
<b>Profit After Tax</b>	<b>218.10</b>	<b>796.77</b>	<b>470.45</b>	<b>335.44</b>

## Consolidated Balance Sheet Statement

(Rs in lacs)

Particulars	Financial year / period ended			
	June 30, 2007*	March 31, 2007	March 31, 2006	March 31, 2005
<b>Sources of funds</b>				
Paid up Share capital	904.64	904.64	492.11	476.11
Reserves and Surplus (excluding revaluation reserves)	—	5547.65	2464.13	2017.48
Minority Interest	—	606.31	376.26	404.56
Secured loans	—	1152.82	1880.69	1697.20
Unsecured Loans	—	1212.99	1003.03	703.17
Deferred Income Tax Liability	—	36.46	128.58	168.52
<b>Total</b>	<b>—</b>	<b>9460.88</b>	<b>6344.80</b>	<b>5467.04</b>
<b>Application of funds</b>				
Net fixed assets	—	2142.91	3401.94	2752.44
Investments	—	336.37	22.29	0.10
Deferred tax asset	—	101.64	34.29	0.00
Net current assets	—	6528.65	1311.38	1606.92
Miscellaneous expenditure not written off	—	351.31	1574.90	1107.58
<b>Total</b>	<b>—</b>	<b>9460.88</b>	<b>6344.80</b>	<b>5467.04</b>
<b>Networth as at year end</b>	<b>—</b>	<b>6100.98</b>	<b>1381.33</b>	<b>1386.02</b>

### Other Financial Data

Particulars	Financial year / period ended			
	June 30, 2007*	March 31, 2007	March 31, 2006	March 31, 2005
Dividend (%) (1)	NA	NA	NA	NA
Earning Per Share(Basic) (Rs.) (2)	2.41	10.29	9.58	7.05
Earning Per Share (Diluted) (Rs.)	2.19	9.74	9.58	6.99
Return on Networth (%) (3)	—	13.06	34.06	24.20
Book Value Per Share (Rs.)(4)	—	67.44	28.07	29.11

(\*Certified Un-audited Quarterly Results)

Notes:

1. Profit/(loss) for the year attributable to equity shareholders divided by the average number of equity shares outstanding during the year
2. Profit/(loss) after tax divided by the number of equity shares outstanding at the date of the balance sheet;
3. Profit/(loss) after tax divided by the Networth. Networth is represented by Share Capital and Net Reserves reduced by miscellaneous expenditure not written off.
4. Networth divided by the number of equity shares outstanding at the date of the balance sheet

### Reason for rise / fall in the Total Income and PAT

#### FY 2007 over FY 2006.

The total consolidated revenues for the FY 2007 stood at Rs. 16894.49 lakhs compared to Rs.11543.95 lakhs in previous year, recording a growth of about 46.35%. The improvement was on account of acquisitions as well as enhanced business from existing companies. The income figures reported this year include revenues of subsidiaries acquired in FY 2006 for the full year, while they were included only for a part of the year in previous year. The increase in other income on account of the increase in the interest income and currency fluctuations also contributed towards of the Total Income.

The net profit after tax for the year to was Rs.796.77 lakhs increased by 69.36% over previous year of Rs. 470.45 lakhs. Profits and margins improved on account of the improvement in revenues and better margin realizations on existing as well as acquired companies.

## FY 2006 over FY 2005

The total consolidated revenues for the FY 2006 stood at Rs. 11543.95 lakhs against Rs. 4886.21 lakhs in previous year recording a growth of 136.25%. The improvement was on account of acquisitions as well as enhanced business from existing companies. The income figures reported this year include revenues of subsidiaries acquired in 2005-06 for a part of the year.

The net profit after tax for the year was Rs. 470.45 lakhs increased by 40.25 % over previous year of Rs. 335.44 lakhs. The increases in profits are mainly on account of the improvement in revenues.

### Standalone Financial Information:

#### Profit & Loss Statement

(Rs in lacs)

Particulars	Financial year / period ended			
	June 30, 2007*	March 31, 2007	March 31, 2006	March 31, 2005
Sales/Services rendered	1248.86	4691.69	3758.27	2481.81
Work in Progress-Increase	—	236.69	0.00	0.00
Other Income	4.21	55.22	14.12	26.65
<b>Total Income</b>	<b>1253.07</b>	<b>4983.60</b>	<b>3772.39</b>	<b>2508.46</b>
Total Operating Expenditure.	1199.31	4184.05	2957.38	2088.49
Profit Before Depreciation, Finance Charges. Write-offs and Taxes	53.76	799.55	815.01	419.97
Depreciation	32.64	125.31	109.60	98.48
Finance Charges	12.77	64.93	26.48	16.05
Amortisation/write offs	—	7.71	1.62	12.56
<b>Profit Before Tax</b>	<b>8.35</b>	<b>601.60</b>	<b>677.31</b>	<b>292.88</b>
Provision for taxes	3.96	6.51	14.45	6.54
<b>Profit After Tax</b>	<b>4.39</b>	<b>595.09</b>	<b>662.86</b>	<b>286.34</b>

#### Balance Sheet Statement

(Rs in lacs)

Particulars	Financial year / period ended			
	June 30, 2007*	March 31, 2007	March 31, 2006	March 31, 2005
<b>Sources of funds</b>				
Paid up share capital	904.64	904.64	492.11	476.11
Reserves and Surplus (excluding revaluation reserves)	—	5968.23	2979.00	2352.32
Secured loans	—	654.30	304.91	111.11
Unsecured Loans	—	832.50	0.00	0.00
Deferred Income Tax	—	25.00	37.21	35.46
<b>Total</b>	<b>—</b>	<b>8384.67</b>	<b>3813.23</b>	<b>2975.00</b>
<b>Application of funds</b>				
Net fixed assets	—	775.67	686.79	561.04
Investments	—	3335.18	1025.84	950.68
Net current assets	—	4231.45	2086.81	1458.27
Miscellaneous expenditure not written off	—	42.37	13.79	5.01
<b>Total</b>	<b>—</b>	<b>8384.67</b>	<b>3813.23</b>	<b>2975.00</b>
<b>Networth as at year end</b>	<b>—</b>	<b>6830.50</b>	<b>3457.32</b>	<b>2823.41</b>

