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

**(Please send this Form with enclosures to the Managers & Registrars to the Offer ONLY at their address given overleaf.)**

# FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

**PLEASE READ THE PARA ON "PROCEDURE FOR THE ACCEPTANCE AND SETTLEMENT" OF THE LETTER OF OFFER BEFORE FILLING THIS FORM.**

| | |
|---|---|
| OPENS ON : | Wednesday, 13th December 2006 |
| CLOSES ON : | Monday, 01st January 2007 |

**From:**

______________________

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To,
**CIL Securities Limited**
#214, Raghava Ratna Towers,
Chirag Ali Lane, Abids, Hyderabad – 500 001.

Sub: Open Cash Offer to the shareholders of **Innova Health Systems Limited** (Target Company" / "IHSL") to acquire upto 10,11,180 Equity Shares (being 20 % of Issued Capital) at Rs 6.00/- (Rupees Six only) per fully paid share and Re 1.00 (Rupee One) for partly paid equity shares (Rs 2.50 Paid up). The offer of 10,11,180 Equity Shares being acquired shall consists of 5,22,000 Fully paid equity shares being 20% of the voting capital and 4,89,180 partly paid equity shares being 20% of the outstanding partly paid equity shares by **Mr. PVRRLN Prasad and Mr. P Koteswara Rao ("Acquirers").**

Dear Sir,
I/We refer to the Letter of Offer dated 29/11/2006 for acquiring the equity shares held by me / us in **Innova Health Systems Limited.**
I/We the undersigned, have read the Letter of Offer understood and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

**For Shares held in Physical Form**
I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below.
Ledger Folio No. ............................................. No. of Share Certificate(s) .............................. .... No. of Equity Shares ..........................................

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

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

**For Shares held in Demat Form**
I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

| DP Name | DP ID | Client ID | Name of Beneficiary | No. of Equity Shares |
|---|---|---|---|---|
| | | | | |

I/We have done an off market transaction for crediting the shares to the Escrow Account named " CIL Sec Ltd Escrow A/c - IHSL Open Offer " (the "Depository Escrow Account") with the following particulars: **Depository Participant Name: CIL Securities Limited. DP ID No.: 13500, Client ID No.: 1201350000049979**
Shareholders whose shares are held in beneficiary Account with NSDL have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the Depository Escrow Account with CDSL

**For NRIs/OCBs/FIIs/Foreign Shareholders:**
I/We have enclosed the following documents:
ðNo Objection Certificate / Tax Clearance Certificate from Income Tax Authorities. ð Previous RBI approvals for holding the shares of Innova Health Systems Limited hereby tendered in the Offer.

The Permanent Account No. (PAN/GIR No.) allotted under the Income Tax Act 1961 is as under:

| | 1st Shareholder | 2nd Shareholder | 3rd Shareholder |
|---|---|---|---|
| PAN/GIR No. | | | |

I/We confirm that the equity shares of Innova Health Systems 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 note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Managers to the Offer until the time the Acquirers pay the purchase consideration as mentioned in the Letter of Offer.
I/We note and understand that the Shares would lie in the Depository Escrow Account until the time the Acquirers make payment of the purchase consideration as mentioned in the Letter of Offer.
I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.
I/We authorise the Acquirers to accept the shares so offered which they may decide to accept in consultation with the Manager to the offer and in terms of the Letter of Offer and I/We further authorise the Acquirers to return to me/us, equity shares/share certificate(s) in respect of which the Offer is not found valid / not accepted without specifying the reasons thereof.
I/We authorise the Acquirers or the Manager to the Offer to send by registered post/speed post/ UCP, the draft/ Pay Order/ cheque in settlement of the amount, to the sole / first holder at the address recorded with the Company/Depository Participant.

Yours faithfully,
Signed and Delivered:

| | FULL NAMES | SIGNATURE(S) |
|---|---|---|
| First/Sole Shareholder | | |
| Second Shareholder | | |
| Third Shareholder | | |
| Fourth Shareholder | | |

Tel.No. _______________Fax No._________________ Email_______________________________________
Place : Date :

***Note:** In case of joint holdings, all holders must sign. In case of body corporate, stamp of the company should be affixed and necessary board resolution should be attached.*

*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 electronic form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the Cheque or demand draft will be issued with the said Bank particulars.*

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

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

**Folio No./BO ID:_____________________________ Sr. No.:___________________Acknowledgement Slip**

**CIL SECURITIES LIMITED**

#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.

Received from
Mr/Ms.____________________________________________________________________________________________
Address___________________________________________________________________________________________ _
Form of acceptance cum acknowledgement,#____________________ Number of Share Certificates____________ for Equity shares/ #copy of Delivery instruction to (DP) for ____________________Equity shares
# Delete whatsoever is not applicable

| Signature of Official and Date of Receipt |
|---|
| |

**INSTRUCTIONS**

1. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.

**2. Shareholders should enclose the following :-**

**I** **For Equity shares held in demat form :-** Beneficial owners should enclose

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

***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.***

**II** **For Equity shares held in physical form :-** Registered Shareholders should enclose

- **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- **Original Share Certificate(s).**
- **Valid Share Transfer form(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Innova Health Systems Limited and duly witnessed at the appropriate place.

***In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the share certificates alongwith the duly completed transfer form ,the Offer shall be deemed to be accepted.***

**III** **Unregistered owners should enclose**

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

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

**3 Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Innova Health Systems Limited. If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.**

**4 Non resident shareholders should enclose No objection certificate/Tax Clearance certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirers before remittance of consideration otherwise tax will be deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirers.**

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

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

**CIL Securities Limited**
#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001
Phone: +91 40 2320 3155/2465; Fax: +91 40 2320 3028;
Email: advisors@cilsecurities.com