

## LETTER OF OFFER

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

This Letter of Offer is sent to you as a shareholder of Telephoto Entertainments Limited. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager/ Registrar to the Offer. In case you have sold your equity shares in Telephoto Entertainments Limited, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

### SSI Limited (the “Acquirer” or “SSIL”)

**Registered Office :** 34, Thirumalai Road, T. Nagar, Chennai – 600 017; (Tel: +91-44-2834 0016 Fax:+91-44-2834 0047)

MAKES A CASH OFFER AT Rs.19 (RUPEES NINETEEN ONLY) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF RUPEES TEN EACH pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations), 1997 and subsequent amendments thereto (the “SEBI Takeover Code” or “Regulations”)

### TO ACQUIRE 12,28,000 FULLY PAID-UP EQUITY SHARES

representing 20.01 % of the Post Preferential Issue Voting Equity Capital of



### Telephoto Entertainments Limited (“Target Company” or “TEL”)

Registered Office : # 13, (Old #7), First Crescent Road, Gandhi Nagar, Adyar, Chennai – 600 020; (Tel: +91-44-2445 1440 Fax: +91-44-2440 2974)

**Please Note :**

1. This Offer is being made pursuant to Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code.
2. The Offer is not subject to a minimum level of acceptance by the shareholders of the Target Company
3. The Offer is subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 for acquiring the shares tendered from non-resident persons under the Offer. Please refer to Part 8 of this Letter of Offer for details.
4. If the aggregate of the valid response exceeds 12,28,000 equity shares, then the Acquirer shall accept shares equal to 12,28,000 equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI Takeover Code.
5. The Acquirer can revise the Offer Price upto 7 (seven) working days prior to the date of closure of the Offer (i.e Wednesday, February 01, 2006)
6. If there is any upward revision in the Offer Price by the Acquirer till the last date of revision i.e. Wednesday, February 01, 2006, or withdrawal of the Offer in terms of the SEBI Takeover Code, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement dated December 3, 2005 had appeared. Such revised offer price would be payable for all the equity shares of Telephoto Entertainments Limited, tendered anytime during the Offer and accepted under the Offer.
7. The procedure for acceptance is set out in Part 9 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and a Form of Withdrawal is enclosed with this Letter of Offer.
8. This is not a competitive bid
9. The Public Announcement, Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal would also be available on the website of Securities and Exchange Board of India (the “SEBI”) <http://www.sebi.gov.in>.
10. **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 prior to the date of closure of the Offer. Requests for such withdrawals should reach the designated collection centres before the close of business hours on Tuesday, February 07, 2006.**
11. **There is no competitive bid:**  
As the offer price cannot be revised during the period after Wednesday, February 01, 2006, 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.

**All future correspondence, if any, should be addressed to the Registrar to the Offer at address mentioned below:**

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <p><b>Inga Advisors Private Limited</b> A-404, Neelam Centre, 4<sup>th</sup> Floor Hind Cycle Road, Worli Mumbai 400 030 Tel.: (+91 22) 24982919 / 2498 2927 Fax.: (+91 22) 24982919 Email: telephoto.offer@ingaadvisors.com Contact Person : Sunita Kumari</p>	 <p><b>Cameo Corporate Services Limited</b> “Subramanian Building” 1, Club House Road Chennai 600 002 Tel : (+91 44) 2846 0390 –94, Dir. 28461948 Fax : (+91 44) 2846 0129 E.Mail: siva@cameoindia.com Contact Person: Mr. A. Sivasubramanian</p>

**OFFER OPENS: MONDAY, JANUARY 23, 2006**

**OFFER CLOSSES ON: SATURDAY, FEBRUARY 11, 2006**

Activity	Date	Day
Public Announcement Date	December 03, 2005	Saturday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	December 09, 2005	Friday
Last date for a Competitive Bid	December 23, 2005	Friday
Last Date by which Letter of Offer will be posted to shareholders of TEL	January 13, 2006	Friday
Date of Opening of the Offer	January 23, 2006	Monday
Last date for revising the Offer Price / Offer size	February 01, 2006	Wednesday
Last date of withdrawal of tendered application by the shareholders of TEL	February 07, 2006	Tuesday
Date of Closing of Offer	February 11, 2006	Saturday
Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired Equity Shares and/or the unaccepted demat Shares / Share Certificate(s) will be credited/ dispatched	February 25, 2006	Saturday

## RISK FACTORS

Given below are the risks related to the transaction, the proposed offer and the risks involved in getting associated with the Acquirer

- i. Transfer of equity shares received from NRI shareholders, as mentioned in Part 8, under the offer is subject to receipt of RBI approval for the same.
- ii. In the event that either (a) a regulatory approval is not received in time, (b) there is any litigation leading to a stay on the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of TEL whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirer may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI Takeover Code, SEBI may, if satisfied that the non receipt of approvals was not due to any wilful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. February 7, 2006 shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
- iii. The Acquirer makes no assurance with respect to the market price of the shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.
- iv. The Acquirer makes no assurance with respect to the financial performance of Telephoto Entertainments Limited. The Acquirer makes no assurance with respect to their investment / divestment decisions relating to their proposed shareholding in Telephoto Entertainments Limited.
- v. SSIL has contingent liabilities relating to Bank guarantees amounting to Rs.63.65 lakhs. (previous year Rs.32.40 lakhs) as per the financial statements for the year ended September 30, 2005
- vi. SSIL has incurred losses during the last 2 financial years as detailed under clause 4.1.11 in this Letter of Offer.
- vii. SSIL has not complied with certain requirements of Chapter II of SEBI Takeover Code and given the consent to comply with Section 15A of the SEBI Act, vide their letter dated 30<sup>th</sup> November 2004 with reference to the letter of SEBI Ref. No.CFD/DCR/ RC/TO/23040/04 dated 16<sup>th</sup> November 2004.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of Telephoto Entertainments Limited or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of Telephoto Entertainments Limited are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

## TABLE OF CONTENTS

	<b>Contents</b>	<b>Page no.</b>
1	DEFINITIONS .....	3
2	DISCLAIMER CLAUSE .....	5
3	DETAILS OF THE OFFER .....	5
4	BACKGROUND OF THE ACQUIRER (SSI LIMITED) .....	7
5	BACKGROUND OF THE TARGET COMPANY (TELEPHOTO ENTERTAINMENTS LIMITED) .....	16
6	OFFER PRICE AND FINANCIAL ARRANGEMENTS .....	20
7	TERMS AND CONDITIONS OF THE OFFER .....	23
8	PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER .....	24
9	DOCUMENTS FOR INSPECTION .....	28
10	DECLARATION BY THE ACQUIRER .....	28

### 1. DEFINITIONS

Acquirer	SSI Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services ( India) Limited
DP	Depository Participant
EGM	Extraordinary General Meeting
Eligible Shareholders	All shareholders who can tender their shares in the open offer ( except the Seller and the Acquirer)
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
Form of Acceptance/ FOA	Form of Acceptance-cum- Acknowledgement
FOW	Form of Withdrawal
FY	Financial Year
IA / Agreement	Investment Agreement entered on November 30, 2005 between SSI Limited, Telephoto Entertainments Limited and Mr. Suresh Chandra Menon
Letter of Offer /LOF	This Letter of Offer dated January 9, 2006
Manager/ Manager to the Offer	Inga Advisors Private Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer	Open Offer for the acquisition of 12,28,000 fully paid up equity shares of the face value of Rs. 10 each of Telephoto Entertainments Limited at a price of Rs. 19 per fully paid up equity share

Offer price	Rs. 19 ( Rupees Nineteen only) per fully paid up share of Rs. 10 each
Offer size	12,28,000 Shares
Post Issue Paid up Voting equity capital	The maximum possible expanded voting equity share capital of TEL as at the expiration of 15 days after the Closure of the Offer in terms of Regulation 21(5) including the Preferential Issue of Equity Shares
Preferential Issue	Allotment of 30,00,000 equity shares & 27,00,000 warrants to SSIL entitling the warrant holder to apply for one share for each warrant
Original Promoters	Mr. Suresh Chandra Menon & Ms Asha Menon.
Public Announcement/ PA	Announcement dated December 03, 2005 made by SSIL
Purchase Shares	3,50,000 shares agreed to be sold by the seller to SSIL
RBI	Reserve Bank of India
Registrar to the Offer	Cameo Corporate Services Limited
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act,1992
SEBI Guidelines	Securities & Exchange Board of India (Disclosures & Investors Protection), Guidelines 2000 & subsequent amendments thereto.
SEBI Takeover Code or Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 & subsequent amendments thereto.
Seller	Mr. Suresh Chandra Menon
Share(s)	Fully paid equity shares of face value of Rs. 10 each of Telephoto Entertainments Limited
Specified Date	December 09, 2005
Subscription Shares	30,00,000 fully paid up equity shares to be issued and allotted to SSIL on a preferential basis
Subsidiary	Telephoto International Pte Ltd., a company incorporated under the Republic of Singapore, having its registered office at 20, Cecil Street, # 14-01 Equity Plaza, Singapore – 049705.
SSIL	SSI Limited
Target company / TEL	Telephoto Entertainments Limited
Warrants	Warrants allotted in the proposed preferential issue convertible into equity shares entitling the holder to apply for one share for each warrant. In terms of the issue of Warrants, conversion rights would begin only on completion of 6 months upto 18 months from the date of allotment of the Warrants

## 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 TELEPHOTO ENTERTAINMENTS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, INGA ADVISORS PVT LTD, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED DECEMBER 16, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

