LETTER OF OFFER

This Document is important and requires your immediate attention

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

OPEN OFFER

BY

Mr. R.S. SUDHISH (ACQUIRER)

[Plot No.91, Women's Co-operative Society, Road No.5, Jubilee Hills, Hyderabad-33]
Tel. No. 040-23550268 and Fax. No. 23559333

AND

(PERSONS ACTING IN CONCERT)

Mrs. R. Sreelakshmi,
Residing at Plot No.91, Women's Co-operative Society, Road No.5, Jubilee Hills, Hyderabad-33,
Tel. No. 040-23550268 and Fax. No. 23559333

Shri. R.S.S.C.Prasad,
Residing at Plot No.43, Sairam Nagar, Dharampuri, Hyderabad-39,
Telefax. No. 040-27206881

M/s. Ravikaanth Portfolio Services Pvt. Ltd
Registered office at 90 & 91, Womens Co-operative Society, Jubilee Hills, Hyderabad
Telefax: 040-55568024

To the shareholders of

COLOR CHIPS ENTERTAINMENT & MEDIA LIMITED.

[Regd. Office: 2044/6, Chuna Mandi, Pahar Gunj, New Delhi- 110 055]
Corporate office: Plot No. 16, Road No. 5 Jubilee Hills, Hyderabad- 500033
Tel. No. 23544862/23544863 and Fax no. 23559333

For the purchase of 49,800 Fully paid-up Equity Shares of Rs.10/- each of **COLOR CHIPS ENTERTAINMENT & MEDIA LIMITED** (hereinafter referred to as the Company or CCEML) representing 20% of its Equity Share Capital and Voting Capital from the existing equity shareholders of the Company, at a price of Rs. 11.00 (Rupees Eleven only) per fully paid-up equity share. The price calculated is the price as directed by SEBI vide its order no. MO/112/CFD/10/04; dated October, 14, 2004). These shares will be acquired in cash, in accordance with regulation 20 (2)(a) of SEBI [Substantial Acquisition of Shares and Takeovers (SAST)], Regulations 1997 and subsequent amendments thereof, from the existing equity shareholders of the Company.

This Offer is being made in compliance with Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "the Regulations") and amendments thereof and also the conditions specified in order of exemption issued by the SEBI for making Public Announcement.

The Offer is subject to the approval of the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 for acquiring shares tendered by non-resident shareholders including NRIs / FIIs and OCBs. In case of acceptances from NRI/OCB/FIIs shareholders, the Acquirers would after closure of the offer, make the requisite applications to RBI to obtain its approval for transfer of such shares of the Company to the Acquirer and PAC's. There are no other statutory approvals required to acquire shares that are tendered pursuant to this offer.

Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Letter of Offer, can withdraw the same up to three working days prior to the date of the closure of the Offer, (i.e. on or before 10.06.05 by filling the withdrawal form attached herewith. The withdrawal form is also available on the SEBI website (www.sebi.gov.in).

Acquirer (including PACs) have the option to revise the Offer Price upward any time up to seven working days prior to the date of the closure of the Offer (i.e. on or before 06.06.05)

The upward revision/ withdrawal if any, of the offer would also be informed by way of Public Announcement in respect of such changes in the newspapers or will be informed individually to all the shareholders and the Acquirer (including PACs) shall pay the same price for all shares tendered during the Offer.

There was no competitive bid.

Risk Factors:

A. In relation to the transaction:

The agreement dated 05.04.05 contains a clause that it is subject to the provisions of SEBI (SAST) Regulation and in case of non-compliance with any of the provisions of the Regulations, the agreement for such sale shall not be acted upon by the Sellers or the Acquirer (including PACs)

B. In relation to the Proposed Offer:

In case the shares tendered in the open offer are more than the shares agreed to be acquired by the Acquirer (including PACs), the Acquirer (including PACs) shall accept all valid applications received from the shareholders of the company on a Proportionate basis, in consultation with the Merchant banker, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non marketable lots.

Shareholders may obtain a copy of Letter of Offer [including form of Acceptance cum Acknowledgement and Form of Withdrawal] on SEBI web site at www.sebi.gov.in

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Aryaman Financial Services Limited 208, Maker Chamber V 2nd Floor Nariman Point, Mumbai Ph: 22826464 / 22845716 Fax : 22883134 E-Mail: afsl@vsnl.net.in **Contact Person: Ms. Manisha S.**	**Venture Capital & Corporate Investments Limited** D.No: 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad Tel: +91-40-2332224/226 Fax: +91-40-23303221 E-Mail:vccil_hyd@yahoo.co.in **Contact Person: Mr. P.V. Srinivas**

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

Activities	Date	Day
Date of the Share Purchase Agreement	April 05, 2005	Tuesday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	April 25, 2005	Monday
Last date for receiving Competitive bid	April 26, 2005	Saturday
Letter Of Offer to be posted to shareholders	May 19, 2005	Saturday
Date of Opening of the Offer	May 27, 2005	Friday
Date of Closing of the Offer	June 15, 2005	Wednesday
Last date for revising the Offer price/ number of shares	June 06, 2005	Monday
Last date for withdrawal of acceptance by the shareholders	June 10, 2005	Friday
Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired shares and / or the unaccepted shares / share certificates will be dispatched / credited	June 29, 2005	Wednesday

1. INDEX

ABBREVIATIONS / DEFINITIONS

Acquirer	Mr. R.S. Sudhish
Persons acting in concert	M/s. Ravikaanth portfolio Services Private Ltd, Mrs. R. Sree Lakshmi, Mr. RSSC Prasad.
Manager to the Offer/AFSL/ MB	M/s. Aryaman Financial Services Limited
Offer	Cash Offer being made to the Fully paid up equity shareholders of CCEML by the Acquirer.
CCEML, Target Company, the Company	M/s. COLOR CHIPS ENTERTAINMENT AND MEDIA LIMITED
SEBI	Securities & Exchange Board of India
SEBI (SAST) Regulations or "The Regulations"	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and subsequent amendments thereof.
Sellers	Promoters of CCEML
RBI	Reserve Bank of India
Eligible Persons for the Offer	All owners of shares registered or unregistered of CCEML (who own shares at any time prior to the closure of the Offer) except acquirers and parties to the agreement.
DSE	The Delhi Stock Exchange Association Ltd.,
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance cum Acknowledgement
Form of Withdrawal	Form of Withdrawal cum Acknowledgement
LOO or Letter of Offer	Offer Document
Negotiated Price	Rs.4/- (Rupee Four) per Fully paid-up equity share of face value of Rs.10/- each.

SPECIFIED DATE:

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 equity shares of Target Company, (except the Acquirer/PACs and Sellers) anytime before the closure of the Offer, are eligible to participate in the Offer.

CURRENCY OF PRESENTATION

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

OFFER PRICE

Rs. 11.00 (Rupees Eleven only) per Fully Paid-up equity shares of CCEML as per SEBI order MO/112/CFD/10/04; dated October,14, 2004

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE SHAREHOLDERS OF COLOR CHIPS ENTERTAINMENT AND MEDIA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER (INCLUDING PACs) OR THE COMPANY WHOSE SHARES AND CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE 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 ACQUIRER (INCLUDING PACs) DULY DISCHARGES HIS RESPONSIBILITY ADEQUATELY IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER M/S. ARYAMAN FINANCIAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 21.04.05 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER (INCLUDING PACs) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

ANY INFORMATION OR REPRESENTATIONS WITH RESPECT TO SUCH MATTERS NOT CONTAINED IN THE LETTER OF OFFER OR IN THE DOCUMENTS INCORPORATED BY REFERENCE IN THE LETTER OF OFFER MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY ACQUIRER (INCLUDING PACs). ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS/HER/THEIR OWN RISK.

