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 SSI Limited. 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 SSI 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

Mr.Kalpathi S.Aghoram, Mr.Kalpathi S.Ganesh and Mr.Kalpathi S.Suresh
("THE ACQUIRERS")

all of whom reside at New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai - 600 017.
Tel No: +91 44 2822 3540, Contact Fax No.:- +91 44 2834 0047.

to the existing shareholders of

SSI LIMITED (THE "TARGET COMPANY"/ "SSIL")

(Registered Office: 34 (New), Thirumalai Road, T.Nagar, Chennai - 600 017,
Tel No.: +91 44 2834 1288, Fax No.: +91 44 2834 0047.

to acquire upto 37,17,776 equity shares of Rs.10/- each representing 20% of the fully diluted voting equity share capital as at the expiration of 15 days after the closure of offer at a price of Rs.45/- per fully paid-up equity share.

The Offer is being made by the Acquirers pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

The Offer is subject to the Acquirers obtaining approval from the RBI under Foreign Exchange Management Act, 2000 for acquiring equity shares tendered by non-resident shareholders including NRI(s), OCB(s) and FII(s).

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.

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., Thursday, 10 November, 2005) prior to the date of the closure of the Offer (i.e. Wednesday, 16 November, 2005).

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, 4 November, 2005 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 3.2.5 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) are available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Karvy Investor Services Limited "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 Tel: +91 40 2337 4714/2332 0752 Fax: +91 40 2337 4714 e-mail: mbd@karvy.com. Website: www.karvy.com	**M/s. Data Software Research Co. Pvt. Ltd.,** "Sree Sovereign Complex" 4th Cross Street, Trustpuram, Kodambakkam, Chennai - 600 024 Tel:+91 44 2483 3738/2483 4487/2480 1664 Fax: +91 44 2483 4636 e-mail:dsrcmd@vsnl.com
Contact Person: Mr.T.R.Prashanth Kumar	**Contact Person: Mr. H. Krishnamoorthy**

OFFER OPENS ON: FRIDAY, 28 OCTOBER, 2005	OFFER CLOSES ON: WEDNESDAY, 16 NOVEMBER, 2005

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

ACTIVITY	SCHEDULE
Public Announcement (PA)	Tuesday, 6 September, 2005
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	Friday, 23 September, 2005
Last date for a Competitive Bid	Tuesday, 27 September, 2005
Date by which Letter of Offer will be posted to shareholders	Wednesday, 19 October, 2005
Date of Opening of the Offer	Friday, 28 October, 2005
Last date for revising the Offer Price	Friday, 4 November, 2005
Last date of withdrawal of tendered application by the shareholders of SSIL	Thursday, 10 November, 2005
Date of Closing of the Offer	Wednesday, 16 November, 2005
Date by which acceptance/rejection under the Offer would be intimated and the corresponding payment for the acquired Equity Shares and/or the unaccepted Equity Shares/Share Certificate(s) will be dispatched /credited	Thursday, 1 December, 2005

CONTENTS

1. DEFINITIONS

Acquirers	Mr.Kalpathi S.Aghoram, Mr.Kalpathi S.Ganesh and Mr.Kalpathi S.Suresh.
ASE	The Stock Exchange - Ahmedabad
Board	Board of Directors
BSE	The Bombay Stock Exchange Limited
BV	Book Value
CDSL	Central Depository Services (India) Ltd.
DP or Depository Participant	Karvy Consultants Limited
EPS	Earning per share
FEMA	The Foreign Exchange Management Act, 2000, and subsequent amendments thereof.
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
GDS	Global Depository Shares
Ltd.	Limited
Letter of Offer/LOO	This Letter of Offer
Manager or Manager to the Offer or Karvy	Karvy Investor Services Limited
MSE	Madras Stock Exchange Limited
NRI(s)	Non-Resident Indians
Non-Resident Shareholders	NRIs', OCBs' and FIIs' holding the Equity Shares of SSIL
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 37,17,776 equity shares of Rs. 10/- each representing 20% of the fully diluted voting equity share capital of SSIL at a price of Rs.45/- per share
Offer Period	From Friday, 28 October, 2005 to Wednesday, 16 November, 2005
Offer Price	Rs.45/- per fully paid-up Equity Share of Rs.10/-each of SSIL
Person eligible to participate in the Offer	Equity shareholders of SSI Limited (other than the Acquirers) whose names appear on the Register of Members of SSI Limited at the close of the business hours on Friday, 23 September, 2005 (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
Pvt.	Private
Public Announcement or PA	Public Announcement for the Open Offer issued on behalf of the Acquirers on Tuesday, 6 September, 2005
Registrars or Registrars to the Offer/ DSRC	Data Software Research Company Private 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.
Specified Date	Friday, 23 September, 2005
SSIL /Target Company/the Company	SSI Limited

RISK FACTORS

Relating to the transaction

The transaction is a preferential allotment of shares to the Acquirers. These shares are still in the process of being listed on NSE, BSE, MSE & ASE. Other than this there is no other risk with the transaction.

Relating to the proposed offer

1. Transfer of equity shares received from NRI shareholders under the offer is subject to receipt of RBI approval for the same.
2. If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations.

In associating with the Acquirers

The Acquirers are the promoters of the Company and as such there is no change in control.

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 SSIL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, OR THE COMPANY WHOSE 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 ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, KARVY INVESTOR SERVICES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 12 SEPTEMBER, 2005 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 ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3 DETAILS OF THE OFFER

3.1 Background to the offer

3.1.1 This offer is being made by Mr.Kalpathi S.Aghoram, Mr.Kalpathi S.Ganesh and Mr.Kalpathi S.Suresh (hereinafter referred to as “Acquirers”) to the equity shareholders of SSI Limited (hereinafter referred to as “Target Company”/”SSIL”). The Acquirers together hold 78,22,637 equity shares of SSIL representing 44.16% of the fully paid up equity share capital as on the date of the PA. The Acquirers also form part of the promoters of SSIL.

3.1.2 The Board of Directors of the Target Company has issued and allotted on preferential basis 42,48,000 fully paid-up equity shares of Rs. 10/- each of the Target Company representing 23.98% of the post preferential fully paid-up voting equity share capital of the Target Company for cash at a price of Rs. 40/- per share including premium of Rs. 30/- aggregating to Rs. 16,99,20,000/- and 8,73,000 warrants (“Warrants”) convertible at the option of the holder into equity shares of Rs.10/- each at the rate of 1 equity share for every warrant at a price of Rs. 40/- per warrant including premium of Rs.30/- aggregating to Rs.3,49,20,000/- (“Preferential Issue”) to the Acquirers in accordance with the Guidelines for Preferential Issues of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto (“Guidelines”).

The Preferential Issue has been duly authorised by a resolution passed by the Board of Directors of the Target Company at its meeting held on 22 July, 2005 and by a special resolution under section 81(1A) of the Companies Act, 1956 and other applicable provisions, passed by the shareholders of the Target Company at the Extraordinary General Meeting ("EGM") of the shareholders of the Target Company held on 17 August, 2005 authorising the Board of Directors of the Target Company to issue and allot the above equity shares and warrants. Pursuant to the subscription money received from the Acquirers, the Board of Directors of the Target Company allotted 42,48,000 fully paid-up equity shares and 8,73,000 warrants to the Acquirers on 31 August, 2005. The said equity shares and warrants will be subject to "lock-in" as per the Guidelines. The Acquirers on 31 August, 2005 have paid an amount of Rs.4/- per warrant as an advance towards the Warrant Price aggregating to Rs.34,92,000/- as prescribed under Section 13.1.2.3 of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. The Warrants are exercisable at any time within a period of 18 months from the date of allotment of the Warrants.

3.1.3 The Offer to the shareholders of the Target Company is being made consequent to the Preferential Issue, by the Acquirers, and is being made in accordance with Regulation 11(1) of the SEBI (SAST) Regulations to consolidate their holding in SSIL. 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, 1997 and amendments thereto.