## 3. DETAILS OF THE OFFER

### 3.1 Background of the Offer

- 3.1.1 This Offer is being made by SSIL in compliance with Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code for the purposes of substantial acquisition of shares and voting rights, accompanied with change in control and management of the Target Company as disclosed under clause 3.3.1 of this Letter of Offer.
- 3.1.2 SSI Limited ("the Acquirer") has entered into an Investment Agreement (hereinafter referred to as "Agreement" or "IA") on November 30, 2005 with Telephoto Entertainments Limited ("the Company") and Mr. Suresh Chandra Menon, ("Seller") who is a promoter of the Company. As a result of the acquisition of shares under the IA, including the proposed Preferential Issue of equity shares, the Acquirer would acquire 54.59% of the voting capital of TEL.
- 3.1.3 Salient features of the IA are as under:
- (i) The Seller, (residing at 13, First Crescent Road, Gandhi Nagar, Adyar, Chennai – 600 020, Tel : 044- 24451440 has agreed to sell and the Acquirer has agreed to purchase 350,000 (purchase shares) fully paid up equity shares (representing 11.16 % of the present share capital) of Rs.10/- each at Rs.15.25/- per share for cash aggregating Rs. 53,37,500/-. For this purpose, the Seller has deposited these purchase shares in Escrow with Cameo Corporate Services Limited who will transfer these shares to the Acquirer after the completion of the Takeover Offer. The Acquirer has paid the Seller Rs. 15,00,000/- as part payment of the purchase price.
  - (ii) The Board of Directors of the Target Company has agreed to issue and allot to the Acquirer on a preferential allotment basis 30,00,000 (subscription shares) fully paid up equity shares ( representing 48.89 % of the post preferential issue paid up voting equity share capital) of Rs. 10/- each of the Company for cash at a price of Rs. 15.25/- per equity share including a premium of Rs. 5.25/- per equity share and 27,00,000 warrants entitling the holder thereof to apply for one equity share (of Rs.10/- each) for each warrant for cash at a price of Rs. 15.25 /- per equity share (including a premium of Rs. 5.25/- per equity share ).
  - (iii) By virtue of proposed acquisition of purchase shares and subscription shares, the Acquirer would hold more than 15% of the paid up equity capital and voting rights of the Company and also acquire control of the Company.
  - (iv) Subject to regulation 22(7) of the Regulations, the Acquirer shall, at any time after the period of 21 days from the date of the public announcement in respect of the Takeover Offer, subject to deposit of 100 % of the open offer consideration amount, shall have an option to (i) require all or any of the directors of the Company and/or the Subsidiary to resign and/or (ii) appoint one or more persons nominated by the Acquirer as directors on the Board of the Company and/or the Subsidiary in place of the directors who have resigned or in addition to the directors then on the Board;
  - (v) If the Acquirer, in pursuance of the IA, fails to comply with the provisions of the Regulations, the IA shall not be acted upon by the Acquirer or the Seller, in accordance with regulation 22 (16).
  - (vi) Within 30 days of the execution of the IA, the Shareholders of TEL shall pass a resolution to (i) in

terms of Regulation 23(1)(b) of the Regulations, approving the allotment of the subscription shares and the Warrants on a preferential basis and (ii) in terms of Regulation 23(1)(c) of the Regulations, approving the transfer and assignment of the agreements mentioned in the IA from TEL to Wide Screen Productions or such other entity that the Seller nominates.

(vii) The Seller and his wife, Ms. Asha Menon, current promoters, respectively hold 751,096 equity shares and 45,629 equity shares of the Company aggregating to 25.40% of the present voting share capital of the Company. Upon the Acquirer purchasing the purchase shares and subscribing to Subscription Shares, the Acquirer would become the promoter of the Company and consequently the Seller and Asha Menon shall cease to be promoter of the Company.

Accordingly, the shareholding of the Seller, Ms. Asha Menon and their affiliates / associates will be treated as non promoter shareholding.

**For some of the above terms more specifically defined in the IA and other details of the IA, shareholders of TEL may refer to the IA which would be available to them for inspection during the period between the Offer opening date and the Offer closing date at the registered office of the Acquirer located at 34, Thirumalai Road, T.Nagar, Chennai- 600 017.**

3.1.4 The Board of Directors of TEL in their meeting held on November 30, 2005 have decided to convene an Extraordinary General Meeting of its shareholders on December 30, 2005 to approve the resolutions specified in clause 3.1.3 (vi) above.

The Preferential Issue would be made in accordance with the provisions of preferential allotment contained in the SEBI Guidelines. The EGM was duly conducted on December 30, 2005 and the shareholders approved and accorded:

- a. Issue and allotment to SSIL on a preferential basis upto 30,00,000 equity shares of Rs. 10/- each for cash at a price of Rs. 15.25 per share aggregating to Rs. 457.50 lakhs. Issue and allotment to SSIL upto 27,00,000 warrants entitling them to subscribe for (in one or more tranches) one equity share against each warrant at a price of Rs. 15.25 per share (face value Rs. 10/- per share).
- b. Transfer and assignment of the two ongoing business agreements at such consideration and from such date as the Board of Directors of TEL may decide and authorised the Board of Directors to complete the transfer and assignment of the said agreements with such modifications as may be required by any of the concerned parties.

3.1.5 No separate consideration has been paid or would be paid by the Acquirer, other than as mentioned in Clause 3.1.3, to the seller for any of the above covenants or any other covenants mentioned in the IA.

3.1.6 Neither the Acquirer nor the Target Company nor the Seller have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.

3.1.7 Subject to the Acquirer complying with the second proviso to Regulation 22(7) of the Regulations, the Acquirer shall, at any time after the period of 21 days from the date of the PA made by the Acquirer under the Regulations in respect of the Offer, be entitled to (i) require all or any of the directors of the Company and/or the Subsidiary to resign and/or (ii) appoint one or more persons nominated by the Acquirer as directors on the Board of the Company and/or the subsidiary of TEL, Telephoto International Pte Limited ( for details refer para 5.3) in place of the directors who have resigned or in addition to the directors then on the Board ("Purchaser Director"); and the Company and the Seller agrees and undertakes to cause such resignations and appointments to be made immediately and effectively. SSIL will finalise the Board of Directors in due course.

### 3.2 The details of the Offer

3.2.1 The Public Announcement dated December 3, 2005 was made in the following newspapers on December 05, 2005, in accordance with regulation 15 of the SEBI Takeover Code:

Publication	Language	Editions
Business Standard	English	Ahmedabad, Bangalore, Mumbai, Kolkata, New Delhi, Hyderabad and Chennai
Prathakal	Hindi	Mumbai, Jaipur and Udaipur
Makkal Kural (Regional)	Tamil	Chennai

*(The Public Announcement is available at the SEBI website: [www.sebi.gov.in](http://www.sebi.gov.in))*

3.2.2 The Acquirer is making an open offer to the equity shareholders (other than Seller) of TEL to acquire 12,28,000 fully paid up equity shares of Rs.10/- each representing 20.01 % of the fully expanded voting equity capital of the Target Company (assuming full allotment under the proposed Preferential Issue of

equity shares) at a price of Rs. 19/- (Rupees Nineteen only) for each equity share of the Target Company (the "Offer Price"), payable in cash, in terms of regulation 20 of the Regulations (the "Offer" or "Open Offer").

- 3.2.3 In terms of regulation 21(5) of the Regulations, for the purpose of computing the percentage referred above, the voting rights as at the expiration of 15 days after the closure of the public offer shall be reckoned. The proposed issue of Warrants on a preferential basis has not been considered while computing the minimum offer size as the Acquirer has undertaken not to exercise its right on Warrants until completion of 15 days after the closure of the offer. In terms of the issue of Warrants, conversion rights would begin only on completion of 6 months upto 18 months from the date of allotment of the Warrants.
- 3.2.4 This is not a Conditional Offer. The Offer is not subject to any minimum level of acceptance SSIL will acquire all the shares that are validly tendered in terms of the Offer, upto a maximum of 12,28,000 shares at the Offer Price.
- 3.2.5 As on the date of the Public Announcement, the Acquirer does not hold any equity shares of TEL. The Acquirer has not acquired any equity shares of TEL during the 12 months period preceding the date of the Public Announcement. The Acquirer has not acquired any shares since the date of the Public Announcement upto the date of this Letter of Offer.
- 3.2.6 This is not a Competitive Bid.
- 3.2.7 The Manager to the Offer does not hold any equity shares in the Target Company, as on the date of the Public Announcement and has not acquired any equity shares of the Target Company since the date of PA upto the date of this Letter of Offer.
- 3.2.8 Irrespective of the outcome of the IA and the Preferential Issue, the Acquirer would complete the Offer formalities under the Regulations.
- 3.2.9 The Acquirer, as a result of the abovementioned acquisitions would acquire 54.59% of the voting capital of the Target Company and assuming full acceptance of the Offer will hold 45,78,000 equity shares (excluding warrants) representing 74.60% of the voting rights in the fully expanded voting capital of the Target Company.

Further SSIL has undertaken that the aforesaid warrants shall be exercised only in the event and to the extent that the shareholding of SSIL (including the share holding of any person acting in concert with SSIL) upon acquisition of the Equity Shares (which would be allotted consequent to conversion of the Warrants) shall not exceed 55% of the total post issue paid up equity share capital of the Target Company (including the increased paid-up equity share capital pursuant to such conversion).

### **3.3 Object of the acquisition / offer**

- 3.3.1 The Offer is being made in compliance with Regulations 10, 12 and other applicable provisions of the SEBI Takeover Code, for the purposes of substantial acquisition of Shares and voting rights, as disclosed earlier, accompanied with change in control and management of the Target Company, thereby enabling the Acquirer to exercise control over TEL and its subsidiary, inter-alia, through the right to appoint directors or through control over management or policy decisions, by virtue of their shareholding.

The Acquirer presently intends to foray into entertainment industry through TEL. The Acquirer plans to expand the penetration and scope of operations in the entertainment industry to cover all significant facets of the sector across various geographies. The Acquirer intends to implement the plan by leveraging its managerial and administrative expertise in having a national presence. The Acquirer intends to raise funds to augment the internal accruals that will support the execution of the plan.

- 3.3.2 The Acquirer and Target Company are not in the same line of business.

## **4. BACKGROUND OF THE ACQUIRER**

### **4.1 Details of the Acquirer**

- 4.1.1 SSIL was incorporated as "Software Solution Integrated Private Limited" on 1 January, 1991 having its registered office at 34, Thirumalai Road, T.Nagar, Chennai - 600 017, Tel No: +91 44 2834 0016, 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.
- 4.1.2 The equity shares tendered and accepted pursuant to the Offer will be acquired by the Acquirer only. There is no person acting in concert with the Acquirer.

- 4.1.3 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. In the year 2003, SSIL acquired a controlling stake in 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). On May 20, 2005, SSIL sold 10.15% of its stake in Aptech Limited, in the Secondary Market and on July 15, 2005, it further sold 10.00% of its stake to M/s. Aptech Investments through a Share Purchase Agreement.

SSIL has two development centres leased out to IT Services Companies through its Subsidiary AGS Holdings Private Limited and also hotel property under renovation through another subsidiary AGS Hotels and Resorts Private Limited.

- 4.1.4 SSIL has been promoted by Mr.Kalpathi S.Aghoram, Mr.Kalpathi S.Ganesh, Mr.Kalpathi S. Suresh and Mr.D.V.Narasingarao and they are in control of the Company. The Acquirer does not belong to any Group.
- 4.1.5 The applicable provisions of Chapter II of the SEBI Takeover Code, vis-à-vis the Target Company are not applicable as the Acquirer has not acquired any shares of the Target Company.
- 4.1.6 The Share holding pattern of SSIL as on November 30, 2005 is as under

S. No	Shareholders' Category	No. of shares held	%
1.	Promoters	79,93,487	45.12
2.	FII / Mutual Funds / FI / Banks	43,93,129	24.80
3.	Public	53,29,264	30.08
	<b>Total Paid Up Capital</b>	<b>1,77,15,880</b>	<b>100.00</b>

Notes: (a) Warrants, allotted to Promoters (Mr. Kalpathi S Aghoram, Mr. Kalpathi S Ganesh and Mr. Kalpathi S Suresh) of the Acquirer, outstanding as on November 30, 2005: 8,73,000 (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/-).

(b) Promoters of SSIL (Mr. Kalpathi S Aghoram, Mr. Kalpathi S Ganesh and Mr. Kalpathi S Suresh) made an Open Offer under the regulation 11(1) of the Regulations to the shareholders of SSIL on October 28, 2005. The Open Offer closed on November 16, 2005. 1931 shares tendered pursuant to the Open offer are yet to be transferred to the promoters and have not been considered above.

