LETTER OF OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of **TTK Healthcare Limited.** If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager / Registrar to the Offer. In case you have sold your equity shares in **TTK Healthcare 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.

TT KRISHNAMACHARI & CO.
Office: 6, Cathedral Road, Chennai 600 086
(Tel.: 044-28110957 and Fax. 044-28114419)

represented by its partners

MR. TT JAGANNATHAN and MRS. LATHA JAGANNATHAN,
Residing at: 6, Brunton Road Cross, Bangalore 560 025
(Tel: 080-22217438, Fax: 080-22277446)

AND

MR. TT RAGHUNATHAN and MRS. BHANU RAGHUNATHAN
Residing at: 91/1, Santhome High Road, Chennai 600 028
(Tel: 044-28111779, Fax: 044-28114419)

(HEREINAFTER COLLECTIVELY REFERRED TO AS 'ACQUIRERS')

MAKE A CASH OFFER AT Rs.73 /- (RUPEES SEVENTY THREE ONLY) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF RUPEES 10/- (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 (SAST) Regulations' or 'the Regulations')

TO ACQUIRE 16,22,083 FULLY PAID-UP EQUITY SHARES

representing 20% of the Post Preferential Issue, fully expanded, Voting Equity Capital of

TTK HEALTHCARE LIMITED ('Target Company' or 'THL')
Registered Office: 6, Cathedral Road, Chennai 600 086
(Tel: 044-2811 6108, Fax: 044-2811 4307)

Please Note:

1. This Offer is being made pursuant to regulation 11 (1) and other applicable provisions of the SEBI (SAST) Regulations.
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 by non-resident persons under the Offer. Please refer to Para 8 of this Letter of Offer for details.
4. If the aggregate of the valid response exceeds **16,22,083** equity shares, the Acquirers shall accept shares equal to **16,22,083** equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of SEBI (SAST) Regulations.
5. The Acquirers can revise the Offer Price upto 7 (seven) working days prior to the date of closure of the Offer (i.e. Tuesday, September 26**,** 2006)
6. If there is any upward revision in the Offer Price by the Acquirers till the last date of revision i.e. **Tuesday, September 26, 2006**, or withdrawal of the Offer in terms of the SEBI (SAST) Regulations, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement dated **July 26, 2006** had appeared. Such revised offer price would be payable for all the equity shares of TTK Healthcare Limited, tendered anytime during the Offer and accepted under the Offer.
7. The procedure for acceptance is set out in Para 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 ('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 Registrar to the Offer before the close of business hours on Tuesday, October 3, 2006.**
11. **There is no competitive bid as on date of this Letter of Offer.**
12. **As the offer price cannot be revised during the period after Tuesday, September 26, 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 Manager to the Offer/ Registrar to the Offer at the addresses mentioned below:

Inga	**Manager to the Offer** Inga Advisors Private Limited A-404, Neelam Centre, 4th Floor, Hind Cycle Road, Worli, Mumbai 400 030 Tel.: (+91 22) 2498 2919 / 2498 2927 Fax: (+91 22) 2498 2956 Email: ttkcare.offer@ingaadvisors.com Contact Person : Mr. Ashwani Deedwania	**Registrar to the Offer** Data Software Research Company Private Limited "Sree Soverign Complex", 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai 600 024 Tel.: (+91 44) 24833738 / 24834487 / 24801664 Fax.: (+91 44) 24834636 Email. : dsrcmd@vsnl.com Contact Person : Mr. H. Krishnamoorthy

OFFER OPENS: MONDAY, SEPTEMBER 18, 2006	**OFFER CLOSES: SATURDAY, OCTOBER 7, 2006**

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Date	Day
Public Announcement Date	July 26, 2006	Wednesday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	July 31, 2006	Monday
Last date for a Competitive Bid	August 16, 2006	Wednesday
Last Date by which Letter of Offer will be posted to shareholders of TTK Healthcare Limited	September 04, 2006	Monday
Date of Opening of the Offer	September 18, 2006	Monday
Last date for revising the Offer Price / Offer size	September 26, 2006	Tuesday
Last date of withdrawal of tendered application by the shareholders of THL	October 3, 2006	Tuesday
Date of Closing of the Offer	October 7, 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	October 21, 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 Acquirers

i. Transfer of equity shares received from NRI shareholders, as mentioned in Para 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 Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities as indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of THL whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirers may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non receipt of approvals was not due to any willful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. Tuesday, October 3, 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 Acquirers make no assurance with respect to the market price of the shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

iv. The Acquirers make no assurance with respect to the financial performance of TTK Healthcare Limited. The Acquirers also make no assurance with respect to their investment / divestment decisions relating to their proposed shareholding in TTK Healthcare Limited.

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 TTK Healthcare 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 TTK Healthcare Limited are advised to consult their stockbroker or investment consultant, for further risks with respect to their participation in the Offer.

TABLE OF CONTENTS

1 DEFINITION

Acquirers	TT Krishnamachari & Co. represented by its partners Mr. TT Jagannathan, Mr. TT Raghunathan, Mrs. Latha Jagannathan, and Mrs. Bhanu Raghunathan
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
Date of Public Announcement	Wednesday, July 26, 2006
EGM	Extraordinary General Meeting
FEMA	Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investor(s)
Form of Acceptance/ FOA	Form of Acceptance-cum- Acknowledgement
FOW	Form of Withdrawal
FY	Financial Year
Letter of Offer / LOF	This Letter of Offer
Ltd.	Limited
Manager/ Manager to the Offer	Inga Advisors Private Limited
MSE	Madras Stock Exchange Limited
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
Offer	Open Offer for the acquisition of 16,22,083 fully paid up equity shares of the face value of Rs. 10 each of TTK Healthcare Limited at a price of Rs. 73/- per fully paid up equity share
Offer price	Rs. 73/- (Rupees Seventy Three only) per fully paid up share of Rs. 10 each
Offer size	16,22,083 Equity Shares
Other Promoters	(Late)Mr. TT Vasu, Mrs. Shanti Ranganathan, Mr. TT Mukund, Mr. TT Lakshman, Mr. TT Venkatesh, M/s TTK Tantex Ltd., and M/s TTK Prestige Ltd
Post Issue Paid up Voting equity capital	The Maximum possible expanded voting equity share capital of THL 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	Issue of 15,00,000 fully paid-up equity shares for cash at a price of Rs. 73/- per share (including premium of Rs. 63/- per share) aggregating to Rs. 10,95,00,000/- (Rs. Ten Crore Ninety Five Lakhs only) to the Acquirers in accordance with the guidelines for Preferential Issue of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto.
Promoter Group	TT Krishnamachari & Co, Mr. TT Jagannathan, Mr. TT Raghunathan, Mrs. Latha Jagannathan, Mrs. Bhanu Raghunathan along with “Other Promoters” as defined in this Letter of Offer
Public Announcement / PA	Announcement dated July 26, 2006 made by Acquirers
RBI	Reserve Bank of India
Registrar to the Offer	Data Software Research Company Private 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 or SEBI (SAST) Regulations	Securities & Exchange Board of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 1997 & subsequent amendments thereto.
Share(s)/ Equity shares	Fully paid equity shares of face value of Rs. 10 each of TTK Healthcare Limited (THL)
Specified Date	Monday, July 31, 2006
Target Company / TTK Healthcare / THL	TTK Healthcare Limited.
TTK & Co.	TT Krishnamachari & Co. (Partnership Firm)

2 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF TTK HEALTHCARE LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS 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 ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY.

IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, INGA ADVISORS PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED AUGUST 5, 2006 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 ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3 DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 TT Krishnamachari & Co., represented by its partners, Mr. TT Jagannathan and Mrs. Latha Jagannathan, residing at 6, Brunton Road Cross, Bangalore 560025, Tel: 080-22217438, Fax: 080-22277446 and Mr. TT Raghunathan and Mrs. Bhanu Raghunathan, residing at 91/1, Santhome High Road, Chennai 600028, Tel: 044-28111779, Fax: 044-28114419 is making this Offer to the equity shareholders of TTK Healthcare Limited. The Acquirers collectively hold 34,63,380 equity shares of THL (includes all partner's individual shareholding and shares held by TTK & Co. through its partners) representing 52.39% of the fully paid equity share capital as on the date of the PA. The Acquirers form part of the promoter group of THL. The Acquirers together with other promoters (hereinafter collectively referred to as Promoter Group) hold 35,74,972 equity shares of THL representing 54.08% of the fully paid equity share capital as on the date of the PA.

3.1.2 The Board of Directors of the Target Company, in its meeting held on July 21, 2006, had agreed to issue and allot 15,00,000 fully paid-up equity shares of Rs. 10/- each on preferential basis representing 18.49% of the post preferential fully paid-up voting equity share capital of the Target Company for cash at a price of Rs. 73/- per share (including premium of Rs. 63/- per share) aggregating to Rs. 10,95,00,000/- (Rs. Ten Crore Ninety Five Lakhs only) ('Preferential Issue') to the Acquirers (TTK & Co. represented by its partners) in accordance with the guidelines for Preferential Issue of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto.

3.1.3 The Subscription and Allotment of shares under the Preferential Issue as specified in 3.1.2 above was subject to various conditions precedent being fulfilled, including approval of the shareholders.

3.1.4 Accordingly, an EGM was held on August 18, 2006 and the shareholders have accorded their approval / consent by way of special resolution passed in the said meeting under Section 81 (1A) of the Act and other applicable provisions, for the issue and allotment of 15,00,000 fully paid-up equity shares of Rs. 10/- each on preferential basis for cash at a price of Rs. 73/- per share (including premium of Rs. 63/- per share) aggregating to Rs. 10,95,00,000/- (Rs. Ten Crore Ninety Five Lakhs only) to the Acquirers.

3.1.5 THL made an application to BSE and MSE for seeking In-principle Approval for listing of the proposed Preferential Shares and got their approval vide their letters dated August 24, 2006. Pursuant to the above, THL allotted 15,00,000 fully paid-up equity shares of Rs. 10/- each on August 25, 2006 to the Acquirers.

3.1.6 As a result of the aforesaid acquisition, the holding of the Acquirers has increased to 49,63,380 equity shares representing 61.20% of the post preferential fully paid-up voting equity share capital of the Target Company and the holding of the Promoter Group has increased to 50,74,972 equity shares representing 62.57% of the post preferential fully paid-up voting equity share capital of the Target Company.

3.1.7 Consequent to the aforesaid Preferential Issue, the Offer to the shareholders of the Target Company is being made by the Acquirers in accordance with regulation 11(1) and other applicable regulations of the SEBI (SAST) Regulations and to consolidate their holding in THL. Any further acquisition of shares / voting rights / control of the Target Company, whether direct or indirect, would be governed by the relevant provisions of SEBI (SAST) Regulations and amendments thereto.

3.1.8 The highest and average price at which the Acquirers have acquired shares in the Target Company during the last 12 months preceding the date of Public Announcement are Rs 79.14 and Rs. 72.09 respectively. However, the Acquirers have not acquired or sold any shares in the Target Company during the six months preceding the date of Public Announcement.

3.2 Details of the Offer

3.2.1 The Public Announcement dated July 26, 2006 was made in the following newspapers on July 26, 2006 in accordance with regulation 15 of the SEBI Takeover Code.

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

(The Public Announcement is available on the SEBI website: www.sebi.gov.in)

3.2.2 The Acquirers are making an open offer to the equity shareholders of THL to acquire 16,22,083 fully paid up equity shares of Rs.10/- each representing 20% of the fully expanded voting equity capital of the Target Company (subsequent to allotment under the Preferential Issue) at a price of Rs. 73/- (Rupees Seventy Three 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 There are no partly paid-up shares of THL.

3.2.4 In terms of regulation 21(5) of the Regulations, for the purpose of computing the percentage referred to above, the voting rights as at the expiration of 15 days after the closure of the public offer shall be reckoned.

3.2.5 This is not a Conditional Offer. The Offer is not subject to any minimum level of acceptance. Acquirers will acquire all the shares that are validly tendered in terms of the Offer, upto a maximum of 16,22,083 shares at the Offer Price.

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 The Acquirers hold 34,63,380 equity shares and the Promoter Group holds 35,74,972 equity shares representing 52.39% and 54.08% respectively, of the fully paid equity share capital of THL as on the date of the PA. Further, as a result of the subscription to Preferential Issue, and assuming full acceptance of the Offer, the holding of the Acquirers will increase to 65,85,463 equity shares representing 81.20% and the holding of the 'Promoter Group' will increase to 66,97,055 equity shares representing 82.57% of the post preferential fully paid-up voting equity share capital of the Target Company.

3.2.9 No separate consideration has been paid or would be paid by the Acquirers, other than as mentioned in Clause 3.1.2 above.

3.2.10 There is no proposal to change the Board of Directors of the Target Company after the Offer.

3.3 Object of the Acquisition / Offer

3.3.1 Presently the Acquirers are in the management control of THL. This Offer to the shareholders of THL is being made pursuant to regulation 11 (1) of the Regulations consequent to consolidation of their holding in THL through the Preferential Issue of Equity Shares by the Acquirers as explained in 3.1.2 above. The preferential issue has been made in order to generate long term resources for implementing future growth plans.

3.3.2 THL operates in a highly competitive environment and is in the process of restructuring its operations. The Board of Directors of THL is in the process of hiving off its glove manufacturing facility at Chikalthana, Aurangabad pursuant to the consent of members accorded on November 20, 2004 to sell, lease or otherwise dispose off whole or substantially the whole of the Undertaking (Biomed Division) of THL at Chikalthana, Aurangabad, engaged in the manufacturing and marketing of Latex Gloves. Also as a part of restructuring exercise, the operations of the Printing Division have been fully rationalized and consequently, THL is examining disposal of the machineries and land admeasuring around 60,000 sq.ft. alongwith the building at Chormepet, Chennai 600 044. THL also has plans to consolidate its business in pharmaceuticals, consumer products, medical devices etc.

3.3.3 THL proposes to make strategic investments, which would help exploit short to medium term business opportunities. Hence, in order to have a better focus on the core businesses of the Target Company, the Acquirers have decided to make this Offer to consolidate their holdings in THL.

4 BACKGROUND OF THE ACQUIRERS

4.1 Details of the Acquirers

4.1.1 TTK & Co. is a partnership firm having its office at 6, Cathedral Road, Chennai 600 086, Tel.: 044-28110957 and Fax. 044-28114419.TTK & Co. is in the business of trading, distribution, warehousing, clearing and forwarding, and promotion of business in the field of consumer products, consumer durables, healthcare and pharmaceuticals, rubber contraceptives and services. TTK & Co is the promoter of TTK Healthcare. TTK & Co. is part of the TTK Group. The founder of this Group was Mr. TT Krishnamachari who set up TT Krishnamachari & Co. in the year 1928.