3.1.4 Prior to the aforementioned Preferential Issue the Acquirers held 35,74,637 Equity Shares of the Target Company forming 26.54% of the equity share capital of the Target Company. Upon the allotment of 42,48,000 equity shares, the Acquirers hold 78,22,637 Equity Shares forming 44.16% of the post preferential fully paid-up voting equity share capital of the Target Company and will hold 86,95,637 Equity Shares representing 46.77% of the post preferential fully paid up equity share capital of the Target Company, assuming full conversion of warrants into equity shares of SSIL.

3.1.5 As on the date of the PA, the promoters of SSIL together hold 79,93,487 Equity Shares representing 45.12% of the post preferential fully paid-up equity capital and will hold 88,66,487 Equity Shares representing 47.70% of the post preferential fully paid up equity share capital of the Target Company, assuming full conversion of warrants into equity shares of SSIL.

3.1.6 The Acquirers have not acquired or sold any shares of SSIL from the date of PA till the date of Letter of Offer.

3.1.7 The Acquirers 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 Acquirers are making an offer to the shareholders of SSIL to acquire 37,17,776 fully paid-up Equity Shares of Rs. 10/- each of SSIL ("Equity Shares"), representing 20% of the fully diluted voting equity share capital (post Preferential Issue) of SSIL, at a price of Rs.45/- 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) of the Regulations, consequent to the Preferential Issue referred to in clause 3.1.2 above resulting in consolidation of holding by the Acquirers. There are no partly paid-up shares of SSIL. The warrants as mentioned in clause 3.1.2 have been taken into account for the calculation of the fully diluted voting Equity Share capital.

3.2.2 The Acquirers have not acquired any equity shares of SSIL during the 12 months preceding the date of the PA other than through the preferential issue as stated above.

3.2.3 The Offer is not conditional on any minimum level of acceptance.

3.2.4 This is not a Competitive Bid.

3.2.5 The PA, dated 6 September, 2005 as per Regulation 15(1) of the Regulations, was made in the following newspapers:

Newspaper	Language	Edition
Financial Express	English	All Editions
Janasatta	Hindi	All Editions
Makkal Kural	Tamil	All Editions

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

If there is any upward revision in the Offer Price of Equity Shares by the Acquirers till the last date of revision viz., Friday, 4 November, 2005 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, 6 September, 2005; 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 subject to the terms and condition set out herein in the Letter of Offer.

This Offer is subject to receipt of the statutory approvals mentioned in clause 6 of this LOO. In terms of Regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

3.2.6 The Equity Shares tendered and accepted pursuant to the Offer will be acquired by the Acquirers. The Equity Shares will be acquired by the Acquirers 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.

3.2.7 As on the date of the LOO, the Manager to the Offer does not hold any shares in the Target Company.

4. RATIONALE FOR THE ACQUISITION AND OFFER

4.1 Presently the Acquirers are in the management control of SSIL and this Offer to the shareholders of SSIL is being made pursuant to Regulation 11(1) of the Regulations consequent to the Preferential Issue of equity shares to the Acquirers as explained in clause 3.1.2 above resulting in consolidation of holding in SSIL. SSIL is in the process of restructuring its operations. SSIL proposes to make strategic investments, which would help SSIL exploit short to medium term business opportunities.

4.2 To the extent required and to optimize the value to all shareholders, the Acquirers may, subject to applicable shareholders' consent, propose any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and/or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of SSIL. The Board of Directors of SSIL will take appropriate decisions in these matters. The Acquirers do not have any plan to dispose off or otherwise encumber any asset of SSIL in the next two years except in the ordinary course of business of SSIL and except to the extent mentioned above. However, the Acquirers undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of SSIL except with the prior approval of the shareholders of SSIL and in accordance with and subject to applicable laws, permissions, consents, if any.

5. BACKGROUND OF THE ACQUIRERS

5.1. Mr. Kalpathi S. Aghoram, aged 46 years, residing at New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai 600 017, Tel No: +91 44 2822 3540, Contact Fax No.:- +91 44 2834 0047 is a Commerce Graduate from the University of Madras and has working experience of almost 23 years and has been on the Board of Directors of SSIL since inception in 1991. His particular strengths are project financing, corporate financial management, taxation, auditing, and resource mobilization, including handling public issues.

Prior to the Preferential issue as mentioned in clause 3.1.2 he held 11,86,125 Equity Shares of Rs.10/- each representing 8.81% of the total paid up share capital of SSIL. After the preferential issue he holds 26,02,125 Equity Shares of Rs.10/- each representing 14.69% of the total paid up share capital of SSIL and will hold 28,93,125 Equity Shares of Rs.10/- each representing 15.56% of the post preferential fully diluted paid up equity share capital, assuming full conversion of warrants.

Mr.S.Neelakantan of M/s.CNGSN & Associates, Chartered Accountants (Membership No. 28656) has certified vide certificate dated 23 August, 2005 that the networth of Mr.Kalpathi S.Aghoram as on 30 June, 2005 was Rs.3615.69 lakhs.

He is a member of the Board of the following listed companies: SSIL and Aptech Limited.

5.2 Mr. Kalpathi S. Ganesh, aged 42 years, residing at New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai 600 017. Tel No: +91 44 2822 3540, Contact Fax No.:- +91 44 2834 0047 has a bachelor's degree in electronics and computer engineering from Anna University, an AMIE (Associate Member of the Institute of Engineers), and a masters from BITS Pilani. He has been on the Board of Directors of SSIL since its inception in the year 1991. He has previously worked in customer support functions with International Software India Ltd and Sterling Computers, and later was a freelance software developer. He has around 20 years of experience.

Prior to the Preferential issue as mentioned in clause 3.1.2 he held 11,97,837 Equity Shares of Rs.10/- each representing 8.89% of the total paid up share capital of SSIL. After the preferential issue he holds 26,13,837 Equity Shares of Rs.10/- each representing 14.75% of the total paid up share capital of SSIL and will hold 29,04,837 Equity Shares of Rs.10/- each representing 15.62% of the post preferential fully paid up equity share capital, assuming full conversion of warrants.

Mr.S.Neelakantan of M/s.CNGSN & Associates, Chartered Accountants (Membership No. 28656) has certified vide certificate dated 23 August, 2005 that the networth of Mr.Kalpathi S.Ganesh as on 30 June, 2005 was Rs.3641.63 lakhs.

He is a member of the Board of the following listed companies: SSIL and Aptech Limited.

5.3 Mr. Kalpathi S. Suresh aged 40 years, residing at New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai 600 017. Tel No: +91 44 2822 3540, Contact Fax No.:- +91 44 2834 0047 co-founded SSIL in 1991 and had been instrumental in growing the Company from an IT training provider in Chennai to a global provider of consulting and software services. Mr. Kalpathi S. Suresh has a bachelor's degree in electronics and computer engineering from the Indian Institute of Technology, Madras, and a master's from Clemson University, South Carolina. He has been in the industry for around 18 years and has previously worked with Siemens and HCL in India, and with Sybase (through HCL) in USA. Mr. Kalpathi S. Suresh is a fitness enthusiast and a marathon runner.

Prior to the Preferential issue as mentioned in clause 3.1.2 he held 11,90,675 Equity Shares of Rs.10/- each representing 8.84% of the total paid up share capital of SSIL. After the preferential issue he holds 26,06,675 Equity Shares of Rs.10/- each representing 14.71% of the total paid up share capital of SSIL and will hold 28,97,675 Equity Shares of Rs.10/- each representing 15.59% of the post preferential fully paid up equity share capital, assuming full conversion of warrants.

Mr.S.Neelakantan of M/s.CNGSN & Associates, Chartered Accountants (Membership No. 28656) has certified vide certificate dated 23 August, 2005 that the networth of Mr.Kalpathi S.Suresh as on 30 June, 2005 was Rs.3600.46 lakhs.

He is a member of the Board of the following listed companies: SSIL and Aptech Limited.

5.4 All the Acquirers are brothers and also form part of the promoters of SSIL.

5.5 The Acquirers 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.

5.6 The Acquirers have duly complied with the provisions of Chapter II of the SEBI (SAST) Regulations.

5.7 Details of earlier acquisitions made by the Acquirers who also form part of the promoters in SSIL are as follows.

Details of change in shareholding of Mr Kalpathi S. Aghoram

Since the SEBI (SAST) Regulations came into effect, during the period February, 1997 to June, 1997 Mr.Kalpathi S.Aghoram bought 16,000 shares (0.34% of the fully paid up voting equity share capital) in the secondary market, after which his shareholding was 4,81,700 shares. During the financial year 1997-98 he bought 16,000 shares (0.34% of the fully paid up voting equity share capital) in the secondary market after which he held 4,97,700 shares. During the financial year 1998-99, he sold

57,000 shares (0.96% of the fully paid up voting equity share capital) in the secondary market. In the bonus issue of SSIL on 29 April, 1999 he was allotted 4,40,700 shares in the ratio of 1:1, taking his shareholding to 8,81,400 shares. During the financial year 1999 - 2000, he sold 75,000 shares (0.59% of the fully paid up voting equity share capital), after which he held 8,06,400 shares. During the financial year 2000 - 01, he bought 50 shares and during the financial year 2001 - 02, he acquired 3,29,675 shares (2.45% of the fully paid up voting equity share capital), increasing his shareholding to 11,36,125 shares. In September, 2003 he acquired 50,000 shares (0.37% of the fully paid up voting equity share capital) subsequent to which, Mr.Kalpathi S.Aghoram held 11,86,125 shares and has since not acquired any shares, other than those mentioned in clause 3.1.2. He has complied with the disclosure norms of Chapter II of SEBI (SAST) Regulations.

Details of change in shareholding of Mr Kalpathi S. Ganesh

Since the SEBI (SAST) Regulations came into effect, during the period February, 1997 to June, 1997 Mr.Kalpathi S.Ganesh bought 17,000 shares (0.36% of the fully paid up voting equity share capital) in the secondary market, after which his shareholding was 4,84,300 shares. During the financial year 1997-98 he bought 17,000 shares (0.36% of the fully paid up voting equity share capital) in the secondary market after which he held 5,01,300 shares. During the financial year 1998-99, he sold 57,000 shares (0.96% of the fully paid up voting equity share capital) in the secondary market. In the bonus issue of SSIL on 29 April, 1999 he was allotted 4,44,300 shares in the ratio of 1:1, taking his shareholding to 8,88,600 shares. During the financial year 1999 - 2000, he sold 75,000 shares (0.59% of the fully paid up voting equity share capital), after which he held 8,13,600 shares. During financial year 2001 - 02, he acquired 3,29,625 shares (2.45% of the fully paid up voting equity share capital), increasing his shareholding to 11,43,225 shares. In September, 2003 he acquired 54,612 shares (0.41% of the fully paid up voting equity share capital) subsequent to which, Mr.Kalpathi S.Ganesh held 11,97,837 shares and has since not acquired any shares, other than those mentioned in clause 3.1.2. He has complied with the disclosure norms of Chapter II of SEBI (SAST) Regulations.

Details of change in shareholding of Mr Kalpathi S. Suresh

Since the SEBI (SAST) Regulations came into effect, during the period February, 1997 to June, 1997 Mr.Kalpathi S.Suresh bought 17,000 shares (0.36% of the fully paid up voting equity share capital) in the secondary market, after which his shareholding was 4,82,450 shares. During the financial year 1997-98 he bought 17,000 shares (0.36% of the fully paid up voting equity share capital) in the secondary market after which he held 4,99,450 shares. During the financial year 1998-99, he sold 57,000 shares (0.96% of the fully paid up voting equity share capital) in the secondary market. In the bonus issue of SSIL on 29 April, 1999 he was allotted 4,42,450 shares in the ratio of 1:1, taking his shareholding to 8,84,900 shares. During the financial year 1999 - 2000, he sold 74,000 shares (0.58% of the fully paid up voting equity share capital), after which he held 8,10,900 shares. During the financial year 2001 - 02, he acquired 3,29,775 shares (2.45% of the fully paid up voting equity share capital), increasing his shareholding to 11,40,675 shares. In September, 2003 he acquired 50,000 shares (0.37% of the fully paid up voting equity share capital) subsequent to which, Mr.Kalpathi S.Suresh held 1,90,675 shares and has since not acquired any shares, other than those mentioned in clause 3.1.2. He has complied with the disclosure norms of Chapter II of SEBI (SAST) Regulations.

6. STATUTORY/OTHER APPROVALS REQUIRED FOR THE OFFER

6.1 The Offer is subject to receipt of the permission from Reserve Bank of India (RBI) under Foreign Exchange Management Act 1999 (FEMA) to acquire Equity Shares tendered by Non Resident Shareholders, Non Resident Indian (“NRI”), Overseas Corporate Bodies (“OCB”) and Foreign Institutional Investors registered with SEBI (“FIIs”) shareholders (jointly referred to as “Non- Resident Shareholders”) in this Offer. The Acquirers will make necessary applications for the requisite approvals at an appropriate time.

6.2 As of the date of this Letter of Offer, to the best of the knowledge of the Acquirers there are no other statutory approvals required to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approval becomes applicable prior to the completion of the Offer, the Offer would be subject to such statutory approvals. The Acquirers will not proceed with the Offer in the event that such statutory approvals are not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations.

6.3 In case of delay in receipt of any approval, SEBI has the power to grant an extension of the time required for payment under the Offer provided that the Acquirers agree to pay interest in accordance with Regulation 22(12) of the SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

6.4 In case, RBI's approval for acquisition of Equity Shares from Non-Resident shareholders is unduly delayed, the Acquirers reserve the right to proceed with the payment to the resident shareholders whose Equity Shares have been accepted by the Acquirers in terms of the Offer, pending payment to Non-Resident shareholders subject to the payment instruments payable to Non-Resident shareholders being kept in the safe custody with the Registrars to the Offer.

7. OPTION TO THE ACQUIRER IN TERMS OF REGULATION 21(3).

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.

8. BACKGROUND OF THE TARGET COMPANY

8.1 SSIL was incorporated as "Software Solution Integrated Private Limited" on 1 January, 1991 having its registered office at 34 (New), Thirumalai Road, T.Nagar, Chennai - 600 017, Tel No: +91 44 2834 1288, Fax No: +91 44 2834 0047. It was converted into a Public Limited Company, "Software Solution Integrated Limited" with effect from 10 May, 1994 and was subsequently renamed as "SSI Limited" with effect from 6 January, 1999.

SSIL started its business by offering IT training in emerging software technologies. In 1999, an IT services division was started to offer software services mainly in financial services and government services. SSIL acquired a controlling stake of 27.13% in Aptech Limited, Mumbai, through a Share Purchase Agreement dated 10 February, 2003 and subsequently 20.32% on 16 June, 2003 through an Open Offer.

On 18 June, 2003, SSIL entered into a business purchase agreement with Aptech Limited for transferring its IT Education and Training business.

The IT services business of SSIL was transferred to Scandent Network Private Limited (Now Scandent Solutions Corporation Limited) pursuant to a scheme of arrangement under Section 391 of the Companies Act, 1956, approved by the High Court of Madras on 22 September, 2004.

On 20 May, 2005, SSIL sold 10.15% of its stake in Aptech Limited, in the Secondary Market and on 15 July, 2005, it further sold 10.00% of its stake to M/s. Aptech Investments through a share purchase agreement.

The present Directors of SSIL are Mr.Kalpathi S.Suresh, Chairman & CEO, Mr.Kalpathi S.Aghoram, Vice Chairman and Managing Director, Mr.Kalpathi S.Ganesh, Mr.D.V.Narasingarao, Mr.R.Manoharan, Mr.N.S.Kumar, Mr.R.Nagarajan and Mr.T.N.C.Varahan.

8.2 The authorised capital of SSIL as on the date of the PA comprises of 5,00,00,000 equity shares of Rs.10/- each aggregating to Rs.50,00,00,000/-. The issued, subscribed and paid-up share capital of SSIL as at the date of the PA pursuant to the Preferential Issue comprises of 1,77,15,880 fully paid-up Equity Shares of Rs. 10/- each. There are no partly paid-up Equity Shares of SSIL as at the date of the PA. Other than the Warrants mentioned in clause 3.1.2, 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 3.1.2. The warrants as mentioned in clause 3.1.2 have been taken into account for the calculation of the fully diluted voting equity share capital.

8.3 All the Equity Shares of SSIL, other than those mentioned in Clause 3.1.2, are listed on NSE, BSE, MSE and ASE, while the GDS are listed at the London Stock Exchange. The shares are being frequently traded on BSE & NSE and are infrequently traded on MSE and ASE.

8.4 The Acquirers reserve the option to convert the 8,73,000 warrants issued by the Target Company to them on 31 August, 2005 during the Offer Period. In case they choose not to convert them during the offer period, they undertake to ensure compliance with Regulation 11(2) and other relevant provisions of SEBI (SAST) Regulations 1997, and subsequent amendments thereto.

8.5 The present issued, subscribed and paid-up share capital of SSIL as at the date of the PA pursuant to the Preferential Issue comprises of 1,77,15,880 fully paid-up Equity Shares of Rs.10/- each. There are no partly paid-up Equity Shares of SSIL as at the date of the PA.

8.6 Share Capital Structure as on the date of PA

Issued and paid-up Equity Share Capital	**No. of Equity Shares (Face Value - Rs. 10/-)/ Voting Rights**	**% of Equity Shares/ Voting Rights**
Fully paid-up Equity Shares (a)	1,77,15,880	100
Partly paid-up Equity Shares (b)	—	—
Total Issued and paid-up Equity Shares (a+b)	1,77,15,880	100
Total	1,77,15,880	100

8.7 The capital build-up of SSIL since its inception is as follows:

Date of Allotment	**Number of Shares Issued**	**Cumulative paid up capital**	**Mode of allotment**	**Identity of allottees (Promoters / Ex-promoters / Others)**	**Status of compliance**
02-12-1991	60,000	60,000	Initial paid-up capital - for cash at par	Promoters	Complied
03-12-1993	62,500	1,22,500	Rights Issue for cash at par	Promoters	Complied
10-05-1994	100	1,22,600	Cash at par	Promoters	Complied
15-09-1994	1,83,900	3,06,500	Bonus issue	Promoters	Complied
29-09-1994	4,00,000	7,06,500	Cash at par	Others	Complied
30-09-1994	4,05,875	11,12,375	Cash at par	Promoters	Complied
30-09-1994	1,34,125	12,46,500	Cash at par	Promoters	Complied
13-02-1995	10,50,000	22,96,500	Public Issue	Promoters	Complied
13-02-1995	24,40,000	47,36,500	Public Issue	Others	Complied
19-05-1998	3,90,000	51,26,500	Preferential allotment at a premium of Rs.310/- per share	Others	Complied
20-05-1998	60,000	51,86,500			
12-02-1999	4,19,000	56,05,500	Preferential allotment at a premium of Rs.740/- per share	Others	Complied
15-02-1999	3,31,000	59,36,500			
29-04-1999	59,36,500	1,18,73,000	Bonus issue (1:1)	Promoters & Others	Complied
11-11-1999	2,31,760	1,21,04,760	Preferential allotment - acquisition of Indigo International Inc. - stock swap	Shareholders of Indigo International Inc. [DE], USA	Complied
06-12-1999	8,240	1,21,13,000			

29-03-2000	6,94,444	1,28,07,444	GDS allotment - US$ 100 Million	Others	Complied
30-10-2000	21,200	1,28,28,644	ESOS allotment	Employees	Complied
11-12-2000	6,38,236	1,34,66,880	GDS allotment - acquisition of Albion Orion, LLC	Others	Complied
31-01-2001	1,000	1,34,67,880	ESOS allotment	Employees	Complied
31-08-2005	42,48,000	1,77,15,880	Preferential Allotment of equity shares	Promoters	Complied

Note: On 31 August, 2005 the Company has also allotted 8,73,000 warrants at a price of Rs.40/- per warrant including a premium of Rs.30/- to the Acquirers, convertible at the option of the holder at any time before the expiry of 18 months from its allotment, into 1 fully paid up equity share of SSIL of face value of Rs.10/-.

8.8 The status of compliance with Chapter II of SEBI (SAST) Regulations, 1997 is as follows:

SSIL has not filed the disclosures under Regulations 6(2) & 6(4) for the year 1997and under Regulation 8(3) of the SEBI (SAST) Regulations for the years 1998,1999 and 2000. The disclosure for 31 March for the years 2002, 2003 and 2005 was filed on time and 2001 and 2004 was filed with a delay. The disclosure for the record date for the year 2003 was filed on time and for the years 2000, 2001 and 2002 was filed with a delay. For regularising the above mentioned non-disclosures, a letter Ref. CFD/DCR/RC/TO/23040/04 dated 16 November, 2004 was received from SEBI citing non compliances of Regulations 6(2), 6(4) for 1997, 8(3) for 1998, 1999, 2000, 2001 and 8(3) for Record Date for 1998, 1999, 2000, 2001 and 2002 and stating that if the Company consents in writing to pay a penalty of Rs.2,75,000/- for the above mentioned non compliances, the case will be forwarded to the Adjudicating Officer for his consideration. SSIL has, vide its letter Ref. SSI/SEBI/TR/S/2004 dated 30 November, 2004 given its consent in writing agreeing to pay the amount. A reply from the Adjudicating Officer in this matter is awaited.

8.9 Save as stated above, no penal actions have been initiated by the Stock Exchanges against SSIL 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, other than the Warrants as mentioned in clause 3.1.2, there are no outstanding convertible instruments of SSIL.

8.10 SSIL 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.

8.11 As on the date of the PA, the Board of Directors of SSIL are as below:

S.No	Name and Address of the Director	Experience and Qualification	Date of Appointment	Designation
1.	Mr. Kalpathi S. Suresh, New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai - 600 017.	Mr. Kalpathi S. Suresh, co-founded SSI in 1991, He is a B.E. (electronics and computer engineering) from IIT, Madras, and a master's from Clemson University, South Carolina. He has around 18 years of experience in the Information Technology Industry.	First Director (as per the Memorandum and Articles of Association of the Company)	Chairman & CEO
2.	Mr. Kalpathi S. Aghoram, New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai - 600 017.	Mr. Kalpathi S. Aghoram, B.Com from the University of Madras. His particular strengths are project financing, corporate financial management, taxation, auditing, and resource mobilization. He has around 23 years of finance and related experience.	First Director (as per the Memorandum and Articles of Association of the Company)	Vice Chairman & Managing Director

S.No	Name and Address of the Director	Experience and Qualification	Date of Appointment	Designation
3.	Mr. Kalpathi S. Ganesh, New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai - 600 017.	Mr. Kalpathi S. Ganesh, B.E. (Electronics and Computer) from Anna University, an AMIE, and a master's from BITS Pilani. He has around 20 years of experience in the Information Technology Industry.	First Director (as per the Memorandum and Articles of Association of the Company)	Non-Executive Director
4.	Mr. D.V. Narasingarao, No.12, Kanniah Street, T.Nagar, Chennai - 600 017.	Mr. D.V. Narasingarao, is a B.E. (Electronics and Computer) from the Regional Engineering College Trichy. He has an overall experience of around 21 years as head of customer support and service operations at Wipro InfoTech in Chennai, and marketing software solutions to global clients in Dubai.	20-09-1994	Non-Executive Director
5.	Mr. R. Manoharan, No.4/377, Anna Salai, Palavakkam, Chennai - 600 041.	Mr. R. Manoharan, B.E., has over 40 years of experience in the electrical equipment industry and is the founder of Current Electricals in Chennai. He has previously worked in the TVS group of companies, TNEB, KCP, and Siemens in West Germany.	25-11-1999	Non-Executive Director
6.	Mr. N.S. Kumar, Flat No.F-1, Door No.132 (Old No.138), St. Marrys Road, Alwarpet, Chennai - 600 018.	Mr. N.S. Kumar has a master's degree from Ohio University. He has over 25 years of experience in the IT industry and has previously worked with Honeywell Bull, Singapore; Electronic Corporation of India, and Trane Inc., USA.	19-03-2001	Non-Executive Director
7.	Mr. R. Nagarajan, A-102, I Floor, Keshav Dugar, No.1, East Avenue, Kesavaperumalpuram, Raja Annamalaipuram, Chennai - 600 028.	Mr. R. Nagarajan has been a non-executive member of the Board of Directors since 2001. He joined the State Bank of India in 1959 and has over 45 years of Banking and Finance experience.	19-03-2001	Non-Executive Director
8.	Mr. T.N.C. Varahan, No.38, Raman Street, T.Nagar, Chennai - 600 017.	Mr. T.N.C. Varahan has been a non-executive member of the Board of Directors since 2001. He has been an advocate and notary with the Madras High Court since 1960. He has over 44 years of experience in the legal field and specializes in civil and labour laws.	19-03-2001	Non-Executive Director

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

SSIL acquired a controlling stake of 27.13% in Aptech Limited, Mumbai, through a Share Purchase Agreement dated 10 February, 2003 and subsequently 20.32% on 16 June, 2003 through an Open Offer. On 18 June, 2003, SSIL entered into a business purchase agreement with Aptech Limited for transferring its IT Education and Training business. The IT services business of SSIL was transferred to Scandent Network Private Limited (Now Scandent Solutions Corporation Limited) pursuant to a scheme of arrangement under Section 391 of the Companies Act, 1956, approved by the High Court of Madras on 22 September, 2004. On 20 May, 2005, SSIL sold 10.15% of its stake in Aptech Limited, in the Secondary Market and on 15 July, 2005, it further sold 10.00% of its stake to M/s. Aptech Investments through a share purchase agreement.

8.13 The audited financial highlights of SSIL for the last three years and the unaudited financials for the nine month period ending 30 June, 2005; as certified by Mr.S.Neelakantan, of M/s.CNGSN & Associates, Chartered Accountants (Membership No.28656), statutory auditors of the Target Company vide their report dated 27 August, 2005, are as below:

(Rs in lakhs)

P & L Statement	Upto 30 June 2005 (9 months) Unaudited and certified	2003-04 (12 months) Year ended 30 September, 2004	2002-03 (15 months) Period ended 30 September, 2003	2001-02 (12 months) Year ended 30 June, 2002
Income from operations	NIL	3,226.45	16,564.81	26,312.64
Other Income	140.01	1,255.19	1,482.54	2,076.77
Total Income	140.01	4,481.64	18,047.35	28,389.41
Total expenditure	467.72	2,906.76	11,379.95	20,373.14
Profit before Depreciation, Interest and Tax	(327.71)	1,574.88	6,667.40	8,016.27
Depreciation	34.52	396.40	3,971.09	6,398.17
Interest	76.95	227.44	1,502.96	479.46
Profit before Tax	(439.17)	951.04	1,193.35	1,138.64
Extra Ordinary Items	—	(5,293.34)*	34.45	177.42
Provision for Tax	(2.00)	-	101.05	341.10
Profit after Tax	(441.17)	(4,342.30)	1,126.75	974.96

* Includes

a. Investments of Rs.2133.10 lakhs in subsidiaries, namely, SSIT Europe Ltd., UK, SSI Technologies Pte Ltd., Singapore and SSI Technologies Australasia Pty. Ltd., Australia, that have been written off.

b. Net current assets comprising of loans and advances, sundry debtors and other receivables (net of payables) from subsidiaries relating to the Technology division, amounting to Rs.3160.24 lakhs that has been written off.

(Rs. in lakhs)

Balance Sheet Statement	Upto 30 June, 2005 (9 months) Unaudited and certified	2003-04 (12 months) Year ended 30 September, 2004	2002-03 (15 months) Period ended 30 September, 2003	2001-02 (12 months) Year ended 30 June, 2002
Sources of Funds				
Paid up share capital	1346.79	1,346.79	1,346.79	1,346.79
Reserves and Surplus (Excluding FII revaluation reserves)	10,059.14	10,499.64	29,239.20	79,288.84
Net worth	11,405.93	11,846.43	30,585.99	80,635.63
Secured Loans	828.95	1,209.37	14,898.51	6,112.57
Un-secured Loans	0.63	51.67	93.68	55.10
Total	12,235.51	13,107.47	45,578.18	86,803.30
Uses of Funds				
Net fixed assets	1,478.03	1,510.36	17,018.51	48,600.52
Investments	4,142.39	4,510.54	7,832.71	8,236.13

Net current assets	6,615.09	7,086.57	20,715.76	32,642.75
Total misc. expenditure not written off.	-	-	11.20	46.21
Deferred Tax	-	-	-	(2,722.31)
Total	12,235.51	13,107.47	45,578.18	86,803.30

Other financial data (Not Annualized)	**Upto 30 June, 2005 (9 months) Unaudited and certified**	**2003-04 (12 months) Year ended 30 September, 2004**	**2002-03 (15 months) Period ended 30 September, 2003**	**2001-02 (12 months) Year ended 30 June, 2002**
Dividend %	-	-	10%	20%
Earning per share	(3.28)	(32.24)	8.37	7.24
Return on net worth (%)	-	-	3.68	1.21
Book value per share	84.69	87.96	227.10	598.73

8.14 The reasons for rise or fall in Total income and PAT is as follows:

a. For the year 2001 - 02.

SSIL reported a 36.03% decrease in income from operations as compared to the previous year due to a 47.34% drop in Software education revenues and 12.22% drop in Software Development and Consulting income as compared to respective revenues in the previous year. The other income, comprising of Interest Income, dividend from Mutual funds, income from exchange fluctuations etc., also fell by 42.47% as compared to the previous year due to fall in interest income, profit from sale of short term investments and income from exchange fluctuations, thereby reducing the total income by 36.55% as compared to the previous year. The profit after tax fell by 82.53% as compared to the previous year due to higher depreciation provision and also due to factors mentioned above.

b. For the period 2002 - 03.

During the period 2002 - 03, income from operations fell by 37.05% as compared to the previous year due to 60.46% drop in Software education revenues and 17.65% drop in Software Development and Consulting income. The reduction in Software education revenues were due to the sale of SSI education to Aptech Limited and also due to change in the method of revenue recognition of the Software education division. The other income, comprising of Interest Income, dividend from Mutual funds, exchange fluctuations etc., fell by 28.61% as compared to the previous year due to loss from exchange fluctuations and reduction in profit from sale of investment during the current year and fall in income from mutual funds. These factors contributed to the reduction of total income by 36.43% as compared to the previous year. However, the profit after tax has recorded an increase by 15.57% as compared to the previous year due to reduction in operating expenses and depreciation.

c. For the year 2003 - 04.

SSIL recorded a reduction of 80.52% in its income from operations as compared to the previous period due to the de-merger of the IT Services division during the year and hiving off of its Software Education business during the previous period. The other income, comprising of Interest Income, dividend from Mutual funds, exchange fluctuations etc., also fell by 15.34% as compared to the previous period due to a fall in interest income and dividend from mutual funds, thereby reducing the total income by 75.17% as compared to the previous period. SSIL reported a loss of Rs.4342.30 lakhs due to the provision of certain extra ordinary items to the tune of Rs. 5293.34 lakhs.

c. For the 9 month period ended 30 June, 2005.

SSIL has reported no operating revenues as it had hived off IT Services business to Scandent Solutions Corporation Limited. The other income was on account of interest income. SSIL has reported a loss of Rs.441.17 lakhs during the period under review due to the factors mentioned above.

8.15 Pre and post-Offer shareholding pattern of SSIL, as on the date of PA is as follows:

Shareholders category	Shareholding & voting rights prior to the acquisition and offer		Shares /voting rights to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding/ 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	%
1. Promoter Group								
a. Acquirers								
Preferential allotment of equity shares								
i. Kalpathi S..Aghoram	1186125	8.81	1416000	27.65	1239258	33.33	4132383	22.23
ii. Kalpathi S.Ganesh	1197837	8.89	1416000	27.65	1239259	33.33	4144096	22.29
iii. Kalpathi S.Suresh	1190675	8.84	1416000	27.65	1239259	33.34	4136934	22.26
Preferential allotment of warrants								
i. Kalpathi S..Aghoram	291000	5.68						
ii. Kalpathi S.Ganesh	291000	5.68						
iii. Kalpathi S.Suresh	291000	5.69						
b. Other Promoter	170400	1.27	—	—	—	—	170400	0.92
c. Others	450	0.003					450	0.002
Total (a+b+c)	3745487	27.81	5121000	100.00	3717776	100.00	12584263	67.70
2. Parties to the agreement other than 1(a)	—	—	—	—	—	—	—	
3. Public (other than parties to the agreement and Acquirers)								
a. Institutions/Mutual Funds/Banks	456207	3.39						
b. Other Companies	2263158	16.80						
c. Non Domestic Companies	234641	1.74						
d. Foreign Institutional Investors	586573	4.36	—	—	(3717776)	100	6004617	32.30
e. Non Resident Individuals	52332	0.39						
f. Public	6129482	45.51						
Total (a+b+c+d+e+f)	9722393	72.19						
GRAND TOTAL (1+2+3)	13467880	100.00	5121000	100.00	—	—	18588880	100.00

As on the specified date (i.e., 23 September, 2005) the total number of shareholders of SSIL in the public category was 23,878.

8.16 The details of changes in shareholding of Promoters.

The details for three of the Promoters, Mr.Kalpathi S.Aghoram, Mr.Kalpathi S. Ganesh and Mr.Kalpathi S. Suresh, who are also the Acquirers, have been disclosed under clause 5.7 of this LOO. The details of Mr.D. V. Narasingarao are as follows:

Since the SEBI (SAST) Regulations came into effect, in the bonus issue of SSIL on 29 April, 1999 Mr.D.V.Narasingarao was allotted 1,00,200 shares in the ratio of 1:1, taking his shareholding to 2,00,400 shares. During the financial year 1999 - 2000, he sold 30,000 shares (0.23% of the fully paid up voting equity share capital), after which he held 1,70,400 shares. During the financial year 2001 - 02, he acquired 1,54,612 shares (1.15% of the fully paid up voting equity share capital), increasing his shareholding to 3,25,012 shares. In September, 2003 he sold 1,54,612 shares (1.15% of the fully paid up voting equity share capital) subsequent to which, Mr.D.V.Narasingarao held 1,70,400 shares and has since not acquired any shares, other than those mentioned in clause 3.1.2. He has complied with the disclosure norms of Chapter II of SEBI (SAST) Regulations.

8.17 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.

8.18 Details of pending litigations/suits filed by SSIL

The following are the details of the civil suit filed by SSIL.

In the year 2000, SSIL entered into a Memorandum of Understanding (MoU) in respect of purchase of shares of M/s.India Switchgear Co. Ltd., held by M/s.HMA Datasystem and also paid a sum of Rs.4.36 crores as an advance, pending due diligence. As the due diligence was not completed due to non furnishing of certain documents by M/s.HMA Datasystem the deal was not completed. But while the MoU was pending, M/s.HMA Datasystem started negotiations with M/s.E-funds Limited for the sale of the shares. SSIL, having come to know about the deal through newspaper reports, filed a suit O.S.No.2245/2005 before the City Civil Court, Chennai and obtained an injunction restraining M/s.HMA Datasystem from selling the shares. Further, SSIL filed a civil suit, C.S.No.431/2005 before High Court of Judicature at Madras for recovery of the advance money paid. The High Court passed an interim order permitting M/s.HMA Datasystem to sell the shares and directed them to deposit the advance money paid to them by SSIL in the court out of the said sale proceeds, pending disposal of the civil suit. The suit is pending as on date.

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

Mr S.S. Gopalakrishnan,

Company Secretary,

SSI Limited,

34 (New), Thirumalai Road, T.Nagar, Chennai - 600 017

Tel No: +91 44 2834 1288, Fax No: +91 44 2834 0047.

9. OFFER PRICE

9.1 Justification for the Offer Price

9.1.1 The Equity Shares of SSIL are listed on NSE, BSE, MSE and ASE.

9.1.2 The annualized trading turnover in the shares of SSIL in each of the above mentioned Stock Exchanges based on trading volume during March 2005 to August 2005 (six calendar months preceding the month in which the PA is made) is as given below:

Stock Exchange	Total no. of shares traded during 6 calendar months preceding the month in which the PA is made	Total no. of listed shares	Annualized trading turnover (as % of total listed shares)
NSE	2,31,42,706	1,34,67,880	343.67%
BSE	1,41,70,604	1,34,67,880	210.43%
MSE	Nil	1,34,67,880	Nil
ASE	Nil	1,34,67,880	Nil

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

The Equity Shares of SSIL are frequently traded on NSE and BSE and infrequently traded on MSE and ASE within the meaning of explanation (i) to Regulation 20(5) of the Regulations.

9.1.3 In terms of Regulation 20(4) of the Regulations, the Offer Price of Rs.45/- per Equity Share is higher than any of the following:

a. Negotiated Price under the agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights: Not Applicable.

b. Highest Price paid by the Acquirers for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to 6 September, 2005 (i.e. the date of Public Announcement) - Rs.40/-.

c. The weekly high and low of the closing prices of the Equity Shares of SSIL, during the 26 weeks period ending 21 July, 2005 (being the last trading day before the date of the Board Resolution authorizing the Preferential Issue (i.e 22 July, 2005), as recorded on the BSE are given below:

Week No.	Date	Weekly High	Weekly Low	Average	Volume
1	27- Jan - 05	41.2	40.3	40.75	38459
2	3 - Feb - 05	41.15	40.45	40.8	68997
3	10 - Feb - 05	42	40.2	41.1	155558
4	17 - Feb - 05	41.65	40.15	40.9	120975
5	24 - Feb - 05	39.6	38.9	39.25	96992
6	3 - Mar - 05	38.45	37.1	37.775	74308
7	10 - Mar - 05	58.3	40.5	49.4	4261827
8	17 - Mar - 05	48.75	41.95	45.35	924697
9	24 - Mar - 05	40	36.35	38.175	256961
10	31 - Mar - 05	36.05	34.1	35.075	149017
11	7 - Apr - 05	39.4	37.55	38.475	191217
12	13 - Apr - 05	41.8	37.85	39.825	423154
13	21 - Apr - 05	39.3	37.15	38.225	191089

Week No.	Date	Weekly High	Weekly Low	Average	Volume
14	28 - Apr - 05	38.2	36.7	37.45	131867
15	5 - May - 05	35.75	34.95	35.35	93566
16	12 - May - 05	37.7	35.75	36.725	207908
17	19 - May - 05	41.2	38.3	39.75	819893
18	26 - May - 05	42	38.95	40.475	219586
19	2 - Jun - 05	38.45	38	38.225	82208
20	9 - Jun - 05	39.85	38.1	38.975	184337
21	16 - Jun - 05	41.4	39.4	40.4	267424
22	23 - Jun - 05	38.8	37.65	38.225	90506
23	30 - Jun - 05	37.95	36.65	37.3	86252
24	7 - Jul - 05	38.65	36.8	37.725	113762
25	14 - Jul - 05	41	39	40	465690
26	21 - Jul - 05	54.00	41.45	47.725	1228449
			Average	**39.747**	

The daily high and low prices of the Equity Shares of SSIL, during the 2 weeks period ending 21 July, 2005 (being the last trading day before the date of the Board Resolution authorizing the Preferential Issue (i.e. 22 July, 2005), as recorded on the BSE are given below:

Day No.	Date	Daily High	Daily Low	Average	Volume
1	8 - Jul - 05	41.75	38.5	40.125	190684
2	11 - Jul - 05	42	40	41	115135
3	12 - Jul - 05	40.25	38.85	39.55	28200
4	13 - Jul - 05	39.45	38.75	39.1	21318
5	14 - Jul - 05	41.2	38.8	40	110353
6	15 - Jul - 05	41.8	39.7	40.75	133440
7	18 - Jul - 05	46.95	41.9	44.425	245170
8	19 - Jul - 05	48	44.3	46.15	232967
9	20 - Jul - 05	55	46.05	50.525	399915
10	21 - Jul - 05	55.4	48.25	51.825	216957
			Average	**43.345**	

The weekly high and low of the closing prices of the Equity Shares of SSIL, during the 26 weeks period ending 21 July, 2005 (being the last trading day before the date of the Board Resolution authorizing the Preferential Issue (i.e 22 July, 2005), as recorded on the NSE are given below:

Week No.	Date	Weekly High	Weekly Low	Average	Volume
1	27-Jan-05	41.05	40.25	40.65	72077
2	3-Feb-05	41.15	40.7	40.925	149806
3	10-Feb-05	41.95	40.15	41.05	382343
4	17-Feb-05	41.65	40.15	40.9	235616
5	24-Feb-05	39.75	38.85	39.3	193021
6	3-Mar-05	38.5	37.05	37.775	282136

Week No.	Date	Weekly High	Weekly Low	Average	Volume
7	10-Mar-05	58.6	40.65	49.625	9035429
8	17-Mar-05	48.8	42	45.4	2379566
9	24-Mar-05	40.05	36.85	38.45	343298
10	31-Mar-05	36.3	34.55	35.425	330198
11	7-Apr-05	40	38.15	39.075	202847
12	13-Apr-05	41.95	37.8	39.875	810250
13	21-Apr-05	39.3	37.3	38.3	387287
14	28-Apr-05	38.3	36.65	37.475	197124
15	5-May-05	35.8	34.85	35.325	162605
16	12-May-05	37.6	36	36.8	269154
17	19-May-05	41.15	38.4	39.775	1418948
18	26-May-05	41.55	39	40.275	227453
19	2-Jun-05	38.65	37.85	38.25	92059
20	9-Jun-05	39.7	38.25	38.975	177595
21	16-Jun-05	41.4	39.5	40.45	360994
22	23-Jun-05	38.95	37.6	38.275	91011
23	30-Jun-05	37.9	36.6	37.25	95843
24	7-Jul-05	38.65	37	37.825	151001
25	14-Jul-05	41.05	38.95	40	564511
26	21-Jul-05	53.15	41.05	47.1	1332083
			Average	**39.79**	

The daily high and low of the prices of the Equity Shares of SSIL, during the 2 weeks period ending 21 July, 2005 (being the last trading day before the date of the Board Resolution authorizing the Preferential Issue (i.e., 22 July, 2005), as recorded on the NSE are given below:

Day no.	Date	Daily High	Daily Low	Average	Volume
1	8-Jul-05	43	38.5	40.75	220440
2	11-Jul-05	42.35	40	41.175	97157
3	12-Jul-05	40.3	39	39.65	40215
4	13-Jul-05	39.55	38.8	39.175	49562
5	14-Jul-05	41	38.8	39.90	157137
6	15-Jul-05	41.9	38.75	40.325	80890
7	18-Jul-05	46.75	41.8	44.275	280675
8	19-Jul-05	48	44.2	46.10	313512
9	20-Jul-05	55.9	46.15	51.025	466382
10	21-Jul-05	54.3	48.85	51.575	190624
			Average	**43.395**	

9.1.4 In terms of Regulation 20(5) of the Regulations, the Offer Price of Rs.45/- per Equity Share is higher than any of the following:

a. Negotiated Price under the agreement for acquisition of share or voting rights or deciding to acquire shares or voting rights			Not applicable
b. Highest Price paid by the Acquirers for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to 6 September, 2005 (i.e. the date of Public Announcement)			Rs.40
c. Other Parameters	As certified by M/s.CNGSN & Associates, statutory auditors of SSIL		
	Unaudited 9 month financials (period ended 30 June, 2005)	Audited 12 month financials (year ended 30 September, 2004)	
Return on Networth (%)	Negative	Negative	
Book Value per share (Rs.)	84.69	87.96	
Earnings Per Share (Rs.)	Negative	Negative	
Price/Earnings Ratio	Since EPS is negative PE multiple is not applicable. The Twelve-month trailing PE of the Computer Education Industry is 31.5. (Source: Capital Market Volume XX / 13 dated August 29 - Sep 11 2005).		

Mr.S.Neelakantan of M/S. CNGSN & Associates, Chartered Accountants, (Membership No.28656) has vide his valuation report dated 23 August, 2005 certified that the Value Per Share of SSIL is Rs.36.36 per share. The relevant extracts of the report are reproduced below:

The valuation exercise is done based on the decision of the Hon'ble Supreme Court in HLL Employees Union vs. Hindustan Lever Limited (1995), 83 Com case 30 taking into account the following methods of valuation.

1. Net Asset Value Method.
2. Profit Earning Capacity Value (PECV) Method and
3. Market Value Method.

Net Asset Value Method

Based on the latest reviewed unaudited financial results (as certified by the statutory auditors of the Target Company, M/S. CNGSN & Associates, Chartered Accountants) as on 30 June, 2005, the Net Asset Value of the Equity Share of the Company is Rs.84.69 (Rupees Eight Four and sixty nine paise only).

Profit Earning Capacity Value (PECV) Method

The Profit Earning Capacity Value of the Equity Share of the Company is arrived at as Rs.5.15.

Market Value Method

Based on the information provided by the Company, the Company's shares are considered as most frequently traded in the NSE. The average of the weekly high and low of the closing prices of the shares of SSI Limited on the NSE for the 26 weeks period ended 21 July, 2005 is Rs.39.79 and the average of the daily high and low of the prices of the shares as quoted on the NSE stock exchange during the two weeks preceding the period ended 21 July, 2005 is Rs.43.40. Hence, the higher of the said average is Rs.43.40.

Computation of the Fair Value as per HLL case:

Considering the decision of the Supreme Court in HLL Employees Union vs. Hindustan Lever Limited (1995), 83 Com case 30, wherein the Hon'ble Supreme Court opined that the Fair Value for a listed company shall be arrived at by as follows:

Method	**Value**	**Weight**	**Weighted value**
Parameters	**(a)**	**(b)**	**(a) x (b)**
Net Asset Value	84.69	1	84.69
PECV value	5.15	2	10.31
Market based value	43.40	2	86.80
Total		**5**	**181.80**
Value per share			**36.36**

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

Considering the above parameters the Offer Price of Rs.45/- per fully paid-up Equity Share of SSIL is justified in terms of Regulation 20.

9.1.5 The Offer Price shall not be less than the highest price paid by the Acquirers for any acquisition of Equity Shares of SSIL from the date of the Public Announcement upto 7 working days (i.e. upto Friday, 4 November, 2005) prior to the date of closing of the Offer.

9.1.6 There is no non-compete agreement.

10. FINANCIAL ARRANGEMENT FOR THE OFFER

10.1 The Acquirers have made firm financial arrangements to meet their obligations in full under the Offer. For this purpose, the Acquirers intend to utilize internal resources. No borrowings from Banks / Financial Institutions is being made for the purpose. All the funds will be domestic and no foreign funds will be utilized.

10.2 The maximum purchase consideration payable for the Offer assuming full acceptance of the Offer would be Rs.1672.99 lakhs (i.e. 37,17,776 fully paid up equity shares of SSIL at Rs.45/- per equity share).

10.3 In accordance with the provisions of Regulation 28 of the Regulations, the Acquirers have established a bank guarantee in favour of the Manager to the Offer for Rs. 419 lakhs being more than 25% of the total consideration payable under the Offer assuming full acceptance through The State Bank of Mauritius Ltd having its office at Prince Arcade, 22-A, Cathedral Road, Chennai - 600 086. This bank guarantee shall be valid until 31 December 2005. The Acquirers have also made a cash deposit of Rs. 16.75 lakhs (being not less than 1% of the maximum purchase consideration payable under this Offer) in a Bank account with The State Bank of Mauritius Ltd. The Manager to the Offer is authorised to realise the value of the aforesaid Bank account.

10.4 Mr.S.Neelakantan of M/s.CNGSN & Associates, Chartered Accountants, (Membership No.28656), "Agastyar Manor", New No.20, Old No.13, Raja Street, T.Nagar, Chennai - 600 017, Tel.No: +91 44 2431 1480, Fax No.: +91 44 2431 1485 have certified vide their certificate dated 23 August, 2005 that the Acquirers have adequate resources to meet the entire financial requirements and obligations of the Offer.

10.5 Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirers 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.

11. TERMS AND CONDITIONS OF THE OFFER

11.1 Eligibility for accepting the Offer:

The Offer is being made to the equity shareholders of SSIL (other than 'Acquirers') whose names appear on the Register of the Members of SSIL at the close of the business hours on Friday, 23 September, 2005 (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 "SSIL Escrow Account - Open Offer". The DP ID is IN300394 and Beneficiary Client ID is 15634357. 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 Statutory Approvals

The Offer is subject to receipt of the permission from Reserve Bank of India (RBI) under Foreign Exchange Management Act 1999 (FEMA) to acquire Equity Shares tendered by Non Resident Shareholders, Non Resident Indian ("NRI"), Overseas Corporate Bodies ("OCB") and Foreign Institutional Investors registered with SEBI ("FIIs") shareholders (jointly referred to as "Non-Resident Shareholders") in this Offer. The Acquirers will make necessary applications for the requisite approvals at an appropriate time

As of the date of this Letter of Offer, to the best of the knowledge of the Acquirers there are no other statutory approvals required to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approval becomes applicable prior to the completion of the Offer, the Offer would be subject to such statutory approvals. The Acquirers will not proceed with the Offer in the event that such statutory approvals are not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations.

In case of delay in receipt of any approval, SEBI has the power to grant an extension of the time required for payment under the Offer provided that the Acquirers agree to pay interest in accordance with Regulation 22(12) of the SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

In case, RBI's approval for acquisition of Equity Shares from Non-Resident shareholders is unduly delayed, the Acquirers reserve the right to proceed with the payment to the resident shareholders whose Equity Shares have been accepted by the Acquirers in terms of the Offer, pending payment to Non-Resident shareholders subject to the payment instruments payable to Non-Resident shareholders being kept in the safe custody with the Registrars to the Offer.

Subject to the conditions governing this Offer as mentioned herein, the acceptance of this offer by the equity shareholders of SSIL must be absolute and unqualified. Any acceptance to this offer, which is conditional and incomplete in any respect, will be rejected without assigning any reason whatsoever.

11.4 All shares of the Company are free from lock in other than those mentioned in clause 3.1.2.

12. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

12.1 Procedure for accepting the offer by eligible persons

The equity shareholders of SSIL 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, Data Software Research Company Private Ltd. at their address "Sree Sovereign Complex", 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai - 600 024, Tel.: +91 44 2483 3738 / 2483 4487 / 2480 1664, Fax.: +91 44 2483 4636, Email. : dsrcmd@vsnl.com. Contact Person: Mr. H. Krishnamoorthy, by hand delivery or registered post between 11.00 am to 4.00 pm (Monday to Friday) and on Saturdays from 11.00 am to 2.00 pm (excluding public holiday) on or before the closure of the Offer, Wednesday, 16 November, 2005.

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 SSIL 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 "Offmarket" 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, Acquirers or SSIL.

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, 16 November, 2005 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, 16 November, 2005 Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI's website (www.sebi.gov.in), from the date of Opening of the Offer. The eligible persons can download the Form of Acceptance cum Acknowledgement from the SEBI's website and apply using the same.

12.4 If the aggregate of the valid responses to the Offer exceeds the offer size of 37,17,776 fully paid-up equity shares of SSIL (representing 20% of fully diluted voting equity share capital of SSIL), then the Acquirers 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, 16 November, 2005, 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 SSIL. In case of previous RBI Approvals not being submitted, the Acquirers reserve the right to reject such shares tendered.

12.7 While tendering shares under the Offer, NRI/OCBs/Foreign Shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

12.8 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 Thursday, 10 November, 2005. 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 Thursday, 10 November, 2005. 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.

12.9 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 SSIL 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.

12.10 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.

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

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

12.13 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 SSIL.

12.14 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.

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

12.16 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 Acquirers 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 Acquirers in obtaining the requisite approvals, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

12.17 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 Acquirers. 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.

12.18 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 Acquirers can revise the price upwards upto seven working days prior to closure of the Offer i.e. on or before Friday, 4 November, 2005 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 Acquirers shall upto Thursday, 1 December, 2005 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 SSIL 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 Acquirers shall acquire the equity shares from the shareholders of SSIL 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 Thursday, 1 December, 2005 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 SSIL 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 Acquirers 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 Acquirers would be responsible for ensuring compliance with the Regulations.

13.10 Compliance Officer
Mr S.S. Gopalakrishnan,
Company Secretary,
SSI Limited,
34 (New), Thirumalai Road, T.Nagar, Chennai - 600 017
Tel No: +91 44 2834 1288 Fax No.: +91 44 2834 0047.

14. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the shareholders of SSIL at the address of the Manager to the Offer M/s.Karvy Investor Services Limited, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034 from 11.00 a.m. to 3.00 p.m. on any working day until the Offer closes.

a) Copy of Public Announcement as published in the newspapers on Tuesday, 6 September, 2005.

b) Certificate from Mr.S.Neelakantan of M/s.CNGSN & Associates (Chartered Accountants) dated 23 August, 2005 stating the Net worth of the Acquirers and certifying that the Acquirers have adequate resources to meet the entire financial requirements and obligations of the Offer.

c) Valuation report dated 23 August, 2005 certifying the value per share of SSIL by Mr.S.Neelakantan of M/s.CNGSN & Associates.

c) Certificate of Incorporation and Memorandum and Articles of Association of SSIL.

d) Annual Reports of SSIL for the financial years ended 2002, 2003 and 2004.

e) Copy of bank guarantee No. BG: 1007/2005 dated 3 September, 2005 along with amendment dated 13 October, 2005 for Rs.419 lakhs issued by State Bank of Mauritius Limited having office at Prince Arcade, 22-A, Cathedral Road, Chennai - 600 086 valid till 31 December, 2005 in favour of the Manager to the Offer.

f) Copy of the letter No. SBM/CB/1452/2005 dated 13 October, 2005 issued by State Bank of Mauritius Limited confirming deposit of Rs.16.75 lakhs (representing an amount, being more than 1% of the maximum purchase consideration payable in terms of the Offer).

g) Copy of MOU dated 5 September, 2005 between Karvy Investors Services Limited, the Manager to the Offer and the Acquirers.

h) Copy of confirmation regarding opening of Special Depository Account in the name and Style of "SSIL Escrow Account - Open Offer".

i) Auditors' report dated 27 August, 2005 certifying the financials of the Target Company.

j) Letter No.CFD/DCR/TO/AT/51313/05 dated 6 October, 2005 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

15. DECLARATION BY THE ACQUIRERS

The Acquirers severally and jointly accept full responsibility for the information contained in the PA and this Letter of Offer, Form of Acceptance, Form of Withdrawal and would be severally and jointly responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

Acquirers

Mr.Kalpathi S.Aghoram

Mr.Kalpathi S.Ganesh

Mr.Kalpathi S.Suresh

Place: Chennai

Date: 15 October, 2005

Enclosed:
a) Form of Acceptance-cum-Acknowledgement
b) Form of Withdrawal
c) Transfer Deed, if applicable