## Other Financial Data

Particulars	Financial year / period ended			
	June 30, 2007*	March 31, 2007	March 31, 2006	March 31, 2005
Dividend (%) (1)	—	7.50	10	10
Earning Per Share(Basic) (Rs.) (2)	0.05	7.69	13.49	6.01
Earning Per Share (Diluted) (Rs.)	0.04	7.27	13.49	5.96
Return on Networth (%) (3)	—	8.71	19.17	10.14
Book Value Per Share (Rs.) (4)	—	75.50	70.26	59.30

(\*Unaudited Quarterly Results)

Notes:

1. Profit/(loss) for the year attributable to equity shareholders divided by the average number of equity shares outstanding during the year
2. Profit/(loss) after tax divided by the number of equity shares outstanding at the date of the balance sheet;
3. Profit/(loss) after tax divided by the Networth. Networth is represented by Share Capital and Net Reserves reduced by miscellaneous expenditure not written off.
4. Networth divided by the number of equity shares outstanding at the date of the balance sheet

### Reason for rise / fall in the Total Income and PAT

#### FY 2007 over FY 2006

The total revenues for the FY 2007 stood at Rs. 4,983.60 lakhs against Rs. 3772.39 lakhs in FY 2006 recording a growth of 32.11%. The increase in total income was mainly due to the increase in sales over the geographies where the company is operating and increase in the other income.

The profits after tax for the FY 2007 were at Rs. 595.09 lakhs against Rs. 662.86 lakhs in the FY 2006 showing a reduction of 10.22%. The fall in the net profits was mainly on account of the increase in the operating expenditure incurred by the Company.

#### FY 2006 over FY 2005

The total income of the Company was at Rs. 3772.40 lakhs for the FY 2006 compared to Rs.2508.47 lakhs for the FY 2005, showing a growth of 50.39%. The Company derives its sales income from software services and the sale of software products. The improved performance of the Company in sales revenues contributes to the growth of the total income.

The net profit of the Company during the year was at Rs.662.87 lakhs against Rs.286.34 lakhs for the previous year recording a growth of 131.49% over previous year. Profits were improved on account of improvement in revenues, better margin realizations and enhanced absorption of fixed costs.

7.14. Pre and post-Offer shareholding pattern of Calsoft is as follows:

Shareholders category	Shareholding & voting rights prior to the Acquisition and offer		Shares & voting rights which acquired which triggered the regulation		Shares & voting rights to be acquired in open offer (Assuming Full Acceptance)		Shareholding & voting rights after the Acquisition and offer	
	A		B		C		D=A+B+C	
	No of shares	%	No of shares	%^	No of shares	%	No of shares	%
<b>1) Promoter Group</b>								
a) Parties to the agreement, if any	565796	6.12%						
b) Promoters other than (a) above	0	0.00%						
<b>Total 1 (a+b)</b>	<b>565,796</b>	<b>6.12%</b>						

Shareholders category	Shareholding & voting rights prior to the Acquisition and offer		Shares & voting rights which acquired which triggered the regulation		Shares & voting rights to be acquired in open offer (Assuming Full Acceptance)		Shareholding & voting rights after the Acquisition and offer	
	A		B		C		D=A+B+C	
	No of shares	%	No of shares	% <sup>^</sup>	No of shares	%	No of shares	%
<b>PUBLIC</b>								
<b>2) Acquirer</b>								
a) Acquirer	2648963	28.67%	3,125,000	25.27%	2,473,002	20.00%	8,371,965\$	67.71%
b) PAC	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Total 2 (a+b)</b>	<b>2648963</b>	<b>28.67%</b>	<b>3,125,000</b>	<b>25.27%</b>	<b>2,473,002</b>	<b>20.00%</b>	<b>8,371,965</b>	<b>67.71%</b>
<b>3) Parties to the agreement other than 1(a) and 2</b>	125000	1.35%	0	0.00%			0	0.00%
<b>4) Public (Other than parties to the agreement, Acquirers &amp; PAC)</b>								
a) Institutions / Mutual funds / Banks	3530	0.04%						
b) Bodies Corporate	1,305,183	14.13%						
c) Public	4,591,534	49.69%						
<b>Total (a+b+c)</b>	<b>5,900,247</b>	<b>63.86%</b>			<b>(2,473,002)</b>	<b>20.00%</b>	<b>3,993,041*</b>	<b>32.29%</b>
<b>Grand Total</b>	<b>9,240,006</b>	<b>100.00%</b>	<b>3,125,000</b>	<b>25.27%</b>	<b>0</b>	<b>0.00%</b>	<b>12,365,006</b>	<b>100.00%</b>

\* Includes S. Santhosh and Relatives

\$ Includes 1,25,000 shares acquired from Andorra vide SPA on July 28, 2007

<sup>^</sup> % calculated on expanded voting capital

As on the specified date (i.e., September 7, 2007) the total number of shareholders of Calsoft in the public category was 3816

7.15. The promoters and the Company have complied with the disclosure norms of Chapter II of SEBI (SAST) Regulations. The details of the build up of Promoter and Promoter group shareholding is as under:

**Build up of Promoter and Promoter group shareholding since inception as per Regulation 8 of SAST**

Sr. No.	Date of acquisition/ transfer	Name of the Allottee	Number of shares acquired/ sold	Cumulative holding	Paid-up capital	% of share -holding	Mode of acquisition/ transfer	Remarks
1	29-Dec-92	S. Santhosh and family	140,100	140,100	430,000	32.58%	Allotment for Cash	S. Santhosh-51400; Jayasree-28000; Ambili-40700; Ajithkumar-10000; Dr. M R Sreedharan Nair-10000.
2	19-Jul-94	S. Santhosh and family	5,827	145,927	504,327	28.93%	Allotment for Cash	S. Santhosh-4857; Dr. M R Sreedharan Nair-970.
3	1-Apr-95	S.Santhosh	43,776	189,703	961,006	19.74%	Allotment for Cash	S. Santhosh-32,776; Ambili-11000
4	2-May-95	S.Santhosh	(3,776)	185,927	961,006	19.35%	Sale in Open Market	-
5	29-Nov-99	S.Santhosh	59,313	245,240	4,761,088	5.15%	Preferential Allotment for Cash	-