4.1.2 The current partners of TTK & Co. are Mr. TT Jagannathan, Mr. TT Raghunathan, Mrs. Latha Jagannathan and Mrs. Bhanu Raghunathan. Mr. TT Jagannathan and Mr. TT Raghunathan are brothers and Mrs. Latha Jagannathan and Mrs. Bhanu Raghunathan are wives of Mr. TT Jagannathan and Mr. TT Raghunathan respectively. Currently, TTK & Co. (beneficiary) holds 26,38,057 shares in TTK Healthcare through two of its partners Mr. TT Jagannathan and Mr. TT Raghunathan.

4.1.3 The financial details of TTK & Co. are as under:

Rs. lakhs

For the year ended	March 31, 2006	March 31, 2005	March 31, 2004
	***Provisional**	**Audited**	**Audited**
Income	1,394.38	3,037.75	988.97
Total Income	1,394.38	3,037.75	988.97
Total Expenditure	540.19	504.61	418.68
Operating Profit	854.19	2533.14	570.29
Depreciation	6.75	8.78	8.40
Interest	20.92	21.87	7.33
Net Profit	826.52	2,502.49	554.56

Rs. lakhs

Particulars	March 31, 2006	March 31, 2005	March 31, 2004
	***Provisional**	**Audited**	**Audited**
Sources of funds			
Partner's Capital Account	135.00	135.00	135.00
Partner's Current Account	5,559.30	5,230.94	2,874.88
Total	**5,694.30**	**5,365.94**	**3,009.88**
Use of funds			
Net fixed assets	797.70	787.60	87.31

Investments	2,824.18	2,114.31	1,884.45
Net current Assets	2,072.42	2,464.03	1,038.12
Total	**5,694.30**	**5,365.94**	**3,009.88**

*Provisional statement certified by the Auditor

TTK & Co. is a partnership firm; therefore all the Accounting Standards prescribed by the Institute of Chartered Accountants of India are not applicable to them. However, the Accounting Standards prescribed mandatory for all enterprises including partnership firms are adopted in preparing the financial statements of TTK & Co. TTK & Co. follow mercantile system of accounting i.e. on the basis of accrual. The financial statements are not prepared for any purpose of public disclosure but for the purposes of internal accounting and for filing with the Income Tax department.

4.1.4 The networth of TTK & Co. as on March 31, 2006, as certified by Mr. N. Sridharan (Membership No.20503) of M/s Aiyar & Co (Chartered Accountants), New No. 2 (Old No. 184), Rangarajanapuram Main Road (First Floor), Kodambakkam, Chennai 600 024, Tel No.: 044 – 24816866 vide certificate dated July 22, 2006, is Rs.5694.30 lakhs.

4.1.5 Reasons for fall and rise in income:
The rise and fall in income was mainly on account of fluctuations in Dividend Income from a Group Company.

4.1.6 Details of earlier Acquisition:

Since the SEBI (SAST) Regulations, 1997 came into effect, details of shares acquired by TTK & Co are shown below. Other than the delay mentioned below, TTK & Co. has complied with the applicable provisions of Chapter II of the Regulations without any delay.

Period / Year	**Mode of acquisition**	***Shares acquired Number & (%)**	***Cumulative shares Number & (%)**	**Remarks**
Prior to SEBI (SAST)	-	-	9,18,510 (18.26)	Opening Balance
1998-1999	Inter-se transfer from Group Companies	65,800 (1.31)	9,84,310 (19.57)	Inter se exemption report filed with a delay and the same has been taken on record by SEBI
2000-01	Allotment of shares	3,43,920 (5.39)	13,28,230 (20.83)	Pursuant to Merger of TTK Biomed Ltd. with TTK Healthcare
2003-04	Further acquisition of shares	92,225 (1.39)	14,20,455 (21.49)	Acquired directly from an investor
2003-04	Inter-se transfer from Group Companies	6,22,600 (9.42)	20,43,055 (30.91)	Inter se exemption report filed and the same has been taken on record by SEBI
2004-05	Open Market Purchases	2,280 (0.03)	20,45,335 (30.94)	-
2004-05	Open Market Purchases	1,628 (0.03)	20,46,963 (30.97)	-
2004-05	Acquisition through Voluntary Open Offer	2,65,340 (4.01)	23,12,303 (34.98)	Open offer period was from December 2, 2004 to December 21, 2004
2005-06	Open Market Purchases	3,25,754 (4.93)	26,38,057 (39.91)	-

*Percentages have been computed based on the changes in the issued and paid up capital as follows:
Upto March 2000, on 50,29,913 Equity Shares.
From April 2000 to March 2002, on 63,75,207 Equity Shares.
From April 2002 to March 2006, on 66,10,414 Equity Shares.

4.1.7 The experience and qualifications of the partners of TTK & Co. are given below:

Mr. TT Jagannathan, son of Late Shri TT Narasimhan, aged 58 years, is a partner of TTK & Co. His qualifications are B.Tech, and M.S. (Operations Research) (U.S.A). He has an experience of 28 years in the field of industries promotion and management. He holds 7,30,048 shares in TTK Healthcare in his individual capacity. The networth of Mr TT Jagannathan as on March 31, 2006, as certified by Mr C. Ramasubramanian (Membership No 23376) of M/s S. Chellappa & Co (Chartered Accountants) vide his certificate dated July 14, 2006, is Rs. 3,341.56 lakhs. Mr. TT Jagannathan is on the Board of the following listed companies: TTK Healthcare Limited and TTK Prestige Limited. He is a full time Director in TTK Prestige Limited.

Details of earlier acquisitions:
Since the SEBI (SAST) Regulations came into effect, details of shares acquired by Mr. TT Jagannathan are shown below. Other than the delay mentioned below, Mr. TT Jagannathan has complied with the applicable provisions of Chapter II of the Regulations within the stipulated time.

Period / Year	Mode of acquisition	*Shares acquired Number & (%)	*Cumulative shares Number & (%)	Remarks
Prior to SEBI (SAST)	-	-	12,025 (0.24)	Opening Balance
1998-99	Inter-se transfer from Group Companies	2,00,000 (3.97)	2,12,025 (4.21)	Inter se exemption report filed with a delay and the same has been taken on record by SEBI
1999-00	Inter-se transfer from Group Company	15,900 (0.32)	2,27,925 (4.53)	Acquired from TTK Biomed Ltd.
2000-01	Allotment of shares	5,00,952 (7.86)	7,28,877 (11.43)	Merger of TTK Biomed Ltd. with TTK Healthcare
2001-02 to 2004-05	Inter-se transfer from other promoters and market purchases	1,171 (0.02)	7,30,048 (11.04)	-

*Percentages have been computed based on the changes in the issued and paid up capital as follows:
Upto March 2000, on 50,29,913 Equity Shares.
From April 2000 to March 2002, on 63,75,207 Equity Shares.
From April 2002 to March 2006, on 66,10,414 Equity Shares.

Mr. TT Raghunathan, son of Late Shri TT Narasimhan, aged 54 years, is a partner of TTK & Co. He is a commerce graduate and has an experience of 25 years in the field of Industries promotion and management. He holds 9,547 equity shares in TTK Healthcare in his individual capacity. The networth of Mr TT Raghunathan as on March 31, 2006, as certified by Mr C. Ramasubramanian (Membership No 23376) of S. Chellappa & Co (Chartered Accountants) vide his certificate dated July 14, 2006, is Rs.2,907.98 lakhs. Mr. TT Raghunathan is on the Board of the following listed Companies: TTK Healthcare Limited and TTK Prestige Limited. Mr. TT Raghunathan is full time Director in TTK Healthcare Limited.