- 4.1.7 The Board of Directors of SSIL as on the date of the Public Announcement, was as follows:

Name	Appointment Date	Residential Address
Mr. Kalpathi S. Suresh Chairman & CEO	First Director (as per the Memorandum and Articles of Association of the Company)	New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai - 600 017.
Mr. Kalpathi S. Aghoram Vice Chairman and Managing Director	First Director (as per the Memorandum and Articles of Association of the Company)	New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai - 600 017.
Mr. Kalpathi S. Ganesh Non-Executive Director	First Director (as per the Memorandum and Articles of Association of the Company)	New No.42, Old No.147/2, Habibullah Road, T.Nagar, Chennai - 600 017.
Mr. D.V. Narasingarao Non-Executive Director	20-09-1994	12, Kanniah Street, T.Nagar, Chennai – 600 017
Mr. R. Manoharan Non-Executive Director	25-11-1999	4/377, Anna Salai, Palavakkam, Chennai–600 041
Mr. N.S. Kumar Non-Executive Director	19-03-2001	Flat No. F-1, Door No. 132, St. Mary's Road, Alwarpet, Chennai – 600 018

<b>Name</b>	<b>Appointment Date</b>	<b>Residential Address</b>
Mr. R. Nagarajan Non-Executive Director	19-03-2001	A-102, 1 <sup>st</sup> Floor, Keshav Dugar, No.1, East Avenue, Kesavaperumalpuram, Raja Annamalaipuram, Chennai – 600 028
Mr. T.N.C. Varahan Non-Executive Director	19-03-2001	No. 38, Raman Street, T.Nagar, Chennai – 600 017

None of the above directors are on the Board of Directors of the Target Company.

4.1.8 The experience and qualifications of the directors of SSIL is given below :

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.

Mr. Kalpathi S.Aghoram, is a 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.

Mr. Kalpathi S.Ganesh, is a 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.

Mr. D. V. Narasingarao, is a B.E. (Electronics and Computer), MS & MBA. He has an overall experience of around 21 years. Previously , he was head of customer support and service operations at Wipro InfoTech in Chennai, and marketing software solutions to global clients in Dubai.

Mr. R. Manoharan, is a B.E. with 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.

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 .

Mr. R. Nagarajan, B.Com (Hons), C.A.I.I.B., 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.

Mr. T.N.C. Varahan, B.Com. B.L., 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.

4.1.9 All the Equity Shares of SSIL, (other than warrants) are listed on The National Stock Exchange of India Limited (NSE), BSE, MSE and Ahmedabad Stock Exchange (ASE), while the GDS (Global Depository shares) issued by SSIL are listed at the London Stock Exchange. The dates of initial listing of equity shares at the aforesaid stock exchanges are as below :

<b>Name of the Stock Exchange</b>	<b>Dates of Initial Listing</b>
Madras Stock Exchange Ltd.	February 27, 1995
Bombay Stock Exchange Ltd.	February 24, 1995
The Stock Exchange, Ahmedabad	February 21, 1995
The National Stock Exchange of India Ltd.	April 03, 1996
The London Stock Exchange	April 04, 2000

4.1.10 The total paid up capital of SSIL as on November 30, 2005 is Rs. 17,71,58,800 comprising of 1,77,15,880 equity shares of Rs.10/- each. The closing price for equity share of SSIL as on December 14, 2005 was Rs. 91.75 on NSE and Rs. 91.25 on BSE.

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 SSIL's shares are listed.

4.1.11 Key audited financials of SSIL for the year ended September 2005, 2004 and for the 15 months period ended September 2003 are as follows :

(Rs. lakhs)

**Profit & Loss Statement**

	<b>2004-05 (12 months)</b>	<b>2003-04 (12 months)</b>	<b>2002-03 (15 months)</b>
Income from operations	-	3,226.45	16,564.81
Other Income	622.36	1,255.19	1,482.54
Total Income	622.36	4,481.64	18,047.35
Total expenditure	685.08	2,906.76	11,379.95
Profit before Depreciation, Interest and Tax	(62.72)	1,574.88	6,667.40
Depreciation	46.22	396.40	3,971.09
Interest	103.05	227.44	1,502.96
Profit before Tax	(211.99)	951.04	1,193.35
Extra Ordinary Items	-	(5,293.34)	34.45
Provision for Tax	(4.96)	-	(101.05)
Profit after Tax	(216.95)	(4,342.30)	1,126.75

**Balance Sheet**

	<b>2004-05 (12 months)</b>	<b>2003-04 (12 months)</b>	<b>2002-03 (15 months)</b>
<b>Sources of Funds</b>			
Paid up share capital	1,771.59	1,346.79	1,346.79
Share Warrant Application Money	34.92	-	-
Reserves and Surplus (Excluding revaluation reserves)	11,557.09	10,499.64	29,239.20
Net worth	13,363.60	11,846.43	30,574.19
Secured Loans	1026.01	1,209.37	14,898.51
Unsecured Loans	0.36	51.67	93.68
<b>Total</b>	<b>14,390.24</b>	<b>13,107.47</b>	<b>45,578.18</b>
<b>Uses of Funds</b>			
Net fixed assets	1,849.39	1,510.36	17,018.51
Investments	2,790.81	4,510.54	7,832.71
Net current assets	9,750.04	7,086.57	20,715.76
Total misc. expenditure not written off.	-	-	11.20
Deferred Tax	-	-	-
<b>Total</b>	<b>14,390.24</b>	<b>13,107.47</b>	<b>45,578.18</b>

**Other financial data (not annualized)**

	<b>2004-05 (12 months)</b>	<b>2003-04 (12 months)</b>	<b>2002-03 (15 months)</b>
Dividend %	-	-	10
Earning per share Rs.	(1.53)	(32.24)	8.37
Return on net worth %	-	-	3.68
Book value per share Rs.	75.43	87.96	227.02

(Source: Annual Report & Company Data)

4.1.12 Comparison of results of SSIL during the last 3 financial years:

**Financial year 2004 Vs 2005**

SSIL has reported no operating revenues as it had hived off IT Services business to Scandent Solutions Corporation Limited. The other income includes non-compete fees received for relinquishment of ownership in Aptech Limited and profit on sale of investments and interest income. SSIL has reported a loss of Rs.216.95 Lakhs during the period, due to the factors mentioned above.

**Financial year 2003 Vs 2004 (FY 2003 is of 15 months and FY 2004 is of 12 months)**

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 having off of its Software Education Business during the pervious 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 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.4,342.30 Lakhs due to the provision of certain extra ordinary items to the tune of Rs.5,293.34 Lakhs.

4.1.13 Contingent liabilities as per the financial statements for the year ended September 30, 2005:

Bank guarantees given to bankers against credit sanctioned to subsidiaries is Rs. NIL (Previous year Rs.6,293.04 lakhs) and other bank guarantees amounts to Rs.63.65 lakhs. (Previous year Rs.32.40 lakhs)

4.1.14 The summarised significant accounting policies of SSIL, as per the audited consolidated financial statements for the year ended September 30, 2005, are as follows:

**Basis of preparation of financial statements**

The financial statements of the SSIL have been prepared under the historical cost convention in accordance with the Indian Generally Accepted Accounting Principles (Indian GAAP). All financial transactions have been recognized on accrual basis. The preparation of financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. The actual results could differ from those estimates.

**Revenue Recognition**

- a. As a consistent practice, the SSIL recognizes revenue on an accrual basis.
- b. Interest income on the deployment of surplus funds is recognized in proportion to the time of investment and rates implicit in the transaction.
- c. Expenses are accounted on an accrual basis. Provisions have been made for all known losses and liabilities as on the date of the financial statements.

**Fixed Assets and Depreciation**

Fixed Assets are stated at acquisition cost. Depreciation is charged on a pro-rata basis on a straight-line method based on the estimated economic useful lives of the assets. The management's estimates of useful lives for the various fixed assets are given below.

Buildings	60 years
Computer Equipment	3 to 6 years
Plant and Machinery	3 to 21 years
Furniture and Office Equipment	3 to 9 years
Vehicles and Other Assets	4 to 11 years

Expenditure on maintenance, repairs and renewals of minor items are generally charged to revenue as incurred. Upon sale of assets, the cost of the assets and the accumulated depreciation on such assets are eliminated from the Fixed Assets block. The profit / loss on sale of assets is included in the profit and loss statement. Advance paid to various vendors towards acquisition of assets, construction of building, which are not completed and not put into use before the year-end, are disclosed under capital work-in-progress.

### Impairment of Assets

The impairment loss amounting to Rs.38.56 lakhs has been accounted for the year.

### Leases

The assets purchased under hire purchase agreements are included in the Fixed Assets block. The value of the asset purchased is capitalized in the books. A liability for the same amount is created at the time of entering into the agreement. The payments are made to the HP vendors as per the EMI's given in the hire purchase agreements. The finance charges are debited to the profit statement and the principal amount is adjusted against the liability created for the vendor. SSIL enters into operating leases for hiring office premises. The rent paid to the landlords is debited to the profit statement. The lease term is usually for a specified number of months or years and is renewable for a further period at the option of SSIL.

### Lease Rentals

The lease rentals (including hire purchase interest amount in EMI as per hire purchase agreements) paid during the period and the future lease obligations (including HP EMI's) for agreements in vogue as on 30<sup>th</sup> September 2005, are as follows:

	(Rs. lakhs)	
	2004-05	2003-04
Lease rentals paid during the year	122.82	359.53

	(Rs. lakhs)	
Lease obligations	As at Sept 30, 2005	As at Sep 30, 2004
Within 1 year from the balance sheet date	92.01	76.52
Due between 1 and 5 years	144.09	116.86
Due after 5 years	108.51	126.65

Included in the Fixed Assets the following are the value of assets which are subject to Hire Purchase agreement and the title to those assets vest with SSIL subject to the HP agreement.

	(Rs. lakhs)			
	Gross Block as at Sep 30,2005	Dep Block as at Sep 30,2005	Net Block as at Sep 30,2005	Net Block as at Sep 30,2004
Other Assets (Vehicles)	255.71	63.79	231.93	167.33

### Investments

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are carried at cost and for any diminution in value of investments; adequate provisions are made in the accounts.

### Inventory

There are no inventories

### Benefits given to employees

The employee and SSIL make an equal contribution at 12% of the basic salary towards retirement benefit. SSIL provides the benefits of Employees' state insurance for employees drawing salary as provided in ESI Act. SSIL also provides for gratuity, a defined benefit plan covering all eligible employees. SSIL contributes to a gratuity fund maintained by the Life Insurance Corporation of India.

### Foreign Currency Transactions

Monetary assets have been translated at the rates prevalent on the last day of the year. All non-monetary assets have been translated at the rates prevalent on the transaction date and the difference, if any, has been accounted for in the profit and loss account.