Sr. No.	Date of acquisition/ transfer	Name of the Allottee	Number of shares acquired/ sold	Cumulative holding	Paid-up capital	% of share -holding	Mode of acquisition/ transfer	Remarks
6	12-Feb-00	S. Santhosh's family	75,037	320,277	4,761,088	6.73%	Market purchase	Jayasree-75037
7	26-Mar-01	S. Santhosh's family	10,970	320,277	4,761,088	6.73%	Inter-se transfer	from M R Sreedharan Nair to Saraswathy Nair
8	26-Mar-01	S. Santhosh's family	(10,970)					
9	12-Jun-04	S.Santhosh	12,691	332,968	4,761,088	6.99%	Market purchase	-
10	28-Jun-05	S. Santhosh's family	(30,000)	332,968	4,921,088	6.77%	Inter-se transfer	from Ms.Ambili to S. Santhosh
11	28-Jun-05	S.Santhosh	30,000					
12	5-Sep-05	S.Santhosh and family	(10,970)	332,968	4,921,088	6.77%	Transmission	from Saraswathy Nair
13	5-Sep-05	S. Santhosh	10,970					
14	16-Jun-06	S.Santhosh and family	232,828	565,796	8,365,850	6.76%	Allotment in Rights issue	S. Santhosh-138512; Jayasree-72126 Ambili-15190 Ajithkumar-7000

Regulation 8(3) filings for period ended March 31, 2007 and for Record date on August 22, 2007 were delayed due to rectification for a period of 231 and 87 days respectively by the company. The company has applied to Division of Regulatory Action, Enforcement Department, SEBI vide application letter filed on March 11, 2008 seeking consent term for the same.

- 7.16. The Company has complied with the norms of the SEBI Guidelines on Corporate Governance as enumerated in Clause 49 of the listing agreements with stock exchanges.
- 7.17. Details of pending litigations/suits filed by or against Calsoft

There was no pending litigation involving or against Calsoft as of the date of the Public Announcement except the following:

**Cases of civil nature filed by the Company:**

Court	Gist of the case	Amount involved	Current Status
VII Asst. City Civil Court, Chennai- O.S.No.7382 of 2000	Suit against ex-employee, Dhanvel Pandian for breach of agreement	Rs. 0.76 lacs with interest	Suit decreed on 28.09.2001; Execution proceedings are pending.
XIV Asst. City Civil Court, Chennai- O.S.No.3614 of 2001	Suit against ex-employee, A. Naushad for damages	Rs. 1.13 lacs with interest	Suit decreed on 07.01.2003 for Rs.24,750/- with interest @ 6% p.a. Execution proceedings are pending.
XII Asst. City Civil Court, Chennai- O.S.No.3770 of 2002	Suit for realizing Rs.29,090/- with interest from P. Periam pillai (Landlord)	Rs. 0.29 lacs with interest	Suit decreed on 31.01.2003; Execution proceedings are pending.
II Asst. City Civil Court, Chennai- O.S.No.4201 of 2004	Suit for recovery of Rs.57,348/- with interest from Dr. Snehalata Elangovan (Landlady)	Rs. 0.57 lacs with interest	Suit decreed on 20.08.2007. Execution proceedings are to be initiated.

**Cases of Statutory nature filed by the Company:**

Court	Gist of the case	Amount involved	Current Status
IT Appellate Tribunal, Chennai	Income Tax Case for the Assessment year 2000-2001	Rs.10.85 lacs	Appeal pending
IT Appellate Tribunal, Chennai	Income Tax Case for the Assessment year 2001-2002	Rs.15.24 lacs	Appeal pending
IT Appellate Tribunal, Chennai	Income Tax Case for the Assessment year 2002-2003	Rs.128.21 lacs	Appeal pending
IT Appellate Tribunal, Chennai	Income Tax Case for the Assessment year 2003-2004	Rs.12.42 lacs	Appeal pending
Commissioner of Income Tax (Appeals)	Income Tax Case for the Assessment year 2004-2005	Rs.151.76 lacs	Appeal pending

7.18. The Name and Details of the Compliance Officer are as under:

**Mr. Navin Shushant**

Company Secretary and Compliance Officer

**California Software Company Limited**

1205, D Block, 12th Floor, Tidel Park,

Taramani, Chennai – 600 113, India.

Tel No: +91 44 2254 1080

Fax No. +91-44-2254 2902

E-mail: investor@calsoft.co.in

Website: www.calsoft.co.in

**8. Offer Price****8.1. Justification for the Offer Price**

8.1.1. The Equity Shares of Calsoft are listed on NSE and BSE.

8.1.2. The annualized trading turnover in the shares of Calsoft in each of the above mentioned Stock Exchanges based on trading volume during January 2007 to June 2007 (six calendar months preceding the month in which the PA is made) is as given below:

Name of stock Exchange(s)	Total no. of equity shares traded during the 6 calendar months prior to the month in which PA is made	Total No. of listed equity Shares	Annualized Trading turnover (in terms of % to total listed shares)	Trading status in terms of SEBI (SAST) Regulations
BSE	760043	9046406	16.80	Frequently traded
NSE	953178	9046406	21.07	Frequently traded

(Source: www.bseindia.com and www.nseindia.com)

The Equity Shares of Calsoft are frequently traded on NSE and BSE.

8.1.3. In terms of Regulation 20(4) of the Regulations, the Offer Price of Rs.100/- per Equity Share is higher than any of the following:

- Negotiated Price under the agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights: Not Applicable.
- Highest Price paid by the Acquirer or person acting in concert for acquisitions including by way of allotment in preferential issue during the 26 weeks prior to August 20, 2007 (i.e. the date of PA) : Rs.100/-.