Details of earlier acquisitions:
Since the SEBI (SAST) Regulations came into effect, details of shares acquired by Mr. TT Raghunathan are shown below. Mr. TT Raghunathan has complied with the applicable provisions of Chapter II of the Regulations without any delay.

Period / Year	Mode of acquisition	*Shares acquired Number & (%)	*Cumulative shares Number & (%)	Remarks
Prior to SEBI (SAST)	-	-	7,500 (0.15)	Opening Balance
2000-01	Allotment of shares	1,080 (0.02)	8,580 (0.13)	Merger of TTK Biomed Ltd. with TTK Healthcare
2001.02 to 2004-2005	Inter-se transfer from promoters	967 (0.01)	9,547 (0.14)	-

*Percentages have been computed based on the changes in the issued and paid up capital as follows:
Upto March 2000, on 50,29,913 Equity Shares.
April 2000 to March 2002, on 63,75,207 Equity Shares.
April 2002 to March 2006, on 66,10,414 Equity Shares.

Mrs. Latha Jagannathan, wife of Mr. TT Jagannathan, aged 56 years is a partner of TTK & Co. She is a Doctor (MBBS). She has an experience of 15 years in the field of healthcare. She holds 29,728 equity shares in TTK Healthcare in her individual capacity. The networth of Mrs. Latha Jagannathan as on March 31, 2006, duly certified by Mr C. Ramasubramanian (Membership No 23376) of S. Chellappa & Co (Chartered Accountants) as per his certificate dated July 14, 2006, is Rs 241.63 lakhs. Mrs. Latha Jagannathan is on the Board of TTK Prestige Limited

Details of earlier acquisitions:
Since the SEBI (SAST) Regulations came into effect, Mrs. Latha Jagannathan, in 2000-01, acquired 1,728 shares taking her individual shareholding to 29,728 shares in TTK Healthcare. She has complied with the applicable provisions of Chapter II of the Regulations without any delay.

Period / Year	Mode of acquisition	*Shares acquired Number & (%)	*Cumulative shares Number & (%)	Remarks
Prior to SEBI (SAST)	-	-	28,000 (0.56)	Opening Balance
2000-01	Allotment of shares	1,728 (0.03)	29,728 (0.47)	Merger of TTK Biomed Ltd. with TTK Healthcare

*Percentages have been computed based on the changes in the issued and paid up capital as follows:
Upto March 2000, on 50,29,913 Equity Shares.
From April 2000 to March 2002, on 63,75,207 Equity Shares.

Mrs. Bhanu Raghunathan, wife of Mr. TT Raghunathan, aged 50 years is a partner of TTK & Co. She is an MA in Sociology. She has an experience of 10 years in the field of healthcare. She holds 56,000 equity shares in TTK Healthcare in her individual capacity. The networth of Mrs. Bhanu Raghunathan as on March 31, 2006, certified by Mr C. Ramasubramanian (Membership No 23376) of S. Chellappa & Co (Chartered Accountants) as per his certificate dated July 14, 2006, is Rs 209.75 lakhs.

Details of earlier acquisitions:
There has been no change in her shareholding since the SEBI (SAST) Regulations came into effect. She has complied with the provisions of the Chapter II of the Regulations without any delay.

4.1.8 There are no mergers / demergers / spin offs involving TTK & Co. during the last 3 years.

4.2 Disclosures in terms of Regulation 16(ix) of the SEBI Takeover Code and Acquirers' future plans for THL

4.2.1 THL operates in a highly competitive environment and is in the process of restructuring its operations. The Board of Directors of THL is in the process of hiving off its glove manufacturing facility at Chikalthana, Aurangabad pursuant to the consent of members accorded on November 20, 2004 to sell, lease or otherwise dispose off whole or substantially the whole of the Undertaking (Biomed Division) at Chikalthana, Aurangabad, which is engaged in the manufacturing and marketing of Latex Gloves. Also, as a part of the restructuring exercise, the operations of the Printing Division have been fully rationalized and consequently, THL is examining disposal of the machineries and land admeasuring around 60,000 sq.ft. alongwith the building at Chormepet, Chennai 600 044. THL also has plans to consolidate its business in pharmaceuticals, consumer products, medical devices, etc.

4.2.2 THL proposes to make strategic investments, which would help exploit short to medium term business opportunities. Hence, in order to have a better focus on the core businesses of the Target Company, the Acquirers have decided to make this Offer to consolidate their holdings in THL.

4.2.3 The Acquirers do not currently intend to dispose off 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.

4.2.4 The 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 Acquirers undertake 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.

5. OPTION IN TERMS OF REGULATION 21(2), IF APPLICABLE

As this Offer (assuming full acceptance) will result in the public shareholding falling below 25 % of the voting capital of the Target Company, the Acquirers in terms of the provisions of regulation 21(2) of the Regulations undertake to comply with the provisions of clause of 40A (vi) and (vii) of the listing agreement.

6. BACKGROUND OF THE TARGET COMPANY (TTK HEALTHCARE LIMITED)

6.1. TTK Healthcare was incorporated on May 21, 1958 under the name and style of Orient Pharma (P) Ltd having its Registered office at 6, Cathedral Road, Chennai 600086, Tel.: 044-28116108 and Fax. 044-28114307. The name was changed to TTK Pharma (P) Limited on February 20, 1982 and then further changed from TTK Pharma (P) Ltd to TTK Pharma Limited on September 28, 1985 and then to TTK Healthcare Limited on October 26, 1999. TTK Healthcare belongs to TTK Group. TTK Healthcare is in the business of manufacturing and marketing pharmaceuticals, consumer products, medical devices, publishing of maps, etc. As a part of its restructuring exercise, the Board of Directors of TTK Healthcare is in the process of hiving off its glove manufacturing facility at Chikalthana, Aurangabad. Also in November 2004, a Strategic Partner was inducted in M/s TTK Healthcare Services Private Limited (subsidiary of THL) to infuse further capital. Consequent to allotment of shares to the said Strategic Partners by TTK Healthcare Services Private Limited, the stake of THL was reduced from 56.33% to 35.06% and as a result TTK Healthcare Services Private Limited ceased to be a subsidiary of THL. THL has divested its stake further and presently holds 5000 shares in M/s TTK Healthcare Services Private Limited. As a part of its restructuring exercise, the operations of the Printing Division have been fully rationalized and consequently, THL is examining disposal of machineries and land admeasuring around 60,000 sq.ft. alongwith the building at Chormepet, Chennai 600 044. The manufacturing facilities of THL are at the following locations:

- No.5, Old Trunk Road, Pallavaram, Chennai 600043
- 328, GST Road, Chromepet, Chennai 600 044
- 3, Tiruneermalai Main Road, Chromepet, Chennai 600 044
- 2-B, Hosakote Industrial Area, 8th Kilometer Hosakote Chinthamani Road, Hosakote Taluk, Bangalore 562 114
- 1/B-2, MIDC Industrial Area, Chikalthana, Aurangabad 431 210
- H-12/13, MIDC Area, Waluj, Aurangabad 431 136.