### Contingent Liabilities

- The estimated amount of contracts remaining to be executed on capital account as at September 30, 2005 is Rs.800.73 lakhs (Previous year Rs.Nil)
- Bank guarantees given to bankers against credit sanctioned to wholly owned subsidiaries is Rs.NIL (Previous year Rs.6,293.04 lakhs) and other bank guarantees amounts to Rs.63.65 lakhs. (Previous year Rs. 32.40 lakhs)

### Taxes

Provision for income taxes is made annually based on the liability computed after considering tax allowances and exemptions. The provisions tax is provided as per Section 115 JB of the Income Tax act, 1961 and the relevant Fringe Benefit Tax and Wealth Tax are also been provided for. Deferred Tax Asset are not recognized as there is no virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Asset can be realized.

### Principles of consolidation

SSIL's consolidated financial statements include SSI Limited and all its subsidiaries. All significant inter-company transactions and balances have been eliminated in the consolidated statements. For the purpose of this consolidation, the financial statements of the following subsidiaries have been considered.

Name of the Company	Country	% holding by SSI Limited
AGS Holdings Private Limited	India	94.00
AGS Hotels & Resorts Private Limited	India	99.16

Consequent to sale of share in Aptech Ltd, the shareholding of SSI Limited in Aptech Limited has come down to 5.6%. In addition to reduction in ownership, the management control has been given up by the SSI Limited after the balance sheet date. Hence for the year the investments in equity of associates, Aptech Ltd (wherein SSIL holds 5.6% as on the date of the balance sheet and no management control exists after the balance sheet date) has been accounted for in accordance with Accounting Standard (AS) 13, Accounting for Investments. SSIL holds 94% of the shares in AGS Holdings Private Limited and 99.16% in AGS Hotels & Resorts Private Limited. Hence, the minority interest has been reflected in the Balance Sheet towards their interest in the profits/losses and assets/liabilities.

#### 4.1.15 Corporate Governance

SSIL has duly complied with the various requirements and Clause 49 relating to the corporate governance under the Listing Agreement with the Stock Exchanges from time to time. No penal actions have been initiated by the Stock Exchanges or SEBI against SSIL till date. Till date trading of shares has not been suspended either on ASE, BSE, NSE or MSE.

#### 4.1.16 Details of litigations

Following are the details of 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.

#### 4.1.17 Details of compliance officer of SSIL

Shri S.S. Gopalakrishnan, Company Secretary, SSI Limited, 34 (New), Thirumalai Road, T.Nagar, Chennai – 600 017, Tel No.044 – 28340016, Fax No.044 - 28340047

4.1.18 Details of mergers / demergers / spin offs involving SSIL during the last 3 years :

SSIL acquired a controlling stake of 27.13% in Aptech Limited, Mumbai, through a Share Purchase Agreement dated February 10, 2003 and subsequently 20.32% on June 16, 2003 through an Open Offer. On June 18, 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 September 22, 2004. On May 20, 2005, SSIL sold 10.15% of its stake in Aptech Limited, in the Secondary Market and on July 15, 2005, it further sold 10.00% of its stake to M/s. Aptech Investments through a Share Purchase Agreement.

4.1.19 Information on other companies presently promoted / controlled by the Acquirer

The following 3 companies have been promoted by SSIL. None of these companies are sick industrial companies.

a) AGS Holdings Pvt. Ltd.

Date of incorporation: September 16, 2003

Nature of business: Real Estate

**Key Financials** (for the Year ended September 30)

(Rs. Lakhs)

	2004-05 (12 months)	2003-04 (12 months)	2002-03 (15 days)
Equity Capital	50.00	50.00	50.00
Reserves (excluding revaluation reserves)	6.53	(18.25)	(0.93)
Total Income	1286.27	1218.39	-
Profit after tax	24.77	(17.32)	(0.93)
Earnings per share (Rs.)	4.95	(3.46)	(0.19)
Net Asset Value (Rs.)	11.31	6.35	9.76

b) AGS Hotels & Resorts Pvt. Ltd.

Date of incorporation: July 29, 2004

Nature of business: Hotels & Resorts

**Key Financials** (for the Year ended September 30)

(Rs. Lakhs)

Particulars	2004-05 (14 months)
Equity Capital	358.10
Reserves (excluding revaluation reserves)	-
Total Income*	-
Profit after tax	-
Earnings per share (Rs.)	-
Net Asset Value (Rs.)	10.00

\* The Company is yet to commence its operations

c) AGS Properties Development (India) Pvt. Ltd.

Date of incorporation: August 13, 2004

Nature of business: Real Estate

**Key Financials** (for the Year ended September 30)**(Rs. Lakhs)**

<b>Particulars</b>	<b>2004-05 (13 months)</b>
Equity Capital	3.00
Reserves (excluding revaluation reserves)	-
Total Income	-
Profit after tax	(3.91)
Earnings per share (Rs.)	(13.04)
Net Asset Value (Rs.)	(3.03)

Note: 100% shareholding is with Kalpathi Family. SSIL has paid share application money of Rs.436 lakhs as on 30<sup>th</sup> November 2005, which is pending allotment.

The Company is yet to commence its business.

**4.2 Disclosures in terms of Regulation 16(ix) of the SEBI Takeover Code and Acquirer's future plans for TEL**

Please refer to paragraph 3.3.1 of this Letter of Offer relating to the objects of the acquisition / Offer.

- 4.2.1 The Acquirer does not currently intend to dispose of or otherwise encumber any assets of the Target Company in the succeeding two years, except such disposals or encumbrances in the ordinary course of business of the Target Company and / or for the purposes of restructuring, rationalizing and / or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company.
- 4.2.2 The reconstituted Board of Directors of the Target Company will take appropriate decisions in these matters, as per the requirements of the business and in line with opportunities or changes in the economic scenario, from time to time. Further, the Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company, and in accordance with and subject to the applicable laws, permissions and consents, if any.
- 4.2.3 Terms of IA dated November 30, 2005, contains provisions dealing with the transfer and assignment of the agreements mentioned in the IA by the Target Company to M/s. Wide Screen Productions or such other entity that the Seller nominates at a valuation to be conducted by an independent valuer. The IA contemplates that the Target Company and the Seller or its nominee shall agree on the manner in which such transfer and assignment may take place and shall enter into agreement relating to the transfer of the agreements in accordance with the broad principles agreed under the IA.

## 5. BACKGROUND OF THE TARGET COMPANY

- 5.1. Telephoto Entertainments Limited is a public limited company ( Reg No TN / 44077) with its registered office at # 13, (Old #7), First Crescent Road, Gandhi Nagar, Adyar, Chennai – 600 020, India, Tel: 044- 2445 1440, Fax : 044- 2440 2974. There has been no change in the name of the Company. TEL, promoted by Mr.Suresh Chandra Menon and Ms. Asha Menon, came out with its initial public offering of shares in June 2000, in which 25 % of its post IPO equity capital was offered to public.
- 5.2. TEL was incorporated on February 02, 2000 as a public limited company and is an entertainment company presently engaged in the business of making feature films as an Executive producer and the production of tele-serials on a commission basis. TEL has produced several television serials for reputed channels. TEL also has to its credit critically acclaimed movie which was a National Award winner.
- 5.3. TEL has one subsidiary company which is not listed on any Stock Exchange. TEL's wholly owned subsidiary, Telephoto International Pte Limited is a limited Company incorporated in the Republic of Singapore. The registered office of the Subsidiary is located at 20, Cecil Street, # 14-01 Equity Plaza, Singapore – 049705. The Subsidiary operates in Singapore and the principal activities of the Company are those of production of television serials, documentaries, advertisements and films.
- 5.4. Share capital structure of the TEL as on the date of PA (December 03, 2005) is as follows:

<b>Paid up Equity Shares of TEL</b>	<b>No. of shares/ voting rights</b>	<b>% of shares/ voting rights</b>
Authorised equity share capital	12000000	—
Fully paid up equity shares	3136611	100
Partly paid up equity shares	—	—
Total paid up equity shares	3136611	100
Total voting rights in TEL	3136611	100

- 5.5. Capital build up of TEL since inception is as follows:

<b>Date of allotment</b>	<b>No. of shares issued</b>	<b>% of shares issued #</b>	<b>Face Value (Rs.)</b>	<b>Cumulative paid up capital (Rs.)</b>	<b>Mode of allotment</b>	<b>Identity of allottees</b>	<b>Status of compliance</b>
23.03.2000	150	—	10	1500	Subscribers to Memorandum	Promoters	Complied
25.03.2000	3249850	29.55	10	32500000	Further allotment	Promoters	Complied
29.03.2000	875000	7.95	10	41250000	Further allotment	Others	Complied
30.03.2000	4125000	37.50	10	82500000	Bonus (1 :1)	Promoters/ Others	Complied
22.07.2000	2750000	25.00	10	110000000	Shares allotted pursuant to IPO	Public	Complied
01.09.2005	(7863389)	—	10	—	Reduction of Capital	Share holders	Complied
01.09.2005	3136611	—	10	31366110	New shares allotted pursuant to Capital Reduction*	Share holders	Complied

\* Against every 1000 shares written off 285 new shares were issued

# The percentage has been computed on the equity share capital prior to capital reduction.

- 5.6. All the equity shares of TEL are listed on The Bombay Stock Exchange Limited (“BSE”) and Madras Stock Exchange, Chennai (“MSE”) (Source Annual Reports). Trading in electronic mode (through NSDL & CDSL) is mandatory. The traded price as on December 02, 2005 on BSE was Rs. 18/- with a volume of 3883 equity shares.

Trading was suspended, to facilitate Capital Reduction, from 19.8.2005 ( Record date was 26.8.2005) and the trading resumed on 24.10.2005.

- 5.7. As on the date of PA, 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 partly paid up shares and currently no shares under lock-in.

5.8. TEL, vide its letter dated December 1, 2005 has certified that (i) it has been regular in complying with the provisions of the listing agreements entered into with the stock exchanges, where the shares of the Target company are listed, and (ii) it has complied with the provisions of the Chapter II of the Regulations. However in case of compliance under regulation 8(3) for the years 2001 and 2002, the Target company does not have the dates of filing the reports, however the same were filed within the due dates. There was a delay of 131 days for compliance under regulation 8(3) of the Regulations for the year 2005.

Promoter, vide their letter dated December 1, 2005 have certified that they have complied with the provisions of the Chapter II of the Regulations. However in case of compliance under regulation 8(1) and 8(2) for the years 2001 and 2002, the date of filing of these reports are not available. However the same were filed within the due dates.

SEBI may initiate appropriate action under SEBI Act/ Regulations against the Target Company and Promoters for the delay in filing of chapter II disclosures.

5.9. TEL is in compliance with the listing agreements entered into with the Exchanges. No investigations, proceedings, or inquiries are pending against TEL by the Securities and Exchange Board of India, any recognized stock exchange, or any other regulatory authority, in relation to the securities of TEL or trading therein or otherwise.

5.10. The Board of Directors of TEL as on the date of the Public Announcement, was as follows:

Name	Designation	Appointment Date	Residential Address
Mr. T. Suresh Chandra Menon	Chairman & Managing Director	2-2-2000	13,First Crescent Road, Gandhi Nagar, Adyar Chennai 600 020
Mr. George Pius	Director	26-6-2003	3/1, Ramappa Nagar Extn, Perungudi, Chennai 600 096
Mr. Dhiresh L Bhatia	Director	26-6-2003	Flat D, Abilash Apartments 4, Veerabhadran St, Nungambakkam Chennai 600 034
Mr.T.Balagopalan	Director	26-6-2003	Meridian House, 3 <sup>rd</sup> Floor, 8/14, Montieth Road, Egmore Chennai 600 008

None of the above directors who are on the Board of Directors of the Target Company represent the Acquirer.