3. DETAILS OF THE OFFER

3.1 Background of the Offer

1. The open offer to the shareholders of CCEML ("the company") is hereby made in accordance with the Regulation 10 for substantial acquisition of shares and control of the Takeover Regulations.
2. This open offer is being made by Mr. R S Sudish (hereinafter referred to as 'Acquirer') residing at Plot No.91, Women's Co-operative Society, Road No.5, Jubilee Hills, Hyderabad-33, M/s Ravikaanth Portfolio Services Pvt. Ltd. having its registered office at 90 & 91, Womens Co-operative Society, Jubilee Hills, Hyderabad., Mrs. R Sreelakshmi residing at Plot No.91, Women's Co-operative Society, Road No.5, Jubilee Hills, Hyderabad-33, and Mr R S S C Prasad residing at Plot No.43, Sairam Nagar, Dharampuri, Hyderabad-39, (hereinafter referred to as 'PACs') to the equity shareholders of M/s. Color Chips Media and Entertainment Limited having its registered office at 2044/6, Chuna Mandi, Pahar Ganj, New Delhi – 110 055 (hereinafter referred to as CCEML/ Target Company).
3. The Acquirer including PACs have entered into a Share Purchase Agreement (SPA) dated 05-04-2005 with the promoter group/director (Promoter Group duly represented by constituted attorney holder of Shri. Ramawtar Jhunjhunwala) of CCEML as detailed herein below :

NAME OF THE ACQUIRER AND PACs	NAME & ADDRESS OF THE VENDORS	NO. OF SHARES	% OF THE SHARE CAPITAL OF THE TARGET COMPANY
Mr. R S Sudish	Mr. Ramawtar Jhunjhunwala Mr. Shyam Sundar Jhunjhunwala Mr. Anil Kumar Jhunjhunwala Mrs. Bina Devi Jhunjhunwala residing at, 144, Cotton Street, Kolkata-700 007, West Bengal Telefax: 22686206	89100 20000 20000 7933	35.78 8.03 8.03 3.19
M/s Ravikaanth Portfolio Services Private Limited.	Mrs. Bina Devi Jhunjhunwala residing at, 144, Cotton Street, Kolkata-700 007, West Bengal Telefax: 22686206	8636	3.46
Mrs. R Sreelakshmi	Mrs. Bina Devi Jhunjhunwala residing at, 144, Cotton Street, Kolkata-700 007, West Bengal Telefax: 22686206	10795	4.34
Mr. R S S C Prasad	Mrs. Bina Devi Jhunjhunwala residing at, 144, Cotton Street, Kolkata-700 007, West Bengal Telefax: 22686206	8636	3.47
	Total	**165100**	**66.30**

4. The Agreements (Acquisition Agreement/ Agreement) dated 05-04-2005 are for purchase of 165100 fully paid up equity shares representing 66.30% of the paid up capital of the company for cash at a price of Rs. 4.00 per fully paid up share (Negotiated Price). The total consideration for the shares acquired under the agreement amounting to Rs. 6,60,400/- (Rupees Six lacs sixty thousand Four hundred only) is payable in cash.

5 At the time of execution of the agreement part payment to the vendors of an amount @ of Rs. 2.00 lacs (Rupees Two Lacs only) is paid as interest free earnest money or deposit, which shall be finally adjusted against the due amount payable. The balance payment of Rs. 4,60,400/- (Four Lacs Sixty thousand Four Hundred) shall be effected by the acquirers to the vendors upon completion of the offer and against delivery of shares.

6 The agreement dated 05-04-2005 contains a clause that it is subject to the provisions of SEBI (SAST) Regulation and in case of non-compliance with any of the provisions of the Regulations, the agreement for such sale shall not be acted upon by the Sellers or the Acquirer (including PACs).

7 As on the date of the agreement, the Acquirers do not hold any shares in the Target Company.

8 As on date, the Manager to the Offer – M/s. Aryaman Financial Services Ltd does not hold any shares in the target company.

9 The proposed change in control is not through any arrangement.

10 Based on the information available from the Acquirer (including PACs) and the Target Company, neither the Acquirer (including PACs) or the Target Company or the Sellers have been prohibited by SEBI from dealing in securities in terms of the direction issued u/s 11B of SEBI Act or under any of the regulation made under the SEBI Act. However regards compliance with Chapter II of the SEBI (SAST) Regulations by the target company, SEBI had issued a notice for violation of Regulations 6 (2) and 6 (4) for 1997 and 8(3) for 1998, 1999, 2000, 2001 and 2002 vide its letter dated September 20, 2004. The Target Company had already complied with the said regulations and the same was informed to the SEBI. Post 2002, the company has complied with all the compliances under Chapter II within the specified time. Further As regards compliance with Chapter II of the SEBI (SAST) Regulations by the promoters and the major shareholders, the same has been duly complied on time for the various periods

SEBI has issued a show cause notice to Color Chips (India) Limited of which the present acquirer is the Chairman and Managing Director and also to the Director of Color Chips Animation Park Limited – Mr. R.S.Sudish to provide explanation for the alleged price manipulation by certain persons in the scrip of the Color Chips (India) Limited during the period January, 2000 to March, 2000. A written representation was made to the SEBI by the company on 17th August, 2004 as the reply to the show cause notice explaining that the alleged price manipulation in the scrip of the company was due to the general market boom during that period and also that the present directors of the company were not in the management of the company at that time. SEBI then vide its letter dated October 27, 2004 postponed the date of personal hearing to December 6, 2004 which was previously fixed by it for October 19, 2004. Again it issued a letter dated November 18, 2004 postponing the date of hearing to some later date which was to be intimated in due course of time. Till date no intimation has been received from SEBI.

11. The control / management of CCEML was given to Shri. R.S. Sudhish and his associates or nominees by passing a special resolution by the members of the Company through postal ballot at the Extraordinary General Meeting held on December 26, 2003. The constitution of the Board of Directors of CCEML post acquisition and offer shall be determined on completion of all formalities relating to the offer.

3.2 DETAILS OF THE PROPOSED OFFER

1. The acquirer and PAC's had vide their application dated January 6, 2004 requested SEBI to grant an exemption for making a Public Announcement in terms of Regulation 15 read with Regulations 14(1) and 14(3) of the SEBI (SAST) Regulations, 1997. SEBI vide its order No. MO/112/CFD/10/04; dated October, 14, 2004) exempted the acquirer and PAC's from making a public announcement.
2. The exemption from making a public announcement was sought by the Acquirer including PAC's, considering the cost involved in making the public announcement vis-à-vis the number of shareholders in the public category i.e. only 85 shareholders. As per the SEBI Order No. **MO/112/CFD/10/04; dated October 14, 2004,** exemption was granted subject to the fulfillment of the following conditions:

   (i) The Acquirer shall make individual offers to each of the other shareholders by addressing individual letters to each of them by registered acknowledgement due post, offering to acquire their holdings at the price to be determined in accordance with the provisions contained in the takeover code but in any event not less than Rs. 11/- per share.
   (ii) The Acquirer shall appoint a Merchant Banker to oversee the entire process, as per the provisions of the SEBI (SAST) Regulations, 1997.
   (iii) The Acquirer shall comply with all the other applicable provisions of the SEBI (SAST) Regulations, 1997, with the sole exception of Regulation 15(1).

3. As per the SEBI Order No. **MO/112/CFD/10/04; dated October 14, 2004** the acquirer and PAC's are making an offer to the shareholders of CCEML (other than the parties to the Agreement) as required under Chapter III of the Regulations in terms of Regulation 10 for substantial acquisitions of shares upto 49,800 Fully Paid-up Equity shares of Rs. 10/- each representing 20% of its Subscribed Equity share and Voting capital (hereinafter referred to as "Share(s)") at a price of Rs.11/- per share ("Offer Price"). The payment to the shareholders whose shares have been accepted shall be in cash and will be paid by cheque / demand draft.
4. The Offer is not conditional upon any minimum level of acceptance by the shareholders. The Acquirer and PAC's will acquire all equity shares of CCEML that are tendered in terms of this offer up to a maximum of 49,800 equity shares.
5. In accordance with the sub regulation (2) of regulation 21 of the SEBI (SAST) Regulations, 1997, the Acquirer including PAC's shall acquire only such number of shares under the agreement so as to maintain the minimum specified public shareholding in the target company(i.e. 25%), for the purpose of listing on continuous basis.
6. The Equity Shares of CCEML are to be acquired, pursuant to the offer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.
7. Other than the shares to be acquired under the SPA, none of the Acquirer and PAC's hold any shares in the Target Company.

3.3 OBJECT OF THE ACQUISITION / OFFER

a. The Offer to the shareholders of the Target Company is being made in terms of Regulation 10 of Chapter III of the SEBI (SAST) Regulations.
b. The Acquirer (including PACs) do not have any plans at present to make any major change to the lines of business of CCEML or to dispose off or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business of CCEML and except to the extent required for the purpose of restructuring or rationalizing the existing lines of business, assets, investments, liabilities or otherwise of CCEML. The acquirer (including PACs) intend to review operations of the

company by inducting the necessary funds and also diversify the business into other areas in which the acquirer (including PACs) has experience.

4. BACKGROUND OF THE ACQUIRER (INCLUDING PACs)

Information about Acquirer / PACs

1. Relationship between the Acquirer and Persons acting in Concert

Name of the Acquirer/Persons acting in concert	Capacity	Relationship with the Acquirer
Mr R S Sudhish	Acquirer	Acquirer
M/s Ravikaanth Portfolio Services Private Limited	Person Acting in concert	Acquirer is a Director
Mrs R Sreelakshmi	Person Acting in concert	Wife of Acquirer
Mr. R.S.S.C Prasad	Person Acting in concert	None

2. The Acquirer and PACs have not entered into any agreement with respect to the present acquisition.
3. Since the Acquirer and PACs have not acquired any shares in the target company till date, the compliance with the required provisions of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations 1997 is not applicable.
4. The Acquirer and PACs have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the Regulation made under the SEBI Act.

A. Mr. R. S. Sudhish

Mr. R. S. Sudhish is a Chartered Accountant by qualification, residing at Plot No. 91, Women,s Cooperative Society, Road No.5, Jubilee Hills, Hyderabad-33, Tel. No. 040 23550268 Fax. No. 23559333 and is a successful management consultant. Presently he is the Chairman & Managing Director of M/s. Color Chips (India) Limited which has clients established across the globe including the USA & Europe. He has travelled widely and has done business with major corporate houses in India and abroad. He has been actively involved in policy making for the industry in various industry bodies and also in Government industry groups. He is a member of the Export and International Alliances Committee formed by Confederation of Indian Industry. He is director / Managing director in the following companies:

1. Color Chips (India) Limited – Chairman / Managing Director
2. Ravikaanth Portfolio Services Private Limited – Director
3. Colorchips Animation Park Ltd.- Director
4. Colorchips Entertainment and Media Limited - Director

He has been conferred with a number of Awards by various organizations in recognition of the contributions and accomplishments in various fields such as Udhyoga Prathibha Ratan Award by All India Business Development Association, Gem of India Award by All India Achievers Association, Rashtriya Ratan Award & Indira Gandhi

Sadbhavana Award by Global Economic Council, Samaikya Bharata Gourav Satkar by Delhi Telugu Academy etc., on various occasions.

The net worth of Mr. R. Sudish as on 31.12.2004 has been certified as Rs. 150.00 lacs by S.N. Murthy & Co., Chartered Accountants, having office at 1-8-30, Upstairs, Chikkadpally, Hyderabad- 230 Telefax: 27660168 / 27607294 (Membership of Mr. S.N.Murthy is No. 21862) vide certificate dated 10.01.2005

As regards compliance with Regulation 8(2) of Chapter II of the SEBI (SAST) Regulations by the Acquirer, the same has been duly complied on time for the various periods.

B. M/s Ravikaanth Portfolio Services Private Limited

1. M/s. Ravikaanth Portfolio Services Private Limited [RPSPL] was incorporated on 10.12.1999 under Companies Act 1956 and having its Registered office at Plot No 90 & 91, Womens Co-Op Society, Road No 5, Jubilee Hills, Hyderabad – 500 033 Telefax: 040 55568024. The company is in the business of providing Portfolio services.
2. The Authorized Share Capital of RPSPL is Rs 5.00 Lacs divided into 50,000 Equity Shares of Rs 10/- each and Issued, Subscribed and Paid-up Share Capital of the company as on 31st March, 2004 is Rs. 2.00 lacs comprising of 20,000 Equity Shares of Rs.10/- each.
3. The total income of the Company as on 31.03.2004 was Rs. 159.54 Lacs with a net loss of Rs. (0.77) lacs. The net worth (Paid up capital+ Free Reserves less debit balance in P/L A/c less Miscellaneous expenditure not written off) of the company as on 31.03.2004 was Rs. (18.04) lacs. The book value per share (Networth / No. of shares*) as on 31.03.2004 was Rs. (0.84), the earning per share (Net Profit / No. of shares*) was (0.04) and return on net worth was nil.
   Note: In case of calculating Earning per share and the book value of shares, the number of share includes the shares applied for and pending allotment.
4. The Net worth of M/s. Ravikaanth Portfolio Services Private Limited as on 31.12.2004 is Rs. (19.22) lacs .
5. The shareholding pattern is given below:

Sr. No.	Shareholders Category	No. of shares held	Amount (in lacs)	% of share capital
1.	Promoter Group	20000	2,00,000	100.00
2.	FII/Mutual Funds/Fis/Banks	--		--
3.	Public	--		--
	Total Paid Up Capital	**20000**	**2,00,000**	**100.00**

8. Audited Financial Highlights

(i) ***Profit & Loss Statement :-***

(Rs. in Lacs)

PARTICULARS	For The Period Ended 31/12/04 (Certified)	Year Ended 31/03/2004 (Audited)	Year Ended 31/03/2003 (Audited)	Year Ended 31/03/2002 (Audited)
Income from Operations	630.92	147.04	33.28	7.02
Other Income	0.61	12.50	0.19	0.00
Total Income	631.53	159.54	33.47	7.02
Total Expenditure	632.71	160.31	35.68	9.84
Depreciation	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Profit Before Tax	(1.18)	(0.77)	(2.21)	(2.82)
Provision for Tax	0.00	0.00	0.00	0.00
Profit After Tax	(1.18)	(0.77)	(2.21)	(2.82)

(ii) ***Balance Sheet Statement :***

(Rs. in Lacs)

PARTICULARS	For The Period Ended 31/12/04 (Certified)	Year Ended 31/03/2004 (Audited)	Year Ended 31/03/2003 (Audited)	Year Ended 31/03/2002 (Audited)
Sources of Funds:-				
Paid up Share Capital	2.00	2.00	2.00	0.02
Share Application Money	216.90	216.90	216.90	218.88
Reserves & Surplus (excluding revaluation reserves) net of debit balance in P/L A/c	(1.95)	(20.04)	(19.27)	(17.06)
Loans	0.00	0.00	0.00	0.00
Deferred Income Tax Liability	0.00	0.00	0.00	0.00
TOTAL	**216.95**	**196.86**	**199.63**	**201.84**
Uses of Funds:-				
Net Fixed Assets	0.83	0.83	0.83	0.83
Investments	7.67	7.67	55.75	55.75
Net Current Assets	208.45	190.36	143.01	145.18
Total Miscellaneous Expenditure Not Written Off	0.00	0.00	0.04	0.08
TOTAL	**216.95**	**198.86**	**199.63**	**201.84**

(iii) Other Financial Data :-

PARTICULARS	AS ON 31.12.2004	YEAR ENDED 31/03/04 (AUDITED)	YEAR ENDED 31/03/03 (AUDITED)	YEAR ENDED 31/03/02 (AUDITED)
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (Rs) {(Net Profit / No. of equity shares*)}	(0.07) Annualised	(0.04)	(0.10)	(0.13)
Return on Net Worth (%) {(Net Profit / Networth) *100}	Nil	Nil	Nil	Nil
Book Value per Share (Rs) (Face Value:Rs. 10) {(Networth / No. of Shares*)}	(0.88)	(0.84)	(0.84)	(0.78)

[Networth = Paid up capital + Free Reserves less debit balance in P/L A/c less Miscellaneous expenditure not written off]

"*" In the case of Earnings per share and Book value per share, the number of shares applied for pending allotment are also considered.

7. **Reasons for Fall/rise in total income and PAT for the financial year 2002-2003 and 2003-2004.**

The total income of the company increased substantially during the period 2002-2003 and 2003-2004 due to a increase in the sales and the interest received by the company on its investments.

8. **Board of Directors**

The composition of Board of Directors is as follows:

Name	Residential Address	Date of Appointment	Experience and Qualification
Mr. Sudish S Rambhotla	Plot No. 91, Women,s Cooperative Society, Road No.5, Jubilee Hills, Hyderabad-33	Since Incorporation	He is a Chartered Accountant by qualification and has around 13 years of experience as a successful management consultant
Mr. R. Durgaram	17, Raglah Court, Empireway, Wembley Middlex, Hatone, U.K.	14.02.2005	He is an MBA and has around 3 years of experience in the field of marketing and business administration.

As on date, Mr. Sudish S Rambhotla is also on the board of the Target company.

C. **Mrs. R. Sreelakshmi ,**

Mrs. R Sreelakshmi w/o Shri R.S. Sudhish is a resident of Plot No.91, Women's Co-operative Society, Road No.5, Jubilee Hills, Hyderabad-33. Tel. No. 040 23550268 Fax. No. 23559333. She is a graduate in Arts and is a house wife. She is a director in Colorchips Animation Park Limited.

The net worth of Mrs. R Sreelakshmi as on 31.12.2004 is Rs. 70.00 lacs by S.N. Murthy & Co., Chartered Accountants, having office at 1-8-30, Upstairs, Chikkadpally, Hyderabad- 230 Telefax: 27660168 / 27607294 (Membership of Mr. S.N.Murthy is No. 21862) vide certificate dated 10.01.2005

D. **Mr. R.S.S.C Prasad** S/o. R.K. Sharma Resident of Plot no. 43, Sairam Nagar, Dharma Puri, Hyderabad 500 039. Telefax. No. 040-27206881. He is a B.Tech Graduate specialized in Computer Science. He is working as a Network Engineer from over 2 years in Color Chips (India) Limited.

The net worth of Mr. R.S.S.C Prasad as on 31.12.2004 is Rs. 3.00 Lacs by S.N. Murthy & Co., Chartered Accountants, having office at 1-8-30, Upstairs, Chikkadpally, Hyderabad- 230 Telefax: 27660168 / 27607294 (Membership of Mr. S.N.Murthy is No. 21862) vide certificate dated 10.01.2005

DETAILS OF THE COMPANIES PROMOTED BY THE ACQUIRER AND PAC's OR IN WHICH THE ACQUIRER AND PAC's ARE FULL TIME DIRECTORS ARE AS UNDER:

4.1 Colorchips Animation Park Limited

The company was incorporated on August 5, 1999 under the name of Colorchips Animation Park Private Limited. The name of the company was subsequently changed to Colorchips Animation Park Limited. and a fresh certificate of incorporation was obtained on October 4, 1999. The registered office of the company is situated at Plot No. 16, Road No. 5, Jubilee Hills, Hyderabad- 500 033. The company is carrying on the business of Animation, Multi Media and Entertainment. The directors of the company are Mr. R S Sudish, Mr. Y Suryanarayana and Mrs. R Sreelakshmi.

Brief Audited Financials

(Rs. in lacs)

Particulars	**Year ended 31.03.04**	**Year ended 31.03.03**	**Year ended 31.03.02**
Equity Capital	54.05	54.05	54.05
Share Application Money	155.75	155.75	155.75
Reserves (net of debit balance in Profit and loss account)	0.00	0.00	0.00
Total Income	131.51	188.39	4.22
Profit after tax	(1.34)	(40.17)	(8.95)
Earnings per share (PAT + Excess(short) Provisions for earlier years / No of equity shares issued)	(14.62)	(14.37)	(6.93)

Net asset value (Per Share) {(Share capital + Reserves net of debit balance in Profit and loss account- Miscellaneous exp. Not written off) / No. of shares}	(4.6)	(4.43)	2.93

4.2 Colorchips (India) Limited

The company was originally incorporated on March 19, 1990 under the name of Rusoday Mutual Funds Limited under the Indian Companies Act, 1956 and thereafter the name of the company was changed to Rusoday Finance Limited on June 4, 1996, subsequently changed to Global Fiscals Limited on June 6, 1996 and changed to Arham Fiscals Limited on April 28, 1997 and further changed to Color Chips (India) Limited on January 5, 2000. The registered office of the company is situated at Plot No. 16, Road No. 5, Jubilee Hills, Hyderabad-500 033. Tel. No: 040 23550268 / 23544862 Fax. No: 040 23559333. The company is presently carrying on the business of Animation, Multi Media and Entertainment. The present directors of the company are Dr. R. S Sudish, Mr. Y Suryanarayana, Mr. Kch A V S N Murthy, Mr. Y Kasipathi and Mr. G Chandrabhushan. The shares of the company are listed on the stock exchanges Mumbai (BSE), National Stock Exchange of India Limited (NSE), The Hyderabad Stock Exchange Limited (HSE).

Brief Audited Financials

(Rs. in lacs)

Particulars	**Year ended 31.03.04**	**Year ended 31.03.03**	**Year ended 31.03.02**
Equity Capital	1330.47	1010.47	1010.47
Reserves (net of debit balance in Profit and loss account)	2.21	2.21	2.21
Total Income	650.09	243.74	(26.11)
Profit after tax	14.10	(25.61)	(104.88)
Earnings per share (PAT / No of equity shares issued)	Nil	Nil	Nil
Net asset value (Per Share) {(Share capital + Reserves net of debit balance in Profit and loss account- Miscellaneous exp. Not written off) / No. of shares}	6.71	5.13	10.14

4.3 Disclosure in terms of Regulation 16(ix)

1. This offer is being made pursuant to Regulation 10 of Chapter III and in compliance with the regulations for the purpose of substantial acquisition of voting rights and management control of the target company.

2. The Acquirer (including PACs) do not have any intention to dispose of or otherwise encumber any assets of CCEML in the next two years except in the ordinary course of business of CCEML. The Acquirer (including PACs) have undertaken not to sell, dispose of or otherwise encumber any substantial asset of CCEML except with the prior approval of the shareholders.

4.4 Future plans/strategies of the Acquirer (including PACs) with regard to the target company.

A The Offer to the shareholders of the Target Company is being made in terms of Regulation 10 of Chapter III of the Regulations.

B The Acquirer (including PACs) do not have any plans at present to make any major change to the lines of business of CCEML or to dispose off or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business of CCEML and except to the extent required for the purpose of restructuring or rationalizing the existing lines of business, assets, investments, liabilities or otherwise of CCEML.

5. BACKGROUND OF COLOR CHIPS ENTERTAINMENT AND MEDIA LIMITED

Brief History and Main Areas of Operations:

1. CCEML was originally incorporated as a Public Company on 10th May, 1985 in Delhi as "Janpriya Marketing Limited" under the Companies Act, 1956; Subsequently the Company was renamed as "M/s. COLOR CHIPS ENTERTAINMENT AND MEDIA LIMITED" with effect from 4.9.2002 due to the Change in the objects of the Company in lines of Animation, Multimedia and Entertainment. The Registered Office of the Company is situated at 2044/6, Chunna Mandi, Pahar Gunj, New Delhi-110055. Tel. No. 23544862/23544863 and Fax no. 23559333. The Company obtained the Certificate of Commencement of business on 6th June, 1985. The company was promoted by Shyam Sunder Jhunjhunwala and associates.
2. There has been no merger / de-merger, spin off during the last three years involving CCEML.
3. The Authorized Share Capital of CCEML is Rs 25.00 Lacs divided into 2,50,000 Equity Shares of Rs 10/- each and the Issued, Subscribed and Paid-up Share Capital of the company as on 31st March, 2004 is Rs. 24.90 Lacs comprising of 2,49,000 Equity Shares of the face value of Rs.10/- each. There are no partly paid-up shares.
4. At present, CCEML is into the business of Animation, Multi Media and Entertainment. At the time of incorporation, the Target Company was registered with the object of carrying on the business of dealers, contractors, buyers, sellers, growers etc in cotton, jute, tea, coffee, tobacco, rubber, oil, grains, pulses, seeds, vegetable products etc. Later the objects of the Company were changed to carry on the business of Animation, Multi Media and Entertainment vide its Special Resolution passed at the Shareholders Meeting held on 5.8.2002 under Companies Act 1956.
5. The company came out with its first public issue during 1985 for Rs. 15 lacs. The equity shares of the company have been listed on the Delhi Stock Exchange Association Limited, Delhi.(DSE) since 27th February, 1986. The present directors of the company are Mr. Shyam Sunder Jhunjhunwala, Anil Kumar Jhunjhunwala and Mr. R S Sudish.
6. **Share Capital Structure of CCEML:**

PAID-UP EQUITY SHARES OF TARGET COMPANY	NO. OF SHARES /VOTING RIGHTS	%AGE OF SHARE CAPITAL
Fully paid up shares	249000	100.00
Partly paid up shares	---	---
TOTAL	249000	**100.00**

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

6. **Build up of capital structure of the company as per original allotments made:**

Date of allotment	No. and % of shares issued		Cumulative paid up capital	Mode of allotment	Identity of allottees (promoters / ex-promoters/ others)	Status of Compliance
	No. of Shares	%				
Subscription	700	Negligible	700	Cash	Promoters	Complied
10.02.1986	98300	39.48	99000	Cash	Promoters	Complied
10.02.1986	150000	60.24	249000	Cash	Public	Complied

7. **Present Composition of the Board of Directors of CCEML:**

As on the date of this Letter of offer, the Directors representing the Board of CCEML is as under:

Name	Residential Address	Experience	Qualifications	Date of appointment
Shri. Shyam Sundar Jhunjhunwala	144, Cotton Street, Calcutta-7	He has an experience of around 30 years in trade and commerce.	B.Com	14.06.1985
Shri. Anil Kumar Jhunjhunwala	144, Cotton Street, Calcutta-7	He has an experience of around 12 years in trade and commerce.	B.Com	18.09.1996
Shri. R.S. Sudhish	Plot No.91, Women's Co-operative Society, Road No.5, Jubilee Hills, Hyderabad-33	He has around 13 years of experience as a successful management consultant	Chartered Accountant	25.12.2003

Mr. R. S Sudish, the Acquirer is also on the board of the target company and in control and management of the company. As per Regulation 22(9) of the SEBI (SAST) Regulations, he shall recuse himself and shall not participate in any matter relating to the offer including any preparatory steps leading to the offer.

8. **Compliance with listing and other statutory requirements**

As informed by the Target Company as regards the status of compliance with the listing requirement, the Target Company and its promoters have not complied regularly with the requirements of the listing agreement with the Delhi Stock Exchange Association Limited, Delhi. No penalty has been levied by the exchange on the company at any time. No punitive action has been taken by the Stock Exchanges till date. The trading in shares of the company was not suspended at any time. The company is yet to pay the listing fee for the financial year 2003-04, 2004-05 and 2005-06 The company has not appointed Company Secretary as Compliance Officer.

9. Compliance with Chapter II of SEBI (SAST), Regulations 1997:

As regards compliance with Chapter II of the SEBI (SAST) Regulations by the target company, SEBI had issued a notice for violation of Regulations 6 (2) and 6 (4) for 1997 and 8(3) for 1998, 1999, 2000, 2001 and 2002 vide its letter dated September 20, 2004. The Target Company had already complied with the said regulations and the same was informed to the SEBI. The matter is being examined by SEBI. Post 2002, the company has complied with all the compliances under Chapter II within the specified time. Further As regards compliance with Chapter II of the SEBI (SAST) Regulations by the promoters and the major shareholders, the same has been duly complied on time for the various periods

10. Audited Financial Highlights

Profit & Loss Statement :- (Rs. In lacs.)

PARTICULARS	NINE MONTHS PERIOD ENDED 31/12/04 (Unaudited)	YEAR ENDED 31/03/2004 (Audited)	YEAR ENDED 31/03/2003 (Audited)	YEAR ENDED 31/03/2002 (Audited)
Income from operations	0.00	0.00	0.00	0.00
Other Income including interest	7.90	0.50	0.48	0.40
Total Income	7.90	0.50	0.48	0.40
Total Expenditure.	7.81	0.71	0.45	0.40
Profit Before Depreciation Interest and Tax	0.09	(0.21)	0.03	0.00
Profit Before Tax	0.09	(0.21)	0.03	0.00
Provision for Tax	0.00	0.00	0.01	0.00
Profit after tax	0.09	(0.21)	0.02	0.00

Balance Sheet Statement :

(Rs. in lacs)

PARTICULARS	9 MONTHS PERIOD ENDED 31/12/04 (Unaudited)	YEAR ENDED 31/03/2004 (Audited)	YEAR ENDED 31/03/2003 (Audited)	YEAR ENDED 31/03/2002 (Audited)
Sources of Funds:-				
Paid up Share Capital	24.90	24.90	24.90	24.90
Reserves & Surplus (excluding revaluation reserves)	0.64	0.55	0.76	0.74
Net Worth	25.54	25.45	25.66	25.64
Loans	0.00	0.00	0.00	0.00
TOTAL	**25.54**	**25.45**	**25.66**	**25.64**
Uses of Funds:-				
Net Fixed Assets	3.04	2.48	2.48	2.15
Investments	0.00	0.00	0.00	0.00

Net Current Assets	22.50	22.97	23.18	23.49
Miscellaneous exp not written off	0.00	0.00	0.00	0.00
TOTAL	**25.54**	**25.45**	**25.66**	**25.64**

*** The unaudited results are certified by the statutory auditors of the company**

OTHER FINANCIAL DATA

	AS ON 31.12.2004	**YEAR ENDED 31/03/04 (AUDITED)**	**YEAR ENDED 31/03/03 (AUDITED)**	**YEAR ENDED 31/03/02 (AUDITED)**
Dividend (%)	**Nil**	**Nil**	**Nil**	**Nil**
EPS (Rs) [PAT/ No of fully paid equity shares.]	**0.04**	**(0.08)**	**0.01**	**0.00**
Return on Net worth (%) [Profit(loss) after deferred tax/Networth]	**0.34**	**Nil**	**0.07**	**0.01**
Book Value per share (Rs.) [Networth / No. of equity shares]	**10.26**	**10.22**	**10.31**	**10.30**

[Networth= Paid up capital + Free Reserves less debit balance in P/L A/c less Miscellaneous expenditure not written off .]

11. Reasons for Fall/rise in total income and PAT for the financial year 2002-03 and 2003-04

During the year 2002-2003 and 2003-2004 there was only marginal income of the company which was only by way of miscellaneous receipts. The company then diversified into animation, entertainment and media related activities and thereby the total income for the period 31.03.04 to 31.12.05 showed a substantial increase.

12. Pre and Post offer shareholding pattern of the Target Company is as follows: -

Shareholders Category	Shareholding & Voting Rights prior to the agreement/ acquisition and offer (A)		Shares & Voting Rights agreed to be acquired which triggered off the regulations. (B)		Shares & Voting Rights to be acquired in open offer (assuming full acceptances). (C)		Shareholding & Voting Rights after the acquisition and offer i.e. (D)	
	No.	%	No.	%	No.	%	No.	%
1) Promoter Group								
(a) Parties to agreement, if any	165100	66.30	*	*	--	--	*	*
(b) Promoters other than (a) above	--	--	--	--	--	--	--	--
Total 1(a+b)	165100	66.30	*	*	--	--	*	*
2) Acquirers								
a)Acquirer	--	--	*	*	}		}	}
b) PACs	--	--	*	*	} 49800	20.00	} *	} *
Total 2 (a+b)	--	--	*	*	49800	20.00	*	*
3) Parties to agreement other than 1(a) and 2	--	--	--	--	--	--	--	--
4) Public (other than parties to agreement, Acquirer& PACs)								
(a).Fis/MFs/FIIs/Banks, SFIs	--	--	--	--	--	--	--	--
b. Others	83900	33.70	--	--	(49800)	(20.00)	34100	13.70
Total 4 (a+b)	83900	33.70	--	--	(49800)	(20.00)	34100	13.70
Total (1+2+3+4)	**249000**	**100.00**	--	--	--	--	**249000**	**100.00**

NOTE: (*) In accordance with the sub regulation (2) of regulation 21 of the SEBI (SAST) Regulations, 1997, the Acquirer including PAC's shall acquire only such number of shares under the agreement so as to maintain the minimum specified public shareholding in the target company(i.e. 25%), for the purpose of listing on continuous basis.

The Acquirer and PACs have not acquired any shares of the target company after the execution of Share Purchase agreement till the date of Letter of offer. The Target Company is not a sick Industrial company within the meaning of clause (o) of Sub-Section (I) of Section 3 of the Sick Industries Companies (Special Provision) Act, 1985. The total number of shareholders under the Public category is 85.

13. Details of changes in the shareholding of the promoters

There has been no change in the shareholding of the promoters.

14. Status Of Corporate Governance

The provisions of clause 49 of the listing agreement regarding Corporate Governance are applicable to the listed companies whose paid up capital is Rs. 3.00 crores or more, therefore the provisions of Clause 49 are not applicable to the Company. There are no pending litigations of CCEML.

15. Compliance Officer

Mr. Y Suryanarayana
Villa No. 2, Gharaonda Ashish,
Road No. 3,
Banjara Hills ,
Hyderabad- 500028
Tel. No. 23552172
Fax No.23559333

7. OFFER PRICE & FINANCIAL ARRANGEMENTS

6.1. Justification of Offer Price:

1. The Equity shares of CCEML are listed on the DSE.

2. None of the shares of CCEML are in demat mode as the company has not till date established connectivity with both National Securities Depository Limited [NSDL] and Central Depository Services [India] Limited.

3. The shares of the company are infrequently traded in terms of Explanation (i) to Regulation 20(5) of the Regulations The annualized trading turnover during the preceding 6 calendar months ending March 31, 2005 prior to the month of the reference date on the Stock Exchange, Delhi is detailed below: -

NAME OF THE STOCK EXCHANGE	TOTAL NO. OF SHARES TRADED DURING THE 6 CALENDAR MONTHS PRIOR TO THE MONTH IN WHICH LETTER OF OFFER IS MADE	TOTAL NO. OF LISTED SHARES	ANNUALIZED TRADING TURNOVER (IN TERMS OF % TO TOTAL LISTED SHARES)
The DSE	NIL	2,49,000	N.A

4. Based on the above information, the shares of CCEML are deemed to be infrequently traded on DSE and hence, the offer price in respect of shares has been determined in accordance with the provisions of Regulation 20 (5) of the Takeover Regulations and as per the order **MO/112/CFD/10/04; dated October 14, 2004** passed by SEBI.

5. The Offer Price of Rs.11.00 per fully paid up equity share of CCEML (as per the order **MO/112/CFD/10/04; dated October 14, 2004** passed by SEBI.) is justified in terms of regulation 20 (5) of the Takeover Regulations since the same has been determined after considering following facts.

   a. The negotiated price under the agreement, which in this case is Rs. 4/- per share for fully paid shares (Regulation20 (5)(a)).
   b. The Acquirers have not acquired any Equity shares of the Target Company during the 26 weeks prior to the date of the Public Announcement including by way of allotment in a public or rights or preferential issue except for the shares to be acquired by way of the SPA. (Regulation 20(5)(b))
   c. Other Parameters as on 31.03.04 such as Book Value of Rs. 10.22 per share, EPS is (0.08) and Return on Net Worth being nil since the company has made loses (Regulation 20(5)(c)).
6. The offer price is justified in terms of Regulation 20(5) of the SEBI (SAST), Regulations, 1997.
7. In view of the above, the Offer Price payable under this Offer is in compliance with the Takeover Regulations. All other parameters suggest that the price of Rs. 11/- per equity share (as per the SEBI Order No. **MO/112/CFD/10/04; dated October 14, 2004)** is just and reasonable in terms of the regulation 20(11) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
8. If the Acquirer (including PACs) acquire shares in the open market or through negotiations, after four days form the date of the SPA and upto seven working days prior to the closure of the offer at a price higher than the offer price stated herein, the highest price paid for such acquisition shall be payable for all shares tendered and accepted under this offer as per regulation 20 (7) of the Takeover Regulations.
9. Based on the above information, in the opinion of the Manager to the Offer and the Acquirer (including PACs), the Offer Price is justified in terms of Regulation 20 (5) of the Takeover Regulations.

6.2 Financial arrangements:

1. The maximum purchase consideration payable by the Acquirer (including PACs) in the case of full acceptance of the offer is Rs. 5.48 lacs (Rs. Five Lacs Forty Eight thousand Only).

2. The Acquirer (including PACs) have deposited an amount of Rs. 1.37 lacs (Rs. One lac thirty seven thousand only) towards escrow amount with **Kotak Mahindra Bank**, Jewel Pawani Tower, 6-3-1109/I/P-G-2, Somajiguda, Hyderabad. i.e. 25% of the total consideration payable. The Manager to the offer has been duly authorized by the Acquirer (including PACs) to realize the value of escrow account in terms of the regulation.

3. The Acquirer (including PACs) have adequate resources to meet the financial requirements of the offer in terms of Regulation 16(xiv). The sources of funds shall be through internal resources of the Acquirer (including PACs). No borrowing from Bank/ Financial Institution is being made for the purpose. All the funds will be domestic and no foreign funds will be utilized.

4. M/s. S.N. Murthy & Co., Chartered Accountants, (membership no. of Mr. S. N. Murthy is 21862) having office at 1-8-30, Upstairs, Chikkadpally, Hyderabad- 230, Tel. No: 040 27660168 have confirmed vide their certificate dated 10.01.2005 that sufficient resources are available with the Acquirer and PACs for fulfilling the obligations under this "Offer" .

5. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer and PACs to implement the offer in accordance with the Regulations.

6. The Manager to the offer confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfill offer obligations.

7. TERMS AND CONDITIONS OF THE OFFER

A. Eligibility for accepting the offer

1. This offer is made to all the equity shareholders [except Acquirer / PAC's and the parties to the agreement] whose names appear in the register of shareholders on 25-04-05 (the Specified Date) and also to those persons who own the shares any time prior to the closure of the offer, but are not the registered shareholder(s).
2. The Acquirer including PACs will acquire for cash, Equity Shares of the Target Company to the extent of valid acceptances received under this offer.
3. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement constitute part of the terms of the offer.
4. In case of non-receipt of the Letter of Offer or in case of owners of shares who have sent them for transfer, eligible persons may send their acceptance to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of shares held, Distinctive Nos., Folio No., No. of shares offered, along with the relevant documents, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e 15-06-2005. Accidental omission to dispatch this document to any person to whom this offer is made or non-receipt of this offer shall not invalidate the offer in any way.
5. Acquirers are confident of completing all the formalities pertaining to the Acquisition of the said shares, within 15 days from the date of closure of this offer including payment of consideration to the shareholders whose have accepted under the offer and for the purpose shall open a special account as provided under Regulation 29 of the SEBI (SAST) Regulation. Provided that where the Acquirers are unable to make payment to the shareholders who have accepted the offer before the said period of 15 days due to non-receipt of requisite statutory approvals, the Board may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by the Board from time to time.
6. Each Shareholder of CCEML to whom this offer is being made, is free to offer his shareholding in whole or in part while accepting this offer.
7. Subject to the conditions governing this offer as mentioned in this offer document, the acceptance of this offer by the shareholder(s) must be absolute and unqualified. Any acceptance to the offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.
8. The Acquirer including PACs would be responsible for ensuring compliance with the regulations.

B. Locked in Shares

None of the shares of the target company are under lock-in.

C. Statutory approvals

The Offer is subject to the approval of the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 for acquiring shares tendered by non-resident shareholders including NRIs / FIIs and OCBs. In case of acceptances from NRI/OCB/FIIs shareholders, the Acquirer and PAC's would after closure of the offer, make the requisite applications to RBI to obtain its approval for transfer of such shares of the Company to the Acquirer (including PAC's). There are no other statutory approvals required to acquire shares that are tendered pursuant to this offer. If any other statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirer (including PACs) will not proceed with the Offer.

In case of delay in receipt of any statutory approval, if any, SEBI has the power to grant extension of time to Acquirer (including PACs) for payment of consideration to the shareholders subject to Acquirer (including PACs) agreeing to pay interest as directed by SEBI under Regulation 22(12). If the delay occurs due to the wilful default of the Acquirer including PACs in obtaining the requisite approvals, Regulation 22(13) will become applicable.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

1. The Marketable lot for the shares is 100 Shares. All the shares are under physical mode.

2. Shareholders who wish to tender the shares will be required to send the Form of Acceptance cum Acknowledgement duly completed and signed by all the shareholders, Original Share Certificate (s) and Transfer Deed (s) duly signed in case of Joint Holdings in the same order as per the specimen signatures lodged with CCEML and witnessed (if possible by a Notary Public or Bank Manager or Member of Stock Exchange with membership number) to the Registrar to the Offer, either by hand delivery during normal business hours or by Registered Post on or before the close of the offer i.e.. in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance cum Acknowledgement. In case the shares stand in the name of a sole shareholder who is deceased, notarized copy of the legal representative obtained from a competent court.

3. The address of the collection center of the Registrar to the Offer, for the purpose of the offer is as follows: -

Name & Address	Mode of Delivery	Business Hours
Venture Capital & Corporate Investments Limited. No: 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad,Hyderabad. Tel: +91-40-2332224/226 Fax: +91-40-23303221 email: vccil_hyd@yahoo.co.in **Contact Person: Mr. P.V. Srinivas**	Registered Post and / or Hand delivery	Monday to Friday 10.00 a.m. to 5.00 p.m. (excluding Bank Holidays) Saturday 10.00 a.m. to 2.00 p.m.

4. All owners of shares, registered or unregistered (except the Acquirer including PACs, and parties to the agreement), who own the shares at any time prior to the closure of the offer are eligible to participate in 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 No., together with the Original Share Certificate(s), valid transfer deed(s) and a copy of

the contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

5. The Registrar to the Offer will hold in trust the shares/ share certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of CCEML who have accepted the offer, until the cheques / drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.

6. Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders/ unregistered owners sole risk to the sole/ first shareholder.

7. In case the shares tendered in the open offer are more than the shares agreed to be acquired by the Acquirer (including PACs), the Acquirer (including PACs) shall accept all valid applications received from the shareholders of the company on a Proportionate basis ensuring that it does not result in odd lots.

8. The shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the date of the closure of the offer, i.e. on or before 15-06-2005, in terms of Regulation 22(5A).

9. As per Regulation 27 of the SEBI (SAST) Regulations, 1997 the withdrawal option can be exercised by submitting the Form of withdrawal so as to reach the Registrar to the offer before 10-06-2005. In case of non receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
Name, address, distinctive numbers, folio nos., number of shares tendered / withdrawn.

10. Shares, if any, that are the subject matter of litigation wherein the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions/ orders regarding these shares are not received together with the shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

THE DOCUMENTS SHOULD NOT BE SENT TO THE ACQUIRER OR PACs OR TO CCEML.
The shareholders also have an option to download the form of acceptance from SEBI's website (www.sebi.gov.in) and apply in the same.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Registrar to the Offer at Venture Capital & Corporate Investments Limited, D.No: 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad between 10.00 a.m. and 2.00 p.m. during the Offer Period.

1. Memorandum of Association & Articles of Association (including Certificate of Incorporation) of Color Chips Entertainment and Media Limited.
2. Copies of Audited Annual Reports of CCEML as at 31.03.2002, 31.03.2003 and 31.03.2004
3. Copies of certificate from M/s. S.N. Murthy & Co., Chartered Accountants, confirming vide their certificate dated 10.01.2005 that sufficient resources are available with the Acquirer including PACs for fulfilling the obligations under this "Offer" .
4. Copies of certificate from M/s. S.N. Murthy & Co., Chartered Accountants certifying the net worth of the Acquirer and PACs.

5. A letter dated 12-03-2005 from Kotak Mahindra Bank, Jewel Pawani Tower, 6-3-1109/I/P-G-2, Somajiguda, Hyderabad towards money kept in the Escrow Account and a lien in favor of the Merchant Banker i.e. Aryaman Financial Services Ltd.
6. Copy of the Agreement between Acquirer (including PACs) & Sellers dated 05.04.2005 which triggered off the offer.
7. A copy of the letter-dated January 22, 2004 bearing no. DCR/MM/04/1511, from SEBI in terms of Provisions of Regulation 18(2).
8. A Copy of the SEBI Chairman's Order No.: CO/47/TO/06/2003; dated June 12, 2003.
9. Copy of SEBI letter no. CFD/DCR/RC/TO/39722/05 dated May 5, 2005.

10. DECLARATION

1. The Acquirer including PACs having made all reasonable inquiries, accept responsibility for, and confirm that this letter of offer contains all information with regard to the offer, which is material in the context of the issue, that the information contained in this letter of offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

2. Each of the Acquirer and PACs would be severally and jointly responsible for ensuring compliance with the Regulations.

3. We hereby declare and confirm that all the relevant provisions of Companies Act, 1956 and all the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 have been complied with and no statements in the offer document is contrary to the provisions of Companies Act, 1956 and SEBI Substantial Acquisition of Shares and Takeover) Regulations 1997.

Signed by :

Mr. R. S. Sudish *
sd/-

M/s Ravikaanth Portfolio Services Private Ltd. *
sd/-

Mrs. R Sreelakshmi *
sd/-

Mr. RSSC Prasad *
Sd/-

* Through their constituted attorney holder Mr. Y. Surya Narayana.

Date : 12-05-2005
Place: Hyderabad
Enclosures: (1) Form of Acceptance cum Acknowledgement
(2) Form of Withdrawal

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)

FORM OF ACCEPTANCE- CUM -ACKNOWLEDGEMENT

OFFER OPENS ON	: 27.05.2005
OFFER CLOSES ON:	15.06.2005

From :-
Folio No.: Sr.No.: No of Shares Held

Tel No: Fax No: E-Mail:

To:
Venture Capital & Corporate Investments Limited.
No: 6-2-913/914, 3rd Floor,
Progressive Towers,
Khairatabad,
Hyderabad.

Sub.: Open offer for purchase of 49800 equity shares of CCEML representing 20% of the equity share capital at a price of Rs. 11 per share (as per the SEBI Order No. **MO/112/CFD/10/04; dated October 14, 2004)by Mr. R. S. Sudish (Acquirer), M/s Ravikaanth Portfolio Services Private Limited, Mrs. R. Sreelakshmi and Mr. R.S.S.C. Prasad (PACs)**

Dear Sir,

I/We refer to the Letter of Offer dated 12th May 2005 for acquiring the equity shares held by me/us in CCEML.

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

FOR SHARES HELD IN PHYSICAL FORM :

I/We 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:

Sr. No.	***Certificate***	**Distinctive Nos**		**No of Shares**
		From	**To**	
Total number of equity shares.				

(In case of insufficient space, please use additional sheet and authenticate the same)

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

I/We note and understand that the Shares would lie in with the Registrars to the offer under trust until the time the Acquirer and PAcs makes payment of purchase consideration as mentioned in the Letter of Offer.

I/We confirm that the equity shares of CCEML which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer and PACs to accept the shares so offered which it 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 and PACs 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 including PACs or the Registrar to the Offer to send by registered post (under UCP if less than Rs. 1,500/-) the draft/cheque in settlement of the amount to the sole/first holder at the address mentioned below:

Yours faithfully,

Signed and Delivered:

	FULL NAME(S)	SIGNATURE(S)
First / Sole Shareholder		
Second Shareholder		
Third Shareholder		

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

Address of First/Sole Shareholder

____

____

Place : Date:

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/Others

(Please Specify)__________

Business Hours : Mondays to Friday : 10.00 a.m. to 5.00 p.m.

Holidays : Sundays and Bank Holidays

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

- Tear along this line - - - - - - -

Folio No..: Serial No. Acknowledgement Slip

Received from Mr./Ms.

____

Address______________________________

____

Number of certificate(s) enclosed ______ Certificate Number(s) ______________

Signature of Official and Date of Receipt	Stamp of Registrar to the Offer

Total number of share(s) enclosed ______________

Note : All future correspondence, if any should be addressed to Registrar to the offer at the address mentioned behind in this form. The documents referred to above should be sent to any of the collection centers mentioned overleaf.

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 SCHEDULE	
	OFFER OPENS ON	: 27.05.2005
	LAST DATE OF WITHDRAWAL	: 10.06.2005
	OFFER CLOSES ON	: 15.06.2005

From:

Tel No. Fax No.: E-mail:

To,
Venture Capital & Corporate Investments Limited.
No: 6-2-913/914, 3rd Floor,
Progressive Towers,
Khairatabad,
Hyderabad.

Sub.: Open offer for purchase of 49800 equity shares of CCEML representing 20% of the equity share capital at a price of Rs. 11 per share (as per the SEBI Order No. **MO/112/CFD/10/04; dated October 14, 2004) by Mr. R. S. Sudish (Acquirer), M/s Ravikaanth Portfolio Services Private Limited, Mrs. R. Sreelakshmi and Mr. R.S.S.C. Prasad (PACs)**

Dear Sir,

I/We refer to the Letter of Offer dated 12th may 2005 for acquiring the equity shares held by me/us in CCEML.

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

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

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

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	

	Total number of equity shares			

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

I/We authorise the Acquirers 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)	SIGNATURE(S)
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		

Address of First/Sole Shareholder

____

____

____

Date :

Place:

Note: Incase of joint holdings, all holders must sign. A corporation must affix its common seal.

-------------------------------------**TEAR HERE**-------------------------------------

Folio No.: Serial No.: **(Acknowledgement Slip)**

Received from Mr./Ms. ______________________

Address

____

Form of withdrawal in respect of _________ Number of Share

Certificates representing _________ number of shares.

Signature of Official and Date of Receipt	Stamp of Registrar to the Offer