6.2. The Voting capital as on July 26, 2006 has been calculated as under:

Paid up Equity Shares of Target Company	**No. of Equity Shares / Voting Rights**	**% of Equity Shares / Voting Rights**
Fully paid up equity capital	66,10,414	100%
Partly paid up equity capital	Nil	-
Total Issued and paid up equity capital	66,10,414	100%
Total voting rights	66,10,414	100%

6.3. Build up of the Capital Structure of THL (as certified by THL)

Date of allotment	No of shares issued (of Rs. 10/- each)	Cumulative Number of shares	Mode of allotment	Identity of allottees	Status of compliance
Prior to August 1985*	8,60,000	8,60,000	Subscription/ Bonus	Promoters	Complied with relevant provisions
August 1985	8,60,000	17,20,000	Bonus	Promoters	Complied with relevant provisions
March 1986	14,37,500	31,57,500	Public Issue	Public and employees	Complied with relevant provisions
November 1989	70,295	32,27,795	Allotment on merger	Shareholders of erstwhile TTK Chemicals Limited	Complied with relevant provisions
January 1993	13,16,668	45,44,463	Rights issue	Shareholders	Complied with relevant provisions
October 1994	4,85,450	50,29,913	Allotment on merger	Shareholders of erstwhile TT Maps and Publications Limited	Complied with relevant provisions
November 2000	13,45,294	63,75,207	Allotment on merger	Shareholders of erstwhile TTK Biomed Limited	Complied with relevant provisions
July 2002	2,35,207	66,10,414	Allotment on merger	Shareholders of erstwhile TTK Medical Devices Limited	Complied with relevant provisions

* 8600 Equity Shares of Rs.1000/- each were sub-divided into 8,60,000 Equity Shares of Rs.10/- each on August 1, 1985

6.4. There has been no suspension of trading of the equity shares of TTK Healthcare in the BSE and MSE.

6.5. All the equity shares of TTK Healthcare are currently listed on the BSE and MSE. The Company has made an application to delist the shares from MSE and their approval is awaited. Trading in electronic mode (through NSDL & CDSL) is mandatory for Equity shares of THL. The traded price as on the specified date (July 31, 2006) on BSE was Rs. 71.30 with a volume of 2,525 equity shares.

6.6. There are no partly paid-up equity shares of the Target Company. There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures, etc. which are convertible into equity at any later date. There are no shares under lock-in period except for the pre Preferential Issue holding of TTK & Co. which is locked in from July 19, 2006 (relevant date) upto six months from the date of preferential allotment in terms of clause 13.3.1.g of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by Securities and Exchange Board of India.

6.7. The Target Company has complied with the applicable provisions of Chapter II within the stipulated time.

6.8. TTK Healthcare has complied with all the listing requirements. TTK Healthcare, vide its letter dated July 24, 2006 has certified that it has not been penalized on account of default of compliance of listing agreement formalities either by BSE or MSE, where its shares are currently listed.

6.9. The Board of Directors of the Target Company as on the date of Public Announcement was as under

Name (Designation)	Date of Birth (Age)	Date of appointment	Qualification	Experience	Address
Mr TT Jagannathan (Chairman)	13/05/1948 (58)	30/11/1984	B.Tech. M.S. (Operations Research) (U.S.A)	30 years in the field of Industries promotion and management	6, Brunton Road Cross Bangalore 560 025
Mr TT Raghunathan (Executive Vice-Chairman)	08/07/1952 (54)	31/12/1998	B.Com	27 years in the field of Industries promotion and management	91/1, Santhome High Road Chennai 600 028
Mr R K Tulshan (Director)	20/09/1954 (52)	30/11/1984	B.Com	33 years in the field of Establishing and Running Businesses	D 402 Defense Colony New Delhi 110 024
Dr K R Srimurthy (Director)	11/05/1942 (64)	25/11/1989	M.B.B.S. F.R.C.S. (London)	34 years in the field of Medicine and Pediatric Surgery	26, Convent Road Richmond Town Bangalore 560 025.
Mr B N Bhagwat (Director)	21/12/1936 (70)	09/10/2000	M.A. (Economics)	36 years in the field of Management and Administration both in Government and Industry	Priya, No.9, Abdul Gaffar Khan Rd Worli Sea Face Mumbai - 400 025
Mr K Vaidyanathan (Director)	05/08/1947 (59)	30/01/2002	M.Com., FCA	36 years in the field of Corporate Finance and Restructuring, Strategic & Project, Management, Audit, etc.	"Bhaggyam Elegance" Flat 3-A, III Floor, No.29/10, TTK Road First Cross Street, Alwarpet, Chennai 600 018
Mr J Srinivasan (Director)	22/08/1939 (67)	09/09/2005	B.A., F.C.S.,	50 years in the field of Overall Company Management	“Gayathri”, No.16, Sriram Nagar South Street, Alwarpet, Chennai - 600 018
Mr R Srinivasan (Director)	10/09/1941 (64)	29/12/2005	B.E. (Hons.)	40 years in the field of Overall Company Management and Management Consulting	“Dhanya” No.126, Nandidurg Road, Bangalore - 560 046
Mr K Shankaran (Director)	11/11/1953 (53)	09/10/2000	AICWA, FCS, DIP.MA	32 years in the field of Corporate Finance, Corporate Laws, Commercial and General Management	D-57, Golden Enclave Airport Road Bangalore 560 017
Mr I Ravindran (Wholetime Director)	01/11/1948 (58)	24/10/2002	M.Sc., M.M.S.	31 years in the field of Consumer Product Marketing and Sales	Flat no. 7, 3rd Floor, Golden Windsor, K-27, First Main Road, Anna Nagar (East), Chennai – 600 102

(Source: THL)

Mr. TT Jagannathan and Mr. TT Raghunathan are on the Board of TTK Healthcare. Mr. TT Jagannathan and Mr. TT Raghunathan will recluse themselves from the offer proceedings.

6.10. There are no mergers / demergers / spin offs during last 3 years involving the Target Company.

6.11. The audited financial highlights of THL for the last three years are as follows:

Rs. lakhs

For the year ended	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	
Income Statement			**Standalone**	***Consolidated**
Income from operations	18,657.28	15,299.90	14,868.91	15,524.79
Other Income	205.05	373.18	176.35	186.02
Total Income	**18,862.33**	**15,673.08**	**15045.26**	**15,710.81**
Total Expenditure	17,894.27	15,377.43	14356.06	14,982.86
PBDIT	968.06	295.65	689.20	727.95
Depreciation	273.09	258.79	247.41	261.47
Interest	162.14	249.20	325.23	329.21
Profit / (Loss) before Tax	**532.83**	**(212.34)**	**116.56**	**137.27**
Extra Ordinary Items	(34.52)	(25.30)	(10.54)	(10.54)
Provision for Tax	(297.98)	30.61	(64.95)	(76.11)
Profit / (Loss) after Tax	**200.33**	**(207.03)**	**41.07**	**50.62**
Balance Sheet as at	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**	
			Standalone	**Consolidated**
Paid up Equity Share Capital	661.04	661.04	661.04	661.04
Reserves & Surplus (excl. Revaluation Reserves)	2,497.61	2,448.03	2,793.75	2,750.15
Revaluation Reserve	491.65	497.68	503.85	503.85
Sub Total	**3,650.30**	**3,606.75**	**3,958.64**	**3,915.04**
Minority Interest				**117.18**
Secured Loans	1,249.00	1,879.60	2,235.98	2,286.94
Unsecured Loans	106.60	160.64	257.66	257.66
Sub Total	**1,355.60**	**2,040.24**	**2,493.64**	**2,544.60**
Total	**5,005.90**	**5,646.99**	**6,452.28**	**6,576.82**
Uses of funds				
Net fixed assets	3,123.22	3,176.08	3,306.58	3,391.93
Investments	13.87	163.22	211.01	61.16
Net current assets	829.13	1,166.71	1,799.02	1,970.89
Deferred Tax (Net)	891.34	1,050.33	1,019.73	1,034.87
Total Miscellaneous Expenditure not written off	148.34	90.65	115.94	117.97
Total	**5,005.90**	**5,646.99**	**6,452.28**	**6,576.82**
Other Financial Data				
Dividend (%)	20.00%	Nil	Nil	Nil
Networth (Rs. lakhs)	3,010.31	3,018.57	3,338.85	3,293.22
Earning Per Share (Rs.)	3.03	(3.13)	0.62	0.77
Return on Networth (%)	6.65%	-	1.23%	1.54%
Book Value Per Share (Rs.)	45.54	45.66	50.51	49.82
Face Value per Share (Rs.)	10.00	10.00	10.00	10.00
No of Outstanding Shares	66,10,414	66,10,414	66,10,414	66,10,414