5.11. The details of qualification and experience of the directors of TEL is given below :

Mr.T.Suresh Chandra Menon aged about 44 has been involved with the Entertainments Industry for the last 25 years in the business of production of advertisement films, documentaries, corporate films, tele-serials and feature films. He started as an independent cinematographer in 1982 and worked on seven Tamil feature films. He has produced 5 documentaries and corporate films. He has also directed a documentary for the National Geographic Channel and documentaries for the Art Festival at Singapore

Mr. George Pius is a BA Economic and MA History, is the Chief Executive Officer of Telephoto Entertainments Limited. He was executive producer of the award winning Film "MITR-MY FRIEND" having independently handled the production of the film at USA. Looking after the day-to-day affairs of the company, he oversees the productions undertaken by the company. He is also the Director of Pimar Group, his family business, involved in Railway contracts, Seafood, Coal handling and agency business.

Mr. Dhirash L. Bhatia, aged about 41 years. He is also a director of Balaji Amusements Pvt Ltd; a company associated with "KISHKINTA" an amusement theme park in setting up some imported rides in the park. He is also a Partner in GIFT LAND a leading Novelty shop in Chennai. He is partner in M.M.FOODS and Dhirubai Caterers which renders catering services in 'KISHKINTA". He is also a promoter of Crescent Air Cargo Ltd, involved in the business of chartered cargo flights between Chennai and Maldives and Sri Lanka.

Mr. T. Balagopalan, aged about 68 years and has been associated with production of feature films for more than 30 years. He has produced three feature films and worked as Executive Producer for 11 movies produced by Sujatha and Sujatha Cine Arts, Chennai.

5.12. Relevant details of any merger/ de-merger spin off / capital structuring etc. during last 3 years :

The Share Capital of TEL was reduced from Rs.11,00,00,000 consisting of 1,10,00,000 equity shares of Rs.10/- each to Rs.3,13,66,110 consisting of 31,36,611 equity shares of Rs.10/- each pursuant to the provisions of sections 100 to 104 and other applicable provisions of the Companies Act, 1956. The Honourable Court of Madras approved the above proposal vide their order dated June 23, 2005. The capital reduction was given effect to from 18.7.2005, when Registrar of Companies, Tamil Nadu , took on record the Court's order and Minutes approving the Capital Reduction. There has not been any merger / de-merger or name change for TEL.

5.13. Brief audited financial details for the last three years and certified financials for the 6 months period ended September 30, 2005 are given below:

(Amount Rs. lakhs)

<b>Profit &amp; Loss Statement</b>	<b>6 months ending 30.9.2005</b>	<b>Year ended 31.3.2005</b>	<b>Year ended 31.3.2004</b>	<b>Year ended 31.3.2003</b>
<b>Income from operations</b>	319.15	52.43	259.02	134.93
Other Income	0.97	0.98	105.43	75.96
Total Income	320.12	53.42	364.45	210.89
Total Expenditure	291.32	81.47	299.86	322.22
Profit before deprn interest & tax	28.80	(28.05)	64.59	(111.33)
Depreciation	8.51	46.09	53.78	43.84
Interest	3.24	7.66	6.19	2.22
Profit Before Tax	17.05	(81.80)	4.63	(157.39)
Provision for Tax	0.00	0.00	0.36	0.00
Profit After Tax	17.05	(81.80)	4.27	(157.39)
<b>Balance Sheet</b>	<b>30.9.2005</b>	<b>31.3.2005</b>	<b>31.3.2004</b>	<b>31.3.2003</b>
<b>Sources of funds</b>				
Paid up share capital	313.67	1100.00	1100.00	1100.00
Reserves and Surplus (excluding revaluation reserves)	(300.99)	(1104.37)	(1022.57)	(1026.84)
Networth	12.67	(4.37)	77.43	73.16
Secured loans	0.00	0.00	0.00	0.00
Unsecured loans	18.52	32.01	20.26	52.12
Total	31.20	27.63	97.69	125.28
<b>Uses of funds</b>				
Net fixed assets	17.11	22.58	89.69	136.16
Investments	2.67	2.67	2.67	0.00
Net current assets	11.42	2.39	5.33	(10.88)
Total miscellaneous expenditure not written off	0.00	0.00	0.00	0.00
Total	31.20	27.63	97.69	125.28
<b>Other Financial Data</b>	<b>6 months ending 30.9.2005</b>	<b>Year ended 31.3.2005</b>	<b>Year ended 31.3.2004</b>	<b>Year ended 31.3.2003</b>
Dividend (%)	-	-	-	-
Earning Per Share (Rs.) (annualized)	1.09	-	0.04	-
Return on Networth (%) (annualized)	269.14	-	5.51	-
Book Value Per Share (Rs.)	0.40	-	0.70	0.67

Source: Annual Reports and information as provided by the Target Company

Note: The financial results of TEL for the 6 month period ended September 30, 2005 have been duly certified by their statutory auditors, C. S. Sundar.

5.14. The reasons for fall / rise in total income and PAT in the relevant years, is detailed below :

#### **Financial year 2004 Vs 2005**

TEL reported revenue of Rs. 52.43 lakhs in 2004-05. TEL has commenced certain projects in the current year. Since revenues are realised only on completion of the projects there is a reduction of around 80% in revenue compared to its previous year. The decrease in revenues led to TEL incurring a loss of Rs.81.80 lakhs in 2004-05.

#### **Financial year 2003 Vs 2004**

TEL has reported revenue of Rs. 364.46 lakhs in 2003-04 as against Rs. 210.89 lakhs in 2002-03. This increase of 73% can be attributed to income from production of movies, hire of its equipments to other producers, receipts from sale of exhibition rights and sale of telecast rights of serials. Due to the increase in its income and cost cutting initiatives the Target company has turned around and reported profit of Rs.4.27 lakhs in 2003-04.

5.15. Pre and Post- Offer share holding pattern ( as on the date of this letter of offer) of TEL is as follows :

		Shareholding & voting rights prior to agreement / acquisition & offer		Shares/voting rights agreed to be acquired which triggered off SEBI Takeover Code		Indicative post preferential issue shareholding		Shares/ voting rights to be acquired in open offer (assuming full acceptance)		Shareholding/voting rights after agreement / acquisition & offer	
		A		B		C		D		E = A+B+D	
		Nos	%	Nos	%	Nos	%	Nos	%	Nos	%
1	Promoters Group										
	a. Parties to IA	751096	23.95	(350000)	(11.16)	401096	6.53	-	-	Refer Note 1	
	b. Promoters other than above	45629	1.45	-	-	45629	0.74	-	-		
	Total (1)	796725	25.40	(350000)	(11.16)	446725	7.27	-	-		
2	Acquirer (SSIL)	-	-	Under the IA 350000 Under the preferential issue 3000000		3350000	54.59	1228000	20.01	4578000	74.60
	Total (2)	-	-	3350000	-	3350000	54.59	1228000	20.01	4578000	74.60
3	Parties to agreement other than 1(a) and 2	-	-	-	-	-	-	-	-	-	-
4	Public (other than parties to agreement and Acquirer										
	a Banks	12859	0.41	-	-	12859	0.21				
	b FII's	28514	0.91	-	-	28514	0.47				
	c Indian Public (including NRI/OCB)	2298513	73.28	-	-	2298513	37.46	(1228000)	(20.01)	1558611	25.40
	Total (4)	2339886	74.60	-	-	2339886	38.14	(1228000)	(20.01)	1558611	25.40
	Grand Total (1+2+3+4)	3136611	100.00	3000000	-	6136611	100.00	-	-	6136611	100.00

Notes :

- The residual holding of original promoters is considered in public holding as there is change in control. Pursuant to the change in control, the holding of the new Promoter Group (SSIL) would be 45,78,000 equity shares aggregating to 74.60 %.
- Allotment of 27,00,000 warrants in the preferential issue and conversion of the same has not been considered in the above table as (i) the conversion is optional and (ii) the conversion term begins only on completion of 6 months from the date of allotment.
- No shares of target company have been purchased by the Acquirer after the Public announcement till the date of letter of offer.
- As on the Specified Date (December 09, 2005) the total number of shareholders of TEL is 7852

5.16 Details of the change in shareholding of the promoters, (as provided by the promoters), as and when it happened in the Target Company from the date of listing of shares in the Stock Exchanges pursuant to the IPO are as under.

The shareholding of Mr. Suresh Chandra Menon as on March 31, 2000, (before the shares of TEL were listed) was 62,90,380 equity shares. During the Financial year 2000-01, he sold 3,99,390 equity shares (3.63% of the Equity Share Capital) reducing his holding to 58,90,990 equity shares. During the Financial year 2001-02 he sold 12,53,000 equity shares (11.39% of the Equity Share Capital) reducing his holding to 46,37,990 equity shares. During the Financial year ended 2002-03, he sold 8,45,740 equity shares (7.69% of the Equity Share Capital) reducing his holding to 37,92,250 equity shares. No transactions were done by him during the Financial years 2003-04 and 2004-05.

During the current Financial year 2005-06, (prior to capital reduction), he sold 13,68,001 (12.44% ) thereby reducing his holding to 24,24,249 equity shares. Thereafter, the share capital of TEL was reduced and his holding was proportionately reduced to 6,91,266 equity shares. Subsequent to this, (upto November 2005), he acquired 59,830 ( 1.91%) equity shares thereby increasing his holding to 7,51,096 equity shares as on November 30, 2005.

The shareholding of Ms. Asha Menon as on March 31, 2000, (before the shares of TEL were listed) was 1,60,020 equity shares. There has been no change in the share holding of Ms. Asha Menon as no transactions were done by her during the aforesaid periods till 2004-05. Subsequent to the reduction in the share capital of TEL, her share holding was proportionately reduced to 45,629 equity shares.

The promoters have certified that they have complied with the provisions of chapter II of the Regulations. However in case of compliance under regulation 8(1) and 8(2) for the years 2001 and 2002, the date of filing of these reports are not available. The promoters have not acquired substantial shares in excess of the creeping acquisition limits as specified in the Regulations, during any of the aforesaid periods since the date of listing of the equity shares of TEL.

5.17 Status of Corporate Governance and pending litigation matters, if any.

TEL has duly complied with the various requirements and Clause 49 relating to the corporate governance under the Listing Agreement with the Stock Exchanges from time to time. No penal actions have been initiated by the Stock Exchanges or SEBI against TEL. Till date trading of shares has not been suspended either on BSE or MSE (excepted for the purpose of capital reduction as mentioned under clause 6.6)

5.18 Details of the Compliance Officer of TEL :

Mr. S.Ganesan who is the Company Secretary of TEL is designated as Compliance Officer.

He can be contacted at the registered office of TEL at # 13, (Old #7), First Crescent Road, Gandhi Nagar, Adyar, Chennai – 600 020, India, Tel: 044- 2445 1440, Fax : 044- 2440 2974.

**6 OFFER PRICE AND FINANCIAL ARRANGEMENTS**

6.1 Justification of Offer Price

6.1.1 The equity shares of TEL are listed on the Bombay Stock Exchange Limited (“BSE”) and Madras Stock Exchange, Chennai (“MSE”). (Source Annual Reports).

6.1.2 The annualized trading turnover during the preceding six calendar months ended November, 2005 in each of the Stock Exchange where the shares are listed is as follows:

Name of Stock Exchange	Total number of Shares traded during the preceding six calendar months ended November, 2005	Total number of listed shares *	Annualized trading turnover (in terms of % of total listed shares)
BSE	75,14,173 (1 <sup>st</sup> June, 2005 to 31 <sup>st</sup> Aug., 2005)	1,10,00,000	273.24
	2,68,909 (1 <sup>st</sup> Sept., 2005 to 30 <sup>th</sup> Nov. 2005)	31,36,611	34.29
MSE	Nil	Same as above	—

(Source: BSE website)

\* The Share Capital was reduced from Rs. 11,00,00,000 consisting of 1,10,00,000 equity shares of Rs.10/- each to Rs.3,13,66,110 consisting of 31,36,611 equity shares of Rs.10/- each pursuant to the provisions of sections 100 to 104 and other applicable provisions of the Companies Act, 1956. The Hon’ble court of Madras approved the above proposal vide their order dated June 23, 2005.

Based on the above information, the shares of TEL , the equity shares of the TEL are frequently traded on BSE (source www.bseindia.com) and are infrequently traded on MSE within the meaning of explanation (i) to regulation 20(5) of the Regulations.

6.1.3 In accordance with regulation 20(4) and 20(5) of the Regulations, the Offer price of Rs.19/- per equity share is higher of the following parameters

a) Negotiated price payable under the Investment Agreement	Rs.15.25 per equity share
b) Proposed acquisition price under the Preferential Issue	Rs.15.25 per equity share
c) Highest price paid by the Acquirer for acquisition of any equity share of TEL during the 12 months period preceding the date of the PA (December 3, 2005)	Not Applicable
d) Average of weekly high and low of the closing prices of the equity shares of TEL on BSE where the shares are most frequently traded: during the 26 weeks preceding the PA during the 26 weeks preceding the date of the Board meeting where the Preferential Issue was proposed	Rs. 15.35/- Rs. 15.13/- (Refer Table 1)

e) Average of daily high and low prices of the equity shares of TEL on BSE where the shares are most frequently traded: during the 2 weeks preceding the date of PA during the 2 weeks preceding the date of the Board meeting where the Preferential Issue was proposed	Rs.16.18/- Rs.14.93/- (Refer Table 2)															
f) Other parameters with reference to TEL	<table border="1"> <tr> <td></td> <td>Six months ending September 30, 2005</td> <td>Year ended March 31, 2005</td> </tr> <tr> <td>Return on Net worth (%) (annualized)</td> <td>269.14</td> <td>—</td> </tr> <tr> <td>Book Value (Rs.)</td> <td>0.40</td> <td>—</td> </tr> <tr> <td>Earnings Per Share (Rs.) (annualized)</td> <td>1.09</td> <td>—</td> </tr> <tr> <td>Price / Earnings (PE) Ratio based on Offer Price*</td> <td>17.43</td> <td>—</td> </tr> </table>		Six months ending September 30, 2005	Year ended March 31, 2005	Return on Net worth (%) (annualized)	269.14	—	Book Value (Rs.)	0.40	—	Earnings Per Share (Rs.) (annualized)	1.09	—	Price / Earnings (PE) Ratio based on Offer Price*	17.43	—
	Six months ending September 30, 2005	Year ended March 31, 2005														
Return on Net worth (%) (annualized)	269.14	—														
Book Value (Rs.)	0.40	—														
Earnings Per Share (Rs.) (annualized)	1.09	—														
Price / Earnings (PE) Ratio based on Offer Price*	17.43	—														

\* The Company is operating in the Industry category "Entertainment / Electronic Media software" with an Industry PE of 34.3 [Source: "Capital Market" dated November 7-20, 2005]. The industry PE is not strictly comparable as the Industry segment covered by the Capital Market consists of companies, which have varied and different businesses compared to TEL and also vary widely in terms of financial parameters with TEL.

Mr.C.S. Sundar, Chartered Accountants, 7/2, First Street, East Abiramapuram, Chennai 600 004 (membership no. F 22600), Telefax: 044 - 2495 0770, have vide their report dated December 02, 2005 stated that based on the decision of Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union Vs Hindustan Lever Limited, 1995, (83 Com case 30) the Fair Value per share of TEL would be Rs.9.32/-and considering the proposed preferential issue the fair value of the of equity shares would be Rs.9.35/-

6.1.4 The computation of average price in terms of regulation 20 (4) (c) of the Regulations is as below:

**Table 1:** Average of the weekly high and low of the closing prices of the equity shares of TEL during the 26 weeks preceding the date of the Board Meeting where preferential issue was proposed (November 30, 2005)

Week	From	To	High (Rs.)	Low (Rs.)	Average (Rs.)	# Adjusted Average (Rs.)	Volume (Shares)	
1	1-Jun-05	7-Jun-05	2.54	2.24	2.39	8.38	41754	
2	8-Jun-05	14-Jun-05	4.90	2.55	3.73	13.06	895004	
3	15-Jun-05	21-Jun-05	5.06	3.34	4.20	14.73	303301	
4	22-Jun-05	28-Jun-05	3.62	3.03	3.33	11.66	149994	
5	29-Jun-05	5-Jul-05	3.60	3.00	3.30	11.57	142411	
6	6-Jul-05	12-Jul-05	4.00	3.61	3.81	13.34	261271	
7	13-Jul-05	19-Jul-05	4.01	3.52	3.77	13.20	92117	
8	20-Jul-05	26-Jul-05	6.43	4.41	5.42	19.01	2682653	
9	27-Jul-05	2-Aug-05	7.06	5.90	6.48	22.73	938974	
10	3-Aug-05	9-Aug-05	5.50	5.13	5.32	18.64	686365	
11	10-Aug-05	16-Aug-05	7.28	5.66	6.47	22.69	753752	
12	17-Aug-05	23-Aug-05	7.92	7.57	7.75	27.16	566577	
13	24-Aug-05	30-Aug-05	0.00	0.00	0.00	0.00	-	
14	31-Aug-05	6-Sep-05	0.00	0.00	0.00	0.00	-	
15	7-Sep-05	13-Sep-05	0.00	0.00	0.00	0.00	-	
16	14-Sep-05	20-Sep-05	0.00	0.00	0.00	0.00	-	
17	21-Sep-05	27-Sep-05	0.00	0.00	0.00	0.00	-	
18	28-Sep-05	4-Oct-05	0.00	0.00	0.00	0.00	-	
19	5-Oct-05	11-Oct-05	0.00	0.00	0.00	0.00	-	
20	12-Oct-05	18-Oct-05	0.00	0.00	0.00	0.00	-	
21	19-Oct-05	25-Oct-05	14.29	13.58	13.94	13.94	49691	
22	26-Oct-05	1-Nov-05	12.91	10.56	11.74	11.74	12707	
23	2-Nov-05	8-Nov-05	10.11	9.82	9.97	9.97	58151	
24	9-Nov-05	15-Nov-05	11.50	9.95	10.73	10.73	20679	
25	16-Nov-05	22-Nov-05	14.50	12.07	13.29	13.29	25510	
26	23-Nov-05	29-Nov-05	17.75	15.22	16.49	16.49	80763	
	<b>26 week Average</b>						<b>15.13</b>	

# The share capital of the company has been reduced, and 0.2851465 new shares have been allotted for every 1 share held, thereby resulting in reduction of share capital from Rs.11,00,00,000 to Rs. 3,13,66,110. The adjusted average price has been worked out, while maintaining the P/E multiple constant thus making the pre and post reduction share price comparable. The calculation of adjusted price (for week 1) is as follows :

Rs.  $2.39 \times 11,00,00,000 / 3,13,66,110 =$  Rs. 8.38

Note: Trading was suspended, to facilitate Capital Reduction, from 19.8.2005 (Record date was 26.8.2005) and the trading resumed on 24.10.2005.

**Table 2:** Average of the daily high and low of the equity shares of TEL during the 2 weeks preceding the date of the Board Meeting where the preferential issue was proposed.

	Date	High Price (Rs.)	Low Price (Rs.)	Average (Rs.)	Volumes (shares)
1	November 16, 2005	12.07	12.07	12.07	3005
2	November 17, 2005	12.67	12.67	12.67	666
3	November 18, 2005	13.30	13.30	13.30	1614
4	November 21, 2005	13.96	13.96	13.96	2809
5	November 22, 2005	14.65	13.51	14.08	17416
6	November 23, 2005	15.22	14.00	14.61	10826
7	November 24, 2005	15.98	15.25	15.62	10791
8	November 25, 2005	16.74	15.95	16.35	7548
9	November 26, 2005	17.51	16.00	16.76	5757
10	November 28, 2005	18.37	17.00	17.69	21795
11	November 29, 2005	17.50	16.87	17.19	24046
<b>2 week Average</b>				<b>14.93</b>	

- 6.1.5 There is no non-compete agreement between Acquirer and Seller and any other entity as envisaged under Regulation 20(8) of the Regulations. No additional payments are being made by the Acquirer as non-compete fees.
- 6.1.6 The Offer Price of Rs.19/- per share offered by SSIL to the shareholders of TEL under the proposed Open Offer is justified in terms of regulations 20(4) and 20(5) of the Regulations. In the opinion of the Manager to the Offer and Acquirer, the Offer Price is justified.
- 6.1.7 The Acquirer is permitted to revise this Offer upward upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the equity shares tendered anytime during the Offer. If the Acquirer acquires equity shares of TEL after the date of the Public Announcement up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.
- 6.1.8 To the extent of the Offer Size, all equity shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer. The Equity Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

## 6.2 Financial Arrangements

- 6.2.1 The total fund requirement or the maximum consideration for the Offer assuming full acceptance of the Offer would be Rs. 2,33,32,000 (Rupees Two Crores Thirty Three Lakhs Thirty Two Thousand only) i.e. consideration payable for acquisition of 12,28,000 fully paid up equity shares of TEL at Offer Price of Rs. 19/- per equity share.
- 6.2.2 In accordance with the provisions of the regulation 28 of the Regulations, the Acquirer has created an escrow in the form of a Bank Guarantee of Rs. 62,00,000/- issued by State Bank of Mauritius Ltd., Prince Arcade, 22 A, Cathedral Road, Chennai 600 086, Tel No: (91-44) 2811 0806, Fax No: (91-44) 2811 6445 in favour of Inga Advisors Private Limited which amount being more than 25% of the consideration payable under the offer, which is valid till April 30, 2006.
- 6.2.3 In accordance with the provisions of regulation 28 (10) of the Regulations, the Acquirer has deposited a sum of Rs. 2,50,000/- in an Escrow Account (A/c. No. 02226) with State Bank of Mauritius Ltd., Prince Arcade, 22 A, Cathedral Road, Chennai 600 086, which amount is in excess of 1% of the maximum consideration payable under the Offer with authority given to the Manager to the Offer to operate and realize the value of the Escrow Account.

6.2.4 The Acquirer has made firm financial arrangements for the maximum consideration payable as per the Regulations for the acquisition of equity shares under the Offer. For this purpose, the Acquirer intends to utilize internal accruals.

6.2.5 CNGSN & Associates, Chartered Accountants, Agastyar Manor, New No. 20, Old No. 13, Raja Street, T.Nagar, Chennai – 600 017. Tel.: (91-44) 2431 1480 Fax.: (91-44) 2431 1485 (Membership no. 28656), have certified vide their certificate dated November 30, 2005 that the networth of SSI Limited as on September 30, 2005 is sufficient to discharge the purchase consideration of the open offer.

6.2.6 The Manager to the Offer on the basis of the above certificate has satisfied itself that the Acquirer has the ability to implement the Offer in accordance with the Regulations as firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations.

## **7 TERMS AND CONDITIONS OF OFFER**

7.1 The Volume Offer is subject to the receipt of approval from Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 (FEMA) for the acquisition of equity shares by the Acquirer from non-resident persons under the Offer.

7.2 To the best of knowledge and belief of the Acquirer, as of the date of this draft Letter of Offer, there are no other statutory approvals or approval from lenders required, for the acquisition of equity shares tendered pursuant to this Offer. The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of Offer. The Acquirer will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the SEBI Takeover Code.

7.3 In case of non receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by SEBI, in terms of regulation 22(12) of SEBI (SAST) Regulations, 1997. Further, if delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Regulations will also become applicable.

### **7.4 Other terms**

7.4.1 The Letter of Offer, specifying the detailed terms and conditions, together with the Form of Acceptance cum Acknowledgement ("Form of Acceptance"), Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form only) will be mailed to the shareholders of TEL whose names appear on the register of members of TEL and to the Beneficial Owners of the equity shares of TEL whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on December 9, 2005 (the "Specified Date").

7.4.2 All owners of shares, registered or unregistered (except the Seller), are eligible to participate in the Offer, at any time before the closure of the Offer, as per the procedure set out in Part 9 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. The acceptance must be unconditional and should be absolute and unqualified. No indemnity is required from the unregistered owners.

7.4.3 Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the open offer in any manner whatsoever. A copy of the Letter of Offer (including Form of Acceptance) is expected to be available on SEBI's website ([http:// www.sebi.gov.in](http://www.sebi.gov.in)) during the period the Offer is open and may also be downloaded from the site.

7.4.4 Any Shares of TEL that are the subject matter of litigation or are held in abeyance due to the restriction from Court/ Forum/ ITO attachment etc., wherein the shareholder(s) may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders of the court/ forum/ITO etc permitting transfer of these Shares are not received together with the equity shares tendered under the Offer.

7.4.5 The acceptance of the Offer made by the Acquirer is entirely at the discretion of the shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

7.4.6 Incomplete applications, including non-submissions of necessary enclosures, if any, are liable to be rejected.

7.4.7 Equity shares tendered in the Offer by the shareholders of TEL shall be free from lien, charges and encumbrances of any kind whatsoever.

7.4.8 The instructions and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of this Offer.

## 8 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

8.1 Shareholders who hold equity shares of TEL in physical form and wish to tender their equity shares pursuant to the Offer will be required to submit the Form of Acceptance, original Share Certificate(s) and transfer deed(s) duly signed to the Registrars to the Offer :

**Cameo Corporate Services Limited, "Subramanian Building", 1, Club House Road, Chennai 600 002 (Contact Person – Mr. A Sivasubramanian, Tel. : 044 - 28460390 - 94, Dir : 044 - 28461948, Fax : 044 - 28460129) or at any of the centers mentioned below, so as to reach on or before the closure of the Offer, i.e. February 11, 2006, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance. In case of non-receipt of the Letter of Offer, shareholder(s) may download the same from the SEBI website or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the said shares.**

Name & Address of Collection Centers	Contact Person	Mode of Delivery	Telephone No. Fax No.
Cameo Corporate Services Ltd, "Subramanian Building", 1, Club House Road, Chennai 600 002	Mr. A Sivasubramanian	Hand Delivery/ Registered Post/ Courier	Tel 044- 28460390 -94 Fax 044-28460129
Cameo Corporate Services Ltd., Kalpavruksha, 3-6-465/3, 2 <sup>nd</sup> Floor, Himayath Nagar Hyderabad – 500 029	Mr. G Nagesh	Hand Delivery	Tel :040-5577 7951 Fax.: 040-5577 7952
Cameo Corporate Services Ltd., No. 17/3, First Floor, Andree Road, Shanti Nagar Bangalore – 560 027	Mr. S Mahesha & Mr. S Ramakrishnan	Hand Delivery	Tel : 080-5124 0340 Fax.: 080-5124 0341

**All registered owners can send Form of Acceptance duly completed and signed in accordance with the instructions contained therein to the Registrars to the Offer, Cameo Corporate Services Limited, at the collection centres mentioned above , on or before the closure of the Offer, i.e. February 11, 2006. The documents can be tendered at the above centres between Monday to Friday from 10.00 am to 5.00 pm and on Saturdays from 10.00 am to 1.00 pm. The centres will be closed on Sundays and any other holidays.**

The equity shareholders who cannot hand deliver their documents at the collection centres referred to above may send the same by registered post, at their own risk, to the Registrar to the Offer at their office at Chennai and not to any other collection centre so as to reach their office on or before the closure of the Offer i.e., February 11, 2006.

8.2 Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed:

8.2.1 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 deed / 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 TEL and duly witnessed at the appropriate place.

In case of non receipt of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

### Unregistered owners should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original share certificate(s).
- Original broker contract note.
- Valid share transfer deed(s) as received from market. The details of buyer should be left blank failing which, the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer

deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.

All other requirements for valid transfer will be precondition for acceptance.

8.2.2 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, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Offmarket” mode, duly acknowledged by DP in favour of the special depository account.

In case of non receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted. The Form of Acceptance-cum-Acknowledgement for which corresponding Shares have not been credited to the special depository account as on the date of closure of the Offer will be rejected.

The Registrars to the Offer, Cameo Corporate Services Limited, has opened a special depository account with Indian Overseas Bank in National Securities Depository Limited (“NSDL”). Beneficial Owners and shareholders holding equity shares of TEL in the dematerialised form, will be required to send their Form of Acceptance to the Registrars to the Offer, at the collection centres mentioned above on or before the closure of the Offer, along with a photocopy or counterfoil of the delivery instructions in “Off-market” mode, duly acknowledged by the Depository Participant (“DP”), in favour of “Cameo Corporate Services Limited Escrow Account – TEL Open Offer” and filled in with the details given below:

DP Name:	Indian Overseas Bank
DP ID Number:	IN 302437
Client ID Number:	20102246
ISIN	INE 448B01029
Market	“Off-market”
Depository:	National Securities Depository Ltd.

**Form of Acceptance of dematerialized equity shares not credited to the above special depository account on or before the closure of Offer is liable to be rejected. Beneficial owners are therefore requested to tender the delivery instructions at least two working days prior to the date of closing of the Offer. Shareholders having their beneficiary account in Central Depository Services Ltd (“CDSL”) have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favor of the special depository account with NSDL.**

For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum- Acknowledgement.

8.2.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):

- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

8.3 The share certificate(s), share transfer form, Form of Acceptance-cum-Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer, at the collection centres mentioned above. **They should not be sent to the Manager to the Offer or the Acquirer or the Target Company.** The above-mentioned documents can be sent to the collection centres as mentioned by hand delivery on all days except Sundays and public holidays.

8.4 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one Share.

8.5 In case of unregistered owners or shareholders who have not received the Letter of Offer, may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares

offered, alongwith the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer, or in the case of beneficial owners, they may send the 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, 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 the “off-market” mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer. No Indemnity is required from the unregistered owners.

The application should be signed by all the shareholders as per the registration details available with TEL and should be sent to the Registrar to the Offer in an envelope clearly marked “Telephoto Entertainments Limited – Open Offer”.

Shareholders of TEL who have sent their equity shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to TEL (for transfer of said shares) and acknowledgement received thereon and valid share transfer form. Shareholders who have sent their physical shares for dematerialisation should submit their form of acceptance as applicable along with the copy of the demat request form (DRF) duly acknowledged by their DP. However they have to ensure that the corresponding credit of the dematerialized shares is received in the escrow depository account on or before closure of the Offer.

In case of non-receipt of the Letter of Offer / Form of Acceptance-cum-Acknowledgement / Form of Withdrawal, the eligible shareholders may obtain a copy of the same from any of the collection centres mentioned above on providing suitable documentary evidence of acquisition of shares of TEL . The Letter of Offer and Form of Acceptance-cum-Acknowledgement will be available on SEBI’s website: <http://www.sebi.gov.in>, from the Offer opening date. The eligible shareholders, desirous of participating in the Offer, can download these documents from the SEBI’s website and apply on the same.

- 8.6 Non Resident shareholders should submit copy of the permission received from Reserve Bank of India for acquisition of the shares of the TEL. In case of its non-submission, Acquirer reserves their right to reject the shares tendered in the Offer
- 8.7 In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period, as directed by SEBI in terms of Regulation 22(12) of the SEBI Takeover Code.
- 8.8 In accordance with the regulation 22(5A) of the Regulations, shareholders who have tendered the requisite documents in terms of the Public Announcement and Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before February 7, 2006.

In case of non receipt of the form of withdrawal the above application can be made on a plain paper. Kindly follow the detailed instruction given below with respect to withdrawal:

- a) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with TEL for shareholders in case of physical holdings/ with the Depository in case of electronic holdings so as to reach the Registrar to the Offer at any of the collection centers mentioned above on or before February 7, 2006. The signature of the beneficial holders on the Form of Withdrawal should be attested by the Depository Participant.
- b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
- c) 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:
  - i. In case of physical shares: Name, address, distinctive numbers, folio number and number of Shares tendered / withdrawn.
  - ii. In case of dematerialised shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions 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.
- d) Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e. Shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with TEL and duly witnessed at the appropriate place.

- e) 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 Account.
  - f) The intimation of returned Shares to the shareholders will be at the address as per the records of TEL or the Depositories as the case may be.
  - g) 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 TEL.
  - h) 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-cum-Acknowledgement will stand revised to that effect.
  - i) Shareholders holding shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
- 8.9. In case the number of shares tendered for sale by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportionate basis as per regulation 21(6) of the Regulations in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of equity shares from a shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.
- 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. Shares held in demat form, to the extent not accepted, 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
- It will be the responsibility of the equity shareholders to ensure that the unaccepted equity shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP account. Shareholders should ensure that their depository account is maintained till the offer formalities are completed.
- 8.10 The consideration to those shareholders whose Shares or share certificates and /or other documents are found complete, valid and in order, will be paid by crossed account payee cheques/demand drafts. Such considerations in excess of Rs. 1500/- or unaccepted Share Certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder/unregistered owner. Equity shares held in dematerialised form, to the extent not accepted, 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 or otherwise. The Acquirer is required to deduct tax on source, as may be applicable. All despatches involving payment of a value upto Rs.1,500/- will be made under certificate of posting at the shareholders sole risk.
- It is advised that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgment, so that same can be incorporated in the cheque/demand draft/pay order.
- 8.11 The Registrars to the Offer will hold in trust the equity shares and Share Certificate(s), equity shares lying in credit of the special depository account, Form of Acceptance, and the transfer deed(s) on behalf of the shareholders of TEL who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares / share certificates are despatched/ returned.
- 8.12 If the number of equity shares offered by the shareholders are more than the Offer Size of 12,28,000 Shares, then the acquisition from each shareholder will be, in consultation with the Manager to the Offer, as per Regulation 21(6) of the SEBI Takeover Code, on a proportional basis. The equity shares of TEL are compulsorily traded in dematerialised form and the minimum marketable lot for the purposes of acceptance, for both physical and demat will be one equity Share.
- 8.13 The Acquirer is permitted to revise the Offer Price of Shares / No. of equity shares upwards, such upward revision will be made in accordance with regulation 26 of the Regulations, not later than February 01, 2006, which is 7 (Seven) working days prior to the date of closure of the Offer. If the Offer Price is revised upward, such revised price will be payable to all shareholders who have accepted the Offer and submitted their equity shares at any time during the offer period to the extent that their Shares have been verified and accepted by the Acquirer. The same would be informed by way of Public Announcement in the same newspapers where this Public Announcement appears
- 8.14 The Acquirer, Seller and TEL 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 any other regulation made under the SEBI Act.

## 9 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of TEL at the office of the Manager to the Offer, A-404, Neelam Centre, 4<sup>th</sup> Floor, Hind Cycle Road, Worli, Mumbai – 400 030 , from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and public holidays, from the date of opening of the Offer until the Offer closes:

- a) Copy of Investment Agreement dated November 30, 2005 between TEL, SSIL and Mr. T Suresh Chandra Menon.
- b) Certified copy of the Certificate(s) of Incorporation and the Memorandum and Articles of Association of the SSIL .
- c) Certified copy of the Certificate of Incorporation and the Memorandum and Articles of Association of the Target Company.
- d) Copy of published Public Announcement dated December 03, 2005.
- e) The annual reports of the SSIL for the financial years ended March 31, 2004 and 2003 and audited financial statements for the year ended September, 2005.
- f) The annual reports of the Target Company for the financial period ended March 31, 2005, March 31, 2004 and March 31, 2002 and the certified results for the 6 month period ending September, 2005.
- g) Copy of the certificate dated November 30, 2005 issued by CNGSN & Associates, Chartered Accountants confirming the firm arrangements made by the Acquirer for meeting their obligations under the SEBI Takeover Code.
- h) Letter from State Bank of Mauritius Ltd. , confirming the amount kept in an escrow account and empowering the Manager to the Offer in accordance with the SEBI Takeover Code.
- i) SEBI observation letter no. CFD/ DCR/NM/TO/57226/06 dated January 06, 2006.
- j) Copy of the notice of Extraordinary General Meeting sent to the shareholders of TEL for the Preferential Issue.
- k) A copy of the agreement entered into by the Registrar to the Offer with depository participant for opening a special depository account for the purposes of the Offer.

## 10 DECLARATION BY THE ACQUIRER

The Acquirer represented by their respective Board of Directors accept responsibility for the information contained in this Letter of Offer and for their obligations under the SEBI Takeover Code and subsequent amendments made thereof. The Acquirer is severally and jointly responsible for fulfilment of its obligations in terms of the SEBI Takeover Code.

For and on behalf of **SSI LIMITED**

Sd/-

**Kalpathi S Aghoram**  
*Vice Chairman & Managing Director*

Sd/-

**S.S. Gopalakrishnan**  
*Company Secretary*

Place: Chennai

Date: January 09, 2006

### **Encl. :**

1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT**

(Please send this Form of Acceptance cum acknowledgement with enclosures to Cameo Corporate Services Limited at any of the collection centers as mentioned in the Letter of Offer)

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

<b>OFFER OPENS ON</b>	<b>January 23, 2006</b>	<b>(Monday)</b>
<b>OFFER CLOSSES ON</b>	<b>February 11, 2006</b>	<b>(Saturday)</b>

To  
**The Acquirer: SSI Limited**  
C/o. Cameo Corporate Services Limited  
"Subramanian Building" 1, Club House Road, Chennai 600 002

**Dear Sir,**

**Sub: Open Offer to acquire up to 12,28,000 equity shares of Rs.10/- each, representing 20.01% of the post issue paid up voting share capital (as defined in the Letter of Offer), of Telephoto Entertainments Limited ("TEL"/"Target company") by SSI Limited ("SSIL"/"Acquirer") at a price of Rs.19/- (Rupees Nineteen only) per fully paid up equity share (Offer Price) payable in cash.**

I/We refer to the Letter of Offer dated January 9, 2006 for acquiring the equity shares held by me/us in Telephoto Entertainments Limited. I/We, the undersigned have read the Letter of Offer and understood its contents and unconditionally accept the terms and conditions as mentioned therein.

**SHARES IN DEMATERIALIZED FORM**

I/We, holding shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my/ our shares as detailed below:

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

I/We have executed an off-market transaction for crediting the shares to the special depository account via

- A delivery instruction from my account with NSDL  
 An inter-depository delivery instruction from my account with CDSL

DP Name	Indian Overseas Bank
DP ID Number	IN 302437
Client ID Number	20102246
Beneficiary Account Name	"Cameo Corporate Services Limited Escrow Account-TEL Open Offer"
ISIN	INE 448B01029
Market	"Off-market"
Depository	National Securities Depository Limited

I/We note and understand that the shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

**SHARES 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.

S. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of shares
			From	To	
1					
2					
3					
4					
5					
<b>Total number of shares</b>					

(In case the space provided is inadequate, please attach a separate sheet with details)

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TEAR HERE  
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**ACKNOWLEDGEMENT SLIP**

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

Form of Acceptance cum Acknowledgement for \_\_\_\_\_ shares along with:

- copy of depository instruction slip from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_  
 \_\_\_\_\_ Share Certificate(s) \_\_\_\_\_ transfer deed(s) under folio number(s) \_\_\_\_\_

for accepting the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

**For NRIs / OCBs / FIs / Foreign Shareholders:**

I/We have enclosed the following documents:

- No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.
- RBI approvals for acquiring shares of Telephoto Entertainments Limited hereby tendered in the Offer.

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

I/We authorize the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s)/ shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the draft/ cheque, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder \_\_\_\_\_

Place :

Date :

**Bank Details** : So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For shares that are tendered in demat form, the Bank account as obtained from the beneficiary position (download to be provided by the depositories) will be considered and the draft/cheque will be issued with the said Bank particulars, and not any details provided herein.

Name of the Bank	Branch
Account No.	Savings/Current/(others : please specify)

**PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER**

**General Instructions**

- (1) In case of shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in Telephoto Entertainments Limited, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- (2) In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (3) Non-resident shareholders should enclose copy (ies) of permission received from Reserve Bank of India to acquire shares held by them in Telephoto Entertainments Limited.
- (4) In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (5) All the shareholders should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
  - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
  - (b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
  - (c) No Objection Certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

**PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 8 TITLED PROCEDURE FOR ACCEPTANCE AND SETTLEMENT ON PAGE 24 OF THIS LETTER OF OFFER.**

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All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/Client ID:

**Cameo Corporate Services Limited**  
 (Unit: Telephoto Entertainments Limited)  
 "Subramanian Building" 1, Club House Road, Chennai 600 002  
 Tel: (+91 44) 2846 0390 -94  
 Fax: (+91 44) 2846 0129  
 Email: siva@cameoindia.com  
 Contact Person: Mr. A Sivasubramanian

**FORM OF WITHDRAWAL**

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

<b>OFFER OPENS ON</b>	<b>January 23, 2006 (Monday)</b>
<b>LAST DATE OF WITHDRAWAL</b>	<b>February 7, 2006 (Tuesday)</b>
<b>OFFER CLOSSES ON</b>	<b>February 11, 2006 (Saturday)</b>

To  
**The Acquirer: SSI Limited**  
C/o. Cameo Corporate Services Limited  
"Subramanian Building" 1, Club House Road  
Chennai 600 002

Dear Sir,

**Sub: Open Offer to acquire up to 12,28,000 equity shares of Rs.10/- each, representing 20.01% of the post issue paid up voting share capital (as defined in the Letter of Offer), of Telephoto Entertainments Limited ("TEL"/"Target company") by SSI Limited ("SSIL"/"Acquirer") at a price of Rs.19/-(Rupees Nineteen only) per fully paid up equity share (Offer Price) payable in cash.**

I/We refer to the Letter of Offer dated January 9, 2006 for acquiring the equity shares held by me/us in Telephoto Entertainments Limited. I/We, the undersigned have read the Letter of Offer and understood its contents and unconditionally accept the terms and conditions as mentioned therein.

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

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

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. February 7, 2006.

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

I / We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) / shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr.No.	Ledger Folio No (s)	Certificate No (s)	Distinctive Nos.		No. of shares
			From	To	
1					
2					
3					
4					
5					
<b>Total number of shares</b>					

*(In case the space provided is inadequate, please attach a separate sheet with details)*

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**ACKNOWLEDGEMENT SLIP**

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

a Form of Withdrawal for \_\_\_\_\_ shares along with a copy of:

- Depository instruction slip from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_
- Acknowledgement slip issued when depositing dematerialized shares
- Acknowledgement slip issued when depositing physical shares

for withdrawing from the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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I / We hold the following shares in dematerialized form and had executed an off-market transaction for crediting the shares to the “**Cameo Corporate Services Limited Escrow Account - TEL Open Offer**”. Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by the DP. The particulars of the account from which my / our shares have been tendered are as follows:

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

I / We note that the shares will be credited back only to that depository account, from which the shares have been tendered and necessary standing instructions have been issued in this regard.

I / We confirm that the particulars given above are true and correct.

In case of dematerialized shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder \_\_\_\_\_  
 \_\_\_\_\_

Place:

Date:

**PLEASE NOTE THAT THE FORM OF WITHDRAWAL SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER**

**General Instructions**

- (1) In case of shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in TEL, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.
- (2) In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
- (3) In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (4) All the shareholders should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the withdrawal is being sent. Such documents may include (but not be limited to):
  - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
  - (b) Duly attested power of attorney if any person apart from the shareholder has signed withdrawal form or transfer deed(s).

PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 8 TITLED PROCEDURE FOR ACCEPTANCE AND SETTLEMENT ON PAGE 24 OF THIS LETTER OF OFFER.

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All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/Client ID:

**Cameo Corporate Services Limited**  
 (Unit: Telephoto Entertainments Limited)  
 “Subramanian Building” 1, Club House Road, Chennai 600 002  
 Tel: (+91 44) 2846 0390 –94  
 Fax: (+91 44) 2846 0129  
 Email: siva@cameoindia.com  
 Contact Person: Mr. A Sivasubramanian