- c. The weekly high and low of the closing prices of the Equity Shares of Calsoft, during the 26 weeks period ending June 8, 2007 (being the last trading day before the date of the Board Resolution authorizing the Preferential Issue (i.e. June 11, 2007), as recorded on the NSE are given below:

Week No.	Date	Weekly High	Weekly Low	Average	Volume
1	December 11, 2006	69.55	61.90	65.725	157912
2	December 18, 2006	71.45	66.85	69.15	154090
3	December 25, 2006	76.50	71.10	73.8	589509
4	January 1, 2007	73.75	72.10	72.925	106734
5	January 8, 2007	78.10	75.30	76.7	253116
6	January 15, 2007	81.55	77.95	79.75	166182
7	January 22, 2007	79.50	67.70	73.6	151011
8	January 29, 2007	67.00	65.30	66.15	57927
9	February 5, 2007	67.90	66.25	67.075	63329
10	February 12, 2007	66.50	62.75	64.625	37248
11	February 19, 2007	65.65	61.35	63.5	32643
12	February 26, 2007	60.60	55.85	58.225	52327
13	March 5, 2007	53.45	50.70	52.075	50092
14	March 12, 2007	56.40	54.65	55.525	29905
15	March 19, 2007	57.75	54.85	56.3	21200
16	March 26, 2007	55.90	53.15	54.525	35569
17	April 2, 2007	55.55	53.80	54.675	17804
18	April 9, 2007	61.55	55.85	58.7	32427
19	April 16, 2007	64.20	61.85	63.025	29989
20	April 23, 2007	67.30	66.00	66.65	28984
21	April 30, 2007	67.50	66.75	67.125	11505
22	May 7, 2007	66.95	64.45	65.7	17859
23	May 14, 2007	73.40	65.05	69.225	64115
24	May 21, 2007	70.55	63.25	66.9	72133
25	May 28, 2007	68.00	65.05	66.525	18527
26	June 4, 2007	71.05	67.10	69.075	44959

The daily high and low prices of the Equity Shares of Calsoft, during the 2 weeks period ending June 8, 2007 (being the last trading day before the date of the Board Resolution authorizing the Preferential Issue (i.e. June 11, 2007), as recorded on the NSE are given below:

Day No.	Date	Daily High	Daily Low	Average	Volume
1	May 28, 2007	69.00	65.05	67.025	3406
2	May 29, 2007	68.00	66.00	67	6495
3	May 30, 2007	68.00	66.10	67.05	1703
4	May 31, 2007	67.00	64.00	65.5	4953
5	June 1, 2007	68.00	65.00	66.5	1970
6	June 4, 2007	68.15	65.05	66.6	4205
7	June 5, 2007	69.50	66.95	68.225	7588
8	June 6, 2007	69.80	67.05	68.425	4801
9	June 7, 2007	72.00	67.00	69.5	14104
10	June 8, 2007	76.90	69.00	72.95	14261

8.1.4. In terms of Regulation 20(5) of the Regulations, the Offer Price of Rs.100/- per Equity Share is higher than any of the following:

Sr. No.	Particulars	Rs. / Equity Share
a)	Negotiated Price under the agreement for acquisition of share or voting rights or deciding to acquire equity shares or voting rights	N.A
b)	Highest Price paid by the Acquirer or person acting in concert for acquisitions including by way of allotment in preferential issue during the 26 weeks prior to August 20, 2007 (i.e. the date of PA)	Rs 100.00/-
c)	Higher of (i) or (ii) below: Share price data of Calsoft on NSE, where it is most frequently traded, is as under:	
i)	The average of the weekly high and low of the closing equity share prices in the 26 weeks period prior to the Board meeting dated June 11, 2007 (date of the board meeting which authorised the preferential allotment)	Rs.65.28/-
ii)	The average of the daily high and low of the equity share prices in the two weeks prior to the Board meeting June 11, 2007 (date of the board meeting which authorised the preferential allotment)	Rs.67.88/-

The Acquirer have not acquired or sold any equity shares of Calsoft from the date of the PA upto the date of the Letter of Offer.

Considering the above parameters the Offer Price of Rs.100/- per fully paid-up Equity Share of Calsoft is justified in terms of Regulation 20(11).

8.1.5. The Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of Equity Shares of Calsoft from the date of the Public Announcement upto 7 working days prior to the date of closing of the Offer (i.e. upto Friday, May 16, 2008).

8.1.6. There is no non-compete agreement.

## 9. Financial Arrangement for the Offer

9.1. The Acquirer and CEL (PAC), have made firm financial arrangements to meet the obligations in full under the offer. Internal resources of CEL will be available to the Acquirer for the said acquisition. No borrowings from Bank / Financial Institutions is being made for the purpose.

9.2. The maximum purchase consideration payable for the Offer assuming full acceptance of the Offer would be Rs.24,73,00,200 /-(Twenty Four Crores Seventy Three Lakhs and Two Hundred Only) (i.e. 24,73,002 fully paid up equity shares of Calsoft at Rs.100/- per equity share).

9.3. In accordance with the provisions of Regulation 28 of the Regulations, the Acquirer have established a Bank Guarantee in favour of the Manager to the Offer for Rs. 6,19,00,000 (Rupees Six Crores Nineteen lakhs Only) being more than 25% of the total consideration payable under the Offer assuming full acceptance through HDFC Bank Limited, HDFC Bank Limited, 4<sup>th</sup> Floor, 115, Dr. Radhakrishnan Salai, Mylapore, Chennai – 600 004 This Bank Guarantee shall be valid until June 30, 2008. The Acquirer have also made a cash deposit of Rs. Rs. 25,78,715/- (Rupees Twenty Five Lacs Seventy Eight Thousand Seven Hundred and Fifteen Only) (being not less than 1% of the maximum purchase consideration payable under this Offer) in an escrow bank account titled CALSOFT – ESCROW ACCOUNT – OPEN OFFER with Canara Bank, Tidel Park Branch (Br No 2715) Tidel Park, Tharamani, Chennai. The Manager to the Offer is authorised to realize the value of the aforesaid Bank account.

9.4. Pursuant to a keep-well undertaking of August 17, 2007, CEL has confirmed that

- it will supervise the management of its wholly-owned subsidiary Kemoil so as to enable the management of Kemoil to be able to fulfill its obligations under Regulation 29 of the SEBI (SAST) Regulations, and that
- all funds necessary to consummate the Offer have been or will be made available on behalf of Kemoil as at the date of this Public Announcement.

9.5. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations.

## **10. Statutory /Other Approvals Required for the Offer**

- 10.1. As of the date of this Letter of Offer to the best of the knowledge and belief of the Acquirer, no statutory approvals are required to acquire the equity shares tendered pursuant to the Offer except the RBI approval required for acquisition / transfer of the shares tendered in the open offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. In terms of Regulation 27 of the SEBI Takeover Code, the Acquirer will not proceed with the Offer in the event that such statutory approvals that are required for the Offer are refused.
- 10.2. The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the Offer Closing Date. It may be noted that in case the Acquirer is unable to make the payment of consideration to the shareholders who have accepted the Offer, within 15 (fifteen) days from the date of closure of the Offer, and such non-payment is due to non receipt of any of the statutory approvals, SEBI, if satisfied that the non receipt of the statutory approvals was not due to willful default or negligence on part of the Acquirer, has the power to grant an extension of time to the Acquirer for payment of consideration to the shareholders who have accepted the Offer provided the Acquirer agrees to pay interest to the shareholders for the delay beyond the above-mentioned period of 15 (fifteen) days at such rates as may be specified by SEBI under Regulation 22(12) of the SEBI Takeover Code. Further, if the delay occurs due to willful default or neglect or inaction or non-action of the Acquirer in obtaining the requisite statutory approvals, Regulation 22(13) of the SEBI Takeover Code shall be applicable.
- 10.3. The Acquirer does not require any approval from the banks or financial institutions for the offer.

## **11. Terms and Conditions of the Offer**

### **11.1. Eligibility for accepting the Offer:**

The Offer is being made to the equity shareholders of Calsoft (other than 'Acquirer') whose names appear on the Register of the Members of Calsoft at the close of the business hours on September 7, 2007 (the 'Specified Date') and also to those persons who own the Equity Shares at any time prior to the closure of the Offer, but are not the registered equity shareholders.

- 11.2. A Depository Account (hereinafter referred to as "Special Depository Escrow Account") has been opened with National Securities Depository Limited ("NSDL") styled "Escrow Account – Calsoft - Open Offer". The DP ID is IN 300441 and Beneficiary Client ID is 11082749. Shareholders having their beneficiary account in Central Depository Services India Limited ("CDSL") have to use inter depository delivery instruction for the purpose of crediting their equity shares in favour of Special Depository Escrow Account with NSDL.
- 11.3. Owners (registered or unregistered) of Shares of Target Company (except the Acquirer, PAC and Seller) are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, number of Shares held, number of Shares offered, Distinctive numbers, Folio number, together with the original Share Certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.
- 11.4. Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Locked in shares can be tendered in the open offer subject to applicable laws including the continuation of the lock-in in the hands of the Acquirer. The Manager to the Offer will ensure that there is no discrimination in the acceptance between locked in and non-locked in shares. Shares that are subject to any other charge, lien or encumbrance are liable to be rejected.

## **12. Procedure for Acceptance and Settlement of the Offer**

### **12.1. Procedure for accepting the offer by eligible persons**

The equity shareholders of Calsoft who qualify and who wish to avail of this Offer (hereinafter referred to as "Acceptor") will have to deliver the relevant documents as mentioned below to the Registrar to the Offer, Integrated Enterprises (India) Limited, "Kences Towers", II Floor, 1, Ramakrishna Street, North Usman Road, T.Nagar, Chennai – 600 017. Tel: +91 44 2814 0801/0802/ 0803 Fax: +91 44 2814 2479 E-mail: sureshbabu@iepindia.com, Contact Person: Mr.K.Suresh Babu by hand delivery or registered post between 10.00 am to 4.30 pm on or before the closure of the Offer, Wednesday, May 28, 2008.

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

**For Equity Shares held in physical form:**

**Registered Shareholders should enclose**

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original Share Certificate(s).
- Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Calsoft and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

**Unregistered Shareholders should enclose**

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s).
- Original broker contract note.
- Valid Share Transfer form(s) as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled upon verification of Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance. No indemnity is required from unregistered owners.

**For Equity Shares held in demat form:**

**Beneficial owners should enclose:**

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of Depository Participant (DP).
- Photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off market" mode, duly acknowledged by the DP.
- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

12.2. The Share Certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer, Acquirer or Calsoft.

12.3. In case of non-receipt of the Letter of Offer, the eligible persons may send their consent, to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Distinctive Number; Folio Number, Number of shares offered; along with documents as mentioned above, so as to reach the Registrar to the Offer on or before Closure of the Offer, i.e., not later than Wednesday, May 28, 2008 or in case of beneficial owners they may send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Number of shares offered; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, or the eligible persons can write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the Close of the Offer, i.e., not later than Wednesday, May 28, 2008 Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)), from the date of Opening of the Offer.

The eligible persons can download the Form of Acceptance cum Acknowledgement from the SEBI's website and apply using the same.

12.4. If the aggregate of the valid responses to the Offer exceeds the offer size of 24,73,002 fully paid-up equity shares of Calsoft (representing 20% of fully paid up equity share capital of Calsoft), then the Acquirer shall accept the shares received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.

12.5. Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of Closure of the Offer, i.e., not later than Wednesday, May 28, 2008, else the application will be rejected.

12.6. While tendering shares under the Offer, NRIs/OCBs/Foreign Shareholders will be required to submit the previous RBI Approvals (specific or general) that they may have obtained for acquiring shares of Calsoft. In case of previous RBI Approvals not being submitted, the Acquirer reserve the right to reject such shares tendered.

12.7. In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closure of the Offer, i.e., on or before Friday, May 23, 2008. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer as per the mode of delivery indicated therein on or before Friday, May 23, 2008. The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed with the Letter of Offer. In case of non receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details;

In case of physical shares: Name; Address; Distinctive Numbers; Folio Number; Number of Shares tendered and

In case of dematerialized shares: Name; Address; Number of Shares offered; DP name; DP ID; Beneficiary Account Number and a Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account.

12.8. Shareholders should enclose the following:

**For Equity Share held in demat form:**

**Beneficial owners should enclose:**

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in Original / Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
- Photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

**For Equity Shares held in physical form:**

**Registered Shareholders should enclose:**

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in Original / Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
- In case of partial withdrawal, valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Calsoft and duly witnessed at the appropriate place.

**Unregistered Shareholders should enclose:**

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in Original / Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.

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

12.10. The intimation of returned shares to the Shareholders will be at the address as per the records of the Calsoft / Depository as the case may be.

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

12.12. In case of partial withdrawal of shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Calsoft.

12.13. Partial withdrawal of tendered shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

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

12.15. In case of delay in receipt of statutory approvals, if any, SEBI has a power to grant extension of time to Acquirer for payment of consideration to shareholders, subject to Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by Acquirer in obtaining the requisite approvals, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

12.16. Payment of consideration will be made by crossed account payee cheque / demand draft and sent by registered post, to those shareholders / unregistered owners and at their own risk, whose shares / share certificates and other

documents are found in order and accepted by Acquirer. In case of joint registered holders, cheques / demand drafts will be drawn in the name of the sole / first named holder / unregistered owner and will be sent to him. It is desirable that shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that same can be incorporated in the cheque / demand draft.

- 12.17. Unaccepted or withdrawn share certificate(s), transfer form(s) and other documents, if any, will be returned by Registered Post at the shareholders' / unregistered owners' sole risk to the sole/first named shareholder / unregistered owner. Unaccepted or withdrawn shares held in demat form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

### **13. General**

- 13.1. Acquirer can revise the price upwards upto seven working days prior to closure of the Offer i.e. on or before Friday, May 16, 2008 and revision if any in the Offer price would appear in the same newspapers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the Offer.
- 13.2. As the offer price can not be revised during 7 working days prior to the closing date of the offers /bids, it would, therefore be in the interest of shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.
- 13.3. The Acquirer shall upto Wednesday, June 11, 2008 complete all procedure relating to the Offer including payment of consideration to the equity shareholders who have accepted the Offer and for the purpose open a Special Account as provided under Regulation 29 of SEBI (SAST) Regulations, 1997.
- 13.4. The instruction, authorization and provisions contained in the form of acceptance cum acknowledgement constitute part of the terms of the Offer.
- 13.5. The Registrar to the Offer will hold in trust the Share Certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form/s on behalf of the shareholders of CALSOFT who have accepted the Offer, till the drafts / pay orders for the consideration and / or the unaccepted share certificates are dispatched / returned. Equity Shares not accepted under the offer will be sent to the shareholders/ applicants at their own risk by registered post.
- 13.6. Acquirer shall acquire the equity shares from the shareholders of Calsoft who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order and in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before Wednesday, June 11, 2008 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations, 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.
- 13.7. The equity shares of Calsoft are in compulsory de-materialized form and the minimum marketable lot is one equity share. Where the number of shares offered for sale by the shareholders is more than the Offer size, the Acquirer shall accept the shares received on a proportionate basis in consultation with the Manager to the Offer in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. Shares not accepted under the Offer will be sent to the shareholders / applicants at their sole risk by Registered Post.
- 13.8. For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer / Manager to the Offer at the address mentioned on the cover page of this Letter of Offer.
- 13.9. Acquirer would be responsible for ensuring compliance with the Regulations.

#### 13.10. Compliance Officer

**Mr. Navin Shushant**

Company Secretary and Compliance Officer

**California Software Company Limited**

1205, D Block, 12th Floor, Tidel Park, Taramani, Chennai – 600 113, India.

Tel No: +91 44 2254 1080; Fax No. +91-44-2254 2902;

E-mail: investor@calsoft.co.in; Website: www.calsoft.co.in

### **14. Documents for Inspection**

The following documents will be available for inspection to the shareholders of Calsoft at the address of the Manager to the Offer Religare Securities Limited, 14, Mittal Chambers, 1st Floor, Nariman Point, Mumbai - 400 021. Tel: +91 22 4007 4800 Fax: No. +91 22 4007 4869 E-mail: calsoft.openoffer@religare.in, from 10.00 a.m. to 4.30 p.m. on any working day until the Offer closes.

- a. Copy of Public Announcement as published in the newspapers on Tuesday, 21 August, 2007.
- b. Securities Purchase Agreement dated July 28, 2007
- c. Shareholders Agreement dated August 17, 2007
- d. Undertaking from CEL dated August 17, 2007, confirming the necessary financial arrangements for meeting the obligations under the Offer.
- e. Certificate of Incorporation and Memorandum and Articles of Association of Calsoft.
- f. Certificate of Incorporation and Memorandum and Articles of Association of Kemoil.
- g. Certificate of Incorporation and Memorandum and Articles of Association of CEL.
- h. Annual Reports of Calsoft for the financial years ended 2005, 2006 and 2007 certified un-audited results for the quarter ended June 30, 2007.
- i. Management Certified Financial information of Kemoil Limited dated August 9, 2007 for the year ended December 31, 2006, 2005 and 2004 and the period ended March 31, 2007. Certificate dated August 14, 2007 from R Balaji & Company, Chartered Accountants, Chennai (Membership No. 26922) for conversion of the Kemoil Information to into Indian Rupee.
- j. Annual Reports of CEL for the financial years ended December 31, 2004, 2005 and 2006. Certificate from Price Waterhouse Coopers dated August 7, 2007 for the consolidated financial information of CEL for ended December 31, 2004, 2005 and 2006 and for the period ended March 31, 2007. Certificate dated August 9, 2007 from V Chandrasekaran, Chartered Accountant, Chennai (Membership No. 24923) for the conversion of the financial information of CEL into Indian Rupee.
- k. Copy of Bank Guarantee No.:004GT01072260002 dated August 14, 2007 for Rs.6,19,00,000/- (Rupees Six Crores Nineteen Lakhs Only) issued by HDFC Bank Limited having office at 4th Floor, 115, Dr Radhakrishnan Salai, Mylapore, Chennai – 600 004 valid till June 30, 2008 in favour of the Manager to the Offer.
- l. Copy of the Escrow Agreement dated July 25, 2007 between Kemoil, Canara Bank and RELIGARE and confirmation from Canara Bank for the deposit of Rs. 25,78,715/- (Rupees Twenty Five Lakhs Seventy Eight Thousand Seven Hundred and Fifteen Only) (representing an amount, being more than 1% of the maximum purchase consideration payable in terms of the Offer).
- m. Copy of MOU dated July 25, 2007 between Religare Securities Limited, the Manager to the Offer and the Acquirer.
- n. Copy of confirmation regarding opening of Special Depository Account in the name and Style of “Escrow Account – Calsoft - Open Offer”.
- o. Auditors Certificate dated July 25, 2007 certifying the financials (Consolidated and Standalone) of the Target Company.
- p. Letter No. CFD/DCR/TO/AK/118415/2008 dated February 26, 2008 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

#### **15. Declaration by the Acquirer**

The Acquirer and the PAC accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance and Form of Withdrawal.

The Acquirer and the PAC shall be, severally and jointly, responsible for ensuring compliance with the SEBI (SAST) Regulations and for its obligations laid down in the SEBI (SAST) Regulations. All information contained in this document is as of the date of the Public Announcement, unless stated otherwise.

#### **Acquirer**

**Kemoil Limited**

#### **PAC**

**Chemoil Energy Limited**

Place : Chennai

Date : May 02, 2008

#### **Enclosed:**

- a. Form of Acceptance-cum-Acknowledgement
- b. Form of Withdrawal
- c. Transfer Deed for shareholders in physical form.

## FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

(Please send this Form with enclosures to the Registrar to the Offer at their address given overleaf)

<b>OFFER OPENS ON</b>	<b>FRIDAY, MAY 09, 2008</b>
<b>OFFER CLOSSES ON</b>	<b>WEDNESDAY, MAY 28, 2008</b>

From

Folio No./DP ID No./Client ID No. :

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Tel. No. : \_\_\_\_\_ Fax No. : \_\_\_\_\_ E-Mail : \_\_\_\_\_

To,

**California Software Company Limited**  
 C/o. **Integrated Enterprises (India) Limited**  
 "Kences Towers", II Floor, 1, Ramakrishna Street  
 North Usman Road, T.Nagar, Chennai - 600 017.

Dear Sir,

**Sub: Open Offer for purchase of 24,70,002 equity shares of California Software Company Limited representing 20% of the Equity Voting Capital at a price of Rs. 100.00 (Rupees One Hundred only) per share by Kemoil Limited (hereinafter referred to as 'Acquirer')**

I/We refer to the Letter of Offer dated Friday, May 02, 2008 for acquiring the equity shares held by me/us in California Software Company Limited.

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

I/We hold the following shares in physical form and accept the Offer and enclose the original share certificate (s) and duly signed transfer deed (s) in respect of my/our shares as detailed below:

S. No.	Ledger Folio No (s)	Certificate No (s)	Distinctive No. (s)		No of Shares
			From	To	
1					
2					
3					
4					
5					
<i>(In case the space provided is inadequate, please attach a separate sheet with details.)</i> <b>Total No. of Equity Shares</b>					

I / We confirm that the equity shares of California Software Company Limited, which are being tendered by me / us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I / We note and understand that the original share certificate(s) and valid share transfer deed(s) will be held in trust for me / us by the Registrar to the offer until the Acquirer makes payment of the purchase consideration mentioned in the Letter of Offer.

I / We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

I/We, holding shares in demat form, accept the Offer and enclose a photocopy of the Delivery Instructions duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

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

I / We have done an off-market transaction for crediting the shares to the Escrow Account - Calsoft - Open Offer whose particulars are:

<b>DP Name: Integrated Enterprises (India) Limited</b>	<b>DP ID/ Client ID: IN 300441 / 11082749</b>
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----- TEAR ALONG THIS LINE -----

### Acknowledgement Slip California Software Company Limited

Received from Mr./Ms. \_\_\_\_\_ residing at \_\_\_\_\_

a Form of Acceptance cum Acknowledgement for \_\_\_\_\_ Shares along with:

copy of depository instruction slip from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_

Share certificate(s) \_\_\_\_\_ transfer deed(s) under folio number(s) \_\_\_\_\_  
 for accepting the Offer made by the Acquirer.

Stamp of Collection Centre		Signature of Official:	Date of Receipt:
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TEAR HERE

I/We note and understand that the original share certificate(s) and valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer pay the purchase consideration as mentioned in the Letter of Offer.

I/We note and understand that the Shares would lie in the Escrow Account until the time the Acquirer make payment of purchase consideration as mentioned in the Letter of Offer.

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

I/We authorize the Acquirer or the Registrar to the Offer to send by Registered Post (under UCP if less than Rs. 1,500/-) the draft / cheques in settlement of the amount to the sole/first holder at the address mentioned below:

Yours faithfully,

Signed and Delivered:

	<b>Full Name(s) of the shareholders</b>	<b>Signature</b>
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		

Note: In case of joint holdings, all holders must sign. A corporation / Company must affix its common seal.

**Address of First/Sole Shareholder**

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

Name of the Bank		Branch	
Account Number		Savings/Current/NRE/NRO (Others: please specify)	

Business Hours : Monday to Friday: 10.00 a.m. to 4.30 p.m.

Saturday : 10.00 a.m. to 12.00 noon

Holidays : Sundays and Bank Holidays

All queries in this regard to be addressed to the Registrar to the Offer quoting your Folio No.

Place :

Date :

----- TEAR ALONG THIS LINE -----

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

**INTEGRATED ENTERPRISES (INDIA) LIMITED**

"Kences Towers", II Floor, 1, Ramakrishna Street, North Usman Road,  
T.Nagar, Chennai - 600 017.

Tel: +91 44 2814 0801/0802/ 0803 Fax: +91 44 2814 2479

E-mail: sureshbabu@iepindia.com, Website: www.iepindia.com

Contact Person: Mr.K.Suresh Babu

## INSTRUCTIONS

1. In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account, before the closure of the Offer i.e. Wednesday, May 28, 2008. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the Special Depository Account, before the closure of the Offer will be rejected.
2. Shareholders should enclose the following:
  - a. For Equity shares held in demat form:

Beneficial owners should enclose-

    - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant ('DP').
    - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
  - b. For Equity shares held in physical form:

Registered shareholders should enclose-

    - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
    - Original Share Certificate(s)
    - Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with California Software Company Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, where required, (thumb impressions, signature difference, etc.) should be done.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirers as buyer will be filled by the Acquirers upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

Unregistered owners should enclose -

    - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
    - Original Share Certificate(s)
    - Original broker contract note
    - Valid Share Transfer form(s) as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.
3. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to **Integrated Enterprises Limited**, the Registrar to the Offer and not to Religare Securities Limited, the Manager to the Offer the Acquirers, or Target Company.
4. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
5. Non-resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in California Software Company Limited. If the shares are held under General Permission of RBI, the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.
6. Non-resident shareholders should enclose No Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirers before remittance of consideration otherwise tax will be deducted at the maximum marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.
7. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at the following address:

**California Software Company Limited**  
**C/o.s Integrated Enterprises (India) Limited**  
"Kences Towers", II Floor, 1, Ramakrishna Street  
North Usman Road, T.Nagar, Chennai - 600 017.  
Tel: +91 44 2814 0801/0802/ 0803 Fax: +91 44 2814 2479
8. The Form of Acceptance-cum-Acknowledgement along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer on all days (excluding Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10.00 a.m. and 4.30 p.m. and on Saturdays between 10.00a.m. and 12:00 noon).

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## FORM OF WITHDRAWAL

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to this Offer any time upto three working days prior to the date of closure of Offer. In case you wish to withdraw your acceptance please use this form.

OFFER OPENS ON	FRIDAY, MAY 09, 2008
LAST DATE OF WITHDRAWAL	FRIDAY, MAY 23, 2008
OFFER CLOSES ON	WEDNESDAY, MAY 28, 2008

From

Folio No./DP ID No./Client ID No. :

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Tel. No. : \_\_\_\_\_ Fax No. : \_\_\_\_\_ E-Mail : \_\_\_\_\_

To,

**California Software Company Limited**

C/o. **Integrated Enterprises (India) Limited**

"Kences Towers", II Floor, 1, Ramakrishna Street

North Usman Road, T.Nagar, Chennai - 600 017.

**Sub: Open Offer for purchase of 24,70,002 equity shares of California Software Company Limited representing 20% of the Equity Voting Capital at a price of Rs. 100.00 (Rupees One Hundred only) per share by Kemoil Limited (hereinafter referred to as 'Acquirer')**

I/We refer to the Letter of Offer dated Friday, May 02, 2008 for acquiring the equity shares held by me/us in California Software Company Limited.

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

I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/We further authorize the Acquirer to return to me/us the tendered equity share certificate(s)/share(s) at my/our sole risk.

TEAR HERE

I/We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We note that this form of withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal Friday, May 23, 2008.

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the equity shares and also for non-receipt of equity shares due to inaccurate/incomplete particulars/instructions.

I/We also note that and understand that the original share certificate(s), Share transfer deeds(s) and equity shares only on completion of verification of the documents, signatures carried out by the Registrar.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) and the shares we withdraw are detailed below.

S. No.	Certificate No (s)	Distinctive No. (s)		No of Shares
		From	To	
1				
2				
3				
4				
5				
(In case the space provided is inadequate, please attach a separate sheet with details.)				<b>Total No. of Equity Shares</b>

----- TEAR ALONG THIS LINE -----

### Acknowledgement Slip California Software Company Limited

Received from M/s / Mr./Ms. \_\_\_\_\_

Residing at \_\_\_\_\_

a Form of Withdrawal for \_\_\_\_\_ Shares along with:

copy of depository instruction slip from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_

copy of acknowledgement slip issued when depositing dematerialized Shares  copy of acknowledgement slip issued when depositing physical Shares for withdrawing from the Offer made by the Acquirer.

Stamp of Collection Centre		Signature of Official:		Date of Receipt:	
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Folio No.:

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

Sr. No.	Folio No.	Certificate No.	Distinctive No.		No. of Shares
			From	To	
		<b>Tendered</b>			
1.					
2.					
3.					
		<b>Withdrawn</b>			
1.					
2.					
3.					
<b>Total Number of Equity Shares</b>					

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

I/We authorise the Acquirer to reject the shares so offered which it may decide in consultation with Registrar to the Offer and in terms of the Letter of Offer.

Yours faithfully,

Signed (.....)

	Full Name(s) of the shareholders	Signature
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		

Address of First/Sole Shareholder

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Place :

Date :

Note: In case of joint holdings, all holders must sign. A corporation / Company must affix its common seal.

----- TEAR ALONG THIS LINE -----

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

**INTEGRATED ENTERPRISES (INDIA) LIMITED**  
"Kences Towers", II Floor, 1, Ramakrishna Street, North Usman Road,  
T.Nagar, Chennai - 600 017.  
Tel: +91 44 2814 0801/0802/ 0803 Fax: +91 44 2814 2479  
E-mail: sureshbabu@iepindia.com, Website: www.iepindia.com  
Contact Person: Mr.K.Suresh Babu