Source: Annual Reports of TTK Healthcare for the years 2005-06, 2004-05, 2003-04

- The consolidated figures for FY 2004 include the financials of the subsidiary, TTK Healthcare Services Private Limited. TTK Healthcare Services (P) Ltd ceased to be a subsidiary from FY 2004-05.

6.12. Reasons for rise and fall in Income and Profit after Tax during the last three years

Financial year ended March 31, 2006

During this year, due to better performance of the profitable divisions like Pharmaceuticals, Consumer Products, Heart Valve and Foods, there was substantial improvement in the profitability of THL. The confusion regarding Valued Added Tax (VAT), which prevailed in the previous year also got resolved in the current year resulting in Pharmaceutical Division achieving higher turnover and profitability as compared to previous year.

During the year, THL has also rationalised the operations of Medical Devices and Printing Divisions, which were incurring losses.

Financial year ended March 31, 2005

During this year, the performance of Pharmaceutical Business was severely affected due to uncertainties that prevailed over the introduction of Value Added Tax (VAT). Effective April 1, 2005, the VAT rate was to be around 4% for Medicines as against the average sales tax of about 9% prior to introduction of VAT. This resulted in significant reduction in stocking by trade channels during the last quarter so as to clear the high tax bearing inventories before the end of the financial year. This has affected the performance of the Pharma business adversely.

The performance of Consumer Products Division was in line with the expectations. However, the performance of Clinicare Division, Printing and Foods Divisions was unsatisfactory. These were some of the reasons for the loss during the year.

Financial year ended March 31, 2004

During this year, there was increase in sales to the extent of Rs.575.09 lakhs as compared to the previous year. Though the profitable divisions like Pharmaceuticals, Consumer Products and Heart Valve have substantially contributed to the profitability, the continuing losses in Clinicare and Printing Divisions significantly impacted the overall profitability. THL initiated necessary action for hiving off the Gloves Manufacturing Facility at Chikalthana, Aurangabad and also commenced the rationalization process with reference to the General Printing and Packaging Operations at Printing Division.

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

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

Sr. No.	Shareholder Category	Shareholding & voting right prior to the acquisition and offer		Shares / voting rights agreed to be acquired which triggered the Open Offer		Indicative post preferential issue shareholding		Shares/ Voting rights to be acquired in the Open offer (Assuming full acceptance)		Shareholding/ Voting rights after the agreement / acquisition and offer	
		A	%	B	%	C	%	D	%	E = A+B+D	%
1)	**Promoter Group**										
a	Acquirers	3,463,380	52.39	1,500,000	18.49	4,963,380	61.20	1,622,083	20.00	6,585,463	81.20
	*As partners of TTK & Co. (Mr. TT Jagannathan & Mr. TT Raghunathan)	2,638,057	39.91	1,500,000	18.49	4,138,057	51.02	1,622,083	20.00	5,760,140	71.02
	Mr. TT Jagannathan	730,048	11.04	-	-	730,048	9.00	-	-	730,048	9.00
	Mr. TT Raghunathan	9,547	0.14	-	-	9,547	0.12	-	-	9,547	0.12
	Mrs. Latha Jagnnathan	29,728	0.45	-	-	29,728	0.37	-	-	29,728	0.37
	Mrs. Bhanu Raghunathan	56,000	0.85	-	-	56,000	0.69	-	-	56,000	0.69
b	Other Promoters	111,592	1.69	-	-	111,592	1.38	-	-	111,592	1.37
	Total (1)	**3,574,972**	**54.08**	**1,500,000**	**18.49**	**5,074,972**	**62.57**	**1,622,083**	**20.00**	**6,697,055**	**82.57**
2)	Parties to the agreement other than 1(a)	-	-	-	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3)	**Public (other than parties to agreement)**										
a	Banks / FIIs / Inst. / M. F. / UTI	14,212	0.21	-	-	14,212	0.18	(1,622,083)	(20.00)	1,413,359	17.43
b	Indian Public (including NRIs/ OCBs)	3,021,230	45.71	-	-	3,021,230	37.25				
	Total (3)	**3,035,442**	**45.92**	**-**	**-**	**3,035,442**	**37.43**	**(1,622,083)**	**(20.00)**	**1,413,359**	**17.43**
	Grand Total (1+2+3)	**6,610,414**	**100.00**	**1,500,000**	**18.49**	**8,110,414**	**100.00**	**-**	**-**	**8,110,414**	**100.00**

* Mr. TT Jaganathan and Mr. TT Raghunathan together, as partners of TTK & Co. hold 26,30,857 shares in TTK Healthcare. The beneficial owner of these shares is TTK & Co.
Mr. TT Jagannathan and Mr. TT Raghunathan as partners will subscribe to the preferential issue
Mr. TT Jagannathan and Mr. TT Raghunathan as partners will together acquire the shares on behalf of TTK & Co under the offer.

In terms of 40 A (viii) of the listing agreement, the promoters would adopt any of the following methods to raise the public shareholding to the minimum level:

a) offer for sale of shares held by promoters to public through prospectus;
b) sale of shares held by promoters through the secondary market; or
c) any other method which does not adversely affect the interest of minority shareholders.

Notes :

1. No shares of the Target Company have been purchased by the Acquirers after the Public announcement till the date of this Letter of Offer.
2. Shareholding pattern as on June 30, 2006 is as per the data provided by the Target Company.
3. Percentage calculated based on the post issue share capital.
4. As on the Specified Date (July 31, 2006) the total number of shareholders of THL is 13,233.

6.15. Since the SEBI (SAST) Regulations came into effect, details of shares acquired / sold by promoter group is given below. The Promoter group has complied with the applicable provisions of Chapter II of the Regulations without any delay:

Period / Year	**Mode of acquisition**	***Shares acquired Number & (%)**	***Cumulative shares Number & (%)**	**Remarks**
Prior to SEBI (SAST)	-	-	20,35,815 (40.75)	Opening Balance
2000-01	Allotment of shares	8,53,992 (13.39)	28,89,807 (45.33)	Pursuant to Merger of TTK Biomed Ltd. With TTK Healthcare
2002-2003	Merger and open market purchases	218 (-)	28,90,025 (43.72)	-
2003-04	Further acquisition of shares	92,225 (1.39)	29,82,250 (45.11)	Acquired directly from an investor
2003-04	Open market sales	2280 (0.03)	29,79,970 (45.08)	-
2004-05	Open Market Purchases	2,280 (0.03)	29,82,250 (45.11)	-
2004-05	Open Market Purchases	1,628 (0.03)	29,83,878 (45.14)	-
2004-05	Acquisition through Voluntary Open Offer	2,65,340 (4.01)	32,49,218 (49.15)	Open offer period was from December 2, 2004 to December 21, 2004
2005-06	Open Market Purchases	3,25,754 (4.93)	35,74,972 (54.08)	-

*Percentages have been computed based on the changes in the issued and paid up capital as follows:
Upto March 2000, on 50,29,913 Equity Shares.
April 2000 to March 2002, on 63,75,207 Equity Shares.
April 2002 to March 2006, on 66,10,414 Equity Shares.

6.16. The status of Corporate Governance and pending Litigation matters, are as follows:

6.15.1 THL has duly complied with the various requirements of Clause 49 relating to corporate governance under the Listing Agreement with the Stock Exchanges from time to time. No penal action has been initiated by the Stock Exchanges or SEBI against THL.

6.15.2 Details of Pending Litigations

- There is a litigation pending in the High Court of Madras as well as the Trade Mark Registry relating to the Trade Mark ‘Ossopan’ between the Company and M/s Robopharm. The liability, if any, cannot be quantified.
- THL has initiated a number of recovery suits against the various defaulting debtors across the country for collecting the overdue payments and these are in various stages.
- There is a litigation pending in the High Court of Madras against Public Works Department (PWD) relating to payment of water charges to them. Liability on this account is not ascertainable.
- There are also litigations relating to Excise Duty, Income Tax and Sales Tax under various stages for which the details are as under:-

Particulars	**Rs. lakhs**
Excise Duty	815.36
Income Tax	370.62
Sales Tax	115.81

6.17. Details of the Compliance Officer of THL:

Mr. S. Kalyanaraman
Company Secretary
TTK Healthcare Limited
No. 6, Cathedral Road, Chennai 600 086
Tel.: 044-28116108 and Fax. 044-28114307
Email: skr@ttkhealthcare.com

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of TTK Healthcare are currently listed on Bombay Stock Exchange Limited, Mumbai (‘BSE’) and Madras Stock Exchange Limited, Chennai (‘MSE’). An application has been made to delist the shares from MSE and their approval is awaited. (Source: Annual Reports).

7.1.2 The annualised trading turnover during the preceding six calendar months ended June 2006 in each of the Stock Exchanges where the shares are listed is as follows:

Name of Stock Exchange	**Total number of shares traded during the preceding six calendar months ended June 2006**	**Total number of listed shares**	**Annualized trading turnover (% of total listed shares)**
BSE	11,40,886	6610414	34.52
MSE	Nil	6610414	--

(Source: BSE website)

Based on the above information, the equity shares of THL 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.

7.1.3 In accordance with regulation 20(4) and 20(5) of the Regulations, the Offer price of Rs. 73/- per equity share is higher of the following parameters

a)	Negotiated price payable under the Investment Agreement	Not Applicable
b)	Acquisition price under the Preferential Issue	Rs.73/- per equity share
c)	Highest price paid by the Acquirers for acquisition of any equity share of THL during the 6 months period preceding the date of the PA (July 26, 2006)	Not Applicable
d)	Average of weekly high and low of closing prices of the equity shares of THL during the 26 weeks preceding the date of the Board meeting where the Preferential Issue was proposed (on BSE where the shares are most frequently traded).	Rs. 72.55/-

e)	Average of daily high and low of the equity shares of THL during the 2 weeks preceding the date of the Board meeting where the Preferential Issue was proposed (on BSE)	Rs.58.99/-
f)	Other parameters with reference to the Target Company for	Year ended March 31, 2006
	Return on Net worth (%)	6.65
	Book Value (Rs.)	45.54
	Earnings Per Share (Rs.)	3.03
	Price / Earnings (PE) Ratio based on Offer Price*	24.09

** The Target Company is operating in the Industry category 'Bulk Drug /Formulation' with an Industry PE of 28.5 [Source: 'Capital Market' dated July 17, 2006]. 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 as compared to THL and also vary widely in terms of financial parameters with THL.*

Mr. C.N. Srinivasan (Membership No. 18205) of M/s. S. Viswanathan, Chartered Accountants, Chennai, vide report dated July 21, 2006 has stated that, based on the decision of the Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union Vs Hindustan Lever Limited, 1995 (83 Com case 30), the value of the equity shares of TTK Healthcare is Rs. 29 per share.

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

Table 1 The average price for the 26 weeks preceding the date of the Board Meeting (July 21, 2006) where the Preferential Issue was proposed is shown in table below:

Week	From	To	Closing price at BSE		Average Price	Volume Shares
			High (Rs.)	Low (Rs.)		
1	20-January-2006	26-January-2006	64.10	61.95	63.03	22,568
2	27-January-2007	02-February-2006	69.90	61.95	65.93	86,076
3	03-February-2006	08-February-2006	67.25	64.05	65.65	38,174
4	10-February-2006	16-February-2006	76.85	68.15	72.50	1,15,434
5	17-February-2006	23-February-2006	75.50	72.10	73.80	64,985
6	24-February-2006	02-March-2006	69.75	65.30	67.53	17,242
7	03-March-2006	09-March-2006	71.20	68.00	69.60	37,559
8	10-March-2006	16-March-2006	76.15	70.80	73.48	36,091
9	17-March-2006	23-March-2006	84.75	79.95	82.35	1,95,182
10	24-March-2006	30-March-2006	84.90	77.35	81.13	37,668
11	31-March-2006	06-April-2006	89.30	87.70	88.50	50,936
12	07-April-2006	13-April-2006	91.00	84.70	87.85	50,469
13	14-April-2006	20-April-2006	93.45	91.05	92.25	59,245
14	21-April-2006	27-April-2006	93.10	90.20	91.65	40,967
15	28-April-2006	04-May-2006	95.90	87.60	91.75	42,781
16	05-May-2006	11-May-2006	91.35	83.85	87.60	21,770
17	12-May-2006	18-May-2006	85.05	80.70	82.88	20,141
18	19-May-2006	25-May-2006	76.70	70.10	73.40	18,101
19	26-May-2006	1-June-2006	76.30	67.40	71.85	29,099
20	02-June-2006	07-June-2006	64.05	59.90	61.98	8,244
21	09-June-2006	15-June-2006	58.70	48.80	53.75	13,159
22	16-June-2006	22-June-2006	57.65	49.90	53.78	7,107
23	23-June-2006	29-June-2006	60.15	55.25	57.70	25,531
24	30-June-2006	06-July-2006	57.15	55.00	56.08	12,229
25	07-July-2006	13-July-2006	59.95	56.65	58.30	14,088
26	14-July-2006	20-July-2006	64.90	59.15	62.03	34,481
	Average				**72.55**	

Table 2 The average of the daily high and low of the price of equity shares of THL during the 2 weeks preceding the date of the Board Meeting (July 21, 2006) where the preferential issue was proposed is shown in the table below:

Day	Date	Closing Price at BSE		Average Price (Rs.)	Volume Shares
		High (Rs.)	Low (Rs.)		
1	7-July-06	59.00	55.00	57.00	2,951
2	10- July-06	58.15	55.05	56.60	626
3	11- July-06	58.25	54.65	56.45	1,286
4	12- July-06	59.95	56.90	58.43	2,080
5	13- July-06	60.00	58.05	59.03	7,145
6	14- July-06	60.00	57.20	58.60	4,585
7	17- July-06	60.00	58.00	59.00	4,905
8	18- July-06	60.80	58.25	59.53	4,331
9	19- July-06	63.40	59.50	61.45	11,017
10	20- July-06	66.00	61.65	63.83	9,643
	Average			**58.99**	

(Source : BSE Website)

7.1.5 There is no non-compete agreement between Acquirers and Target Company and any other entity as envisaged under Regulation 20(8) of the Regulations. No payments are being made by the Acquirers as non-compete fees.

7.1.6 The Offer Price of Rs.73/- per share offered by Acquirers to the shareholders of THL 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 Acquirers, the Offer Price is justified.

7.1.7 The Acquirers are 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 Acquirers acquire equity shares of THL 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.

7.1.8 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 Acquirers. The Equity Shares will be acquired by the Acquirers, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

7.2 Financial Arrangements

7.2.1 The total fund requirement or the maximum consideration for the Offer assuming full acceptance of the Offer would be Rs. 11,84,12,059 (Rupees Eleven Crores Eighty Four Lakhs Twelve Thousand and Fifty Nine only) i.e. consideration payable for acquisition of 16,22,083 fully paid up equity shares of THL at Offer Price of Rs. 73/- per equity share.

7.2.2 In accordance with the provisions of Regulation 28 of the SEBI (SAST) Regulations, the Acquirers, through TTK & Co., have created an escrow account with Corporation Bank, George Town Branch, Chennai and deposited therein cash of Rs.3,00,00,000/- (Rupees Three Crores only) being more than 25% of the maximum consideration payable under the offer. In accordance with the SEBI (SAST) Regulations, the authority has been given to the Manager to the Offer to operate the escrow account.

7.2.3 Mr. N. Sridharan (Membership No. 20503) of M/s. Aiyar & Co., Chartered Accountants, New No 2 (Old No 184), Rangarajapuram Main Road, (First Floor), Kodambakkam, Chennai - 600024, Tel.No:044 24816866, has certified vide certificate dated July 22, 2006 that TTK & Co has adequate resources to meet the financial requirements of the Open Offer.

7.2.4 The Manager to the Offer, on the basis of the above certificate, has satisfied itself that the Acquirers have 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.

7.2.5 The Acquirers have made firm financial arrangements for the consideration payable as per the Regulations for the acquisition of equity shares under the Offer. For this purpose, the Acquirers intend to utilize internal accruals.

8. TERMS AND CONDITIONS OF OFFER

8.1.1 The 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 Acquirers from non-resident persons under the Offer.

8.1.2 To the best of knowledge and belief of the Acquirers, 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 the Offer. The Acquirers 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.

8.1.3 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 Acquirers or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers 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 Acquirers in obtaining the requisite approvals, regulation 22(13) of the Regulations will also become applicable.

8.1.4 Other terms

8.1.4.1 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 THL whose names appear on the register of members of THL and to the Beneficial Owners of the equity shares of THL whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on July 31, 2006, Monday (the 'Specified Date').

8.1.4.2 All owners of shares, registered or unregistered (except the Acquirers), 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. No Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed to the Acquirers.

8.1.4.3 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) during the period the Offer is open and may also be downloaded from the site.

8.1.4.4 The Offer is not subject to any minimum level of acceptance.

8.1.4.5 Any Shares of THL 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.

8.1.4.6 The acceptance of the Offer made by the Acquirers is entirely at the discretion of the shareholders of the Target Company. The Acquirers 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.

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

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

8.1.4.9 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.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Shareholders who hold equity shares of THL 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.
Data Software Research Company Private Ltd. at the following address by hand delivery or registered post between 10.00 am and 5.00 pm (Monday to Friday) and on Saturday from 10.00 am to 1.00 pm (excluding public holidays) on or before the closure of the Offer, October 7, 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 Centre	Contact Person	Mode of Delivery	Telephone No.	Fax No
Data Software Research Company Private Ltd. 'Sree Soverign Complex', 22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai 600 024 Email : dsrcmd@vsnl.com	Mr.H. Krishnamoorthy	Postal / Hand Delivery	044 - 24833738 24834487 / 24801664	044 24834636

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, Data Software Research Company Private Ltd., at the collection centre mentioned above, on or before the closure of the Offer, i.e. October 7, 2006. , The centre will be closed on Sundays and other public holidays.

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

9.2.1 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 THL 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 the market. The details of the 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.

9.2.2 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 “Off-market” 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 Registrar to the Offer, Data Software Research Company Private Limited, has opened a special depository account with Stock Holding Corporation of India Limited in National Securities Depository Limited (‘NSDL’). Beneficial Owners and shareholders holding equity shares of THL in the dematerialised form, will be required to send their Form of Acceptance to the Registrars to the Offer 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 ‘DSRC – TTK Healthcare Ltd. – Escrow Account –Open Offer’ and filled with the details given below:

DP Name	Stock Holding Corporation of India Limited
DP ID Number	IN301080
Client ID Number	22644124
ISIN	INE910C01018
Market	‘Off-market’
Depository	National Securities Depository Limited

Form of Acceptance of dematerialised 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 favour of the special depository account with NSDL.
For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum- Acknowledgement.

9.2.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of 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 (for 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).

9.3 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. **They should not be sent to the Manager to the Offer or the Acquirers or the Target Company.** The above-mentioned documents can be sent by hand delivery on all days except Sundays and public holidays.

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

9.5 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, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer. 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 THL and should be sent to the Registrar to the Offer in an envelope clearly marked ‘TTK Healthcare Limited – Open Offer’.

Shareholders of THL who have sent their equity shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to THL (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 the collection centre mentioned above on providing suitable documentary evidence of acquisition of shares of THL. The Letter of Offer and Form of Acceptance-cum- Acknowledgment 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.

9.6 Non-Resident shareholders should submit copy of the permission received from Reserve Bank of India for acquisition of the shares of THL. In case of its non-submission, Acquirers reserve their right to reject the shares tendered in the Offer

9.7 In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to Acquirers for payment of consideration to shareholders, subject to the Acquirers agreeing to pay interest for the delayed period, as directed by SEBI in terms of Regulation 22(12) of the SEBI Takeover Code.

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 on or before October 3, 2006

Kindly follow the detailed instructions 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 THL 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 the collection centre mentioned above on or before October 3, 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 THL 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/ credited to the special depository account.

f) The intimation of returned shares to the shareholders will be at the address as per the records of THL 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 THL.
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 accounts.

9.8 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 Acquirers 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 accounts. Shareholders should ensure that their depository accounts are maintained till the offer formalities are completed.

9.9 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 Acquirers are required to deduct tax at source, as may be applicable. All dispatches 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.

9.10 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 THL who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares / share certificates are dispatched/ returned.

9.11 If the number of equity shares offered by the shareholders are more than the Offer Size of 16,22,083 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 THL are compulsorily traded in dematerialised form and the minimum marketable lot for the purpose of acceptance, for both physical and demat will be one equity share.

9.12 The Acquirers are 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 September 26, 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 Acquirers. The same would be informed by way of Public Announcement in the same newspapers where the Public Announcement appeared.

9.13 The Acquirers and THL 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 or any other regulation made thereunder.

10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of THL at the office of the Manager to the Offer, Inga Advisors Private Limited, A – 404, Neelam Centre, 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 Public Announcement as published in the newspapers on July 26, 2006.
b) The Networth certificate of TTK & Co. dated July 22, 2006 by Mr. N. Sridharan of M/s Aiyar & Co (Chartered Accountants).
c) The Networth certificate of Mr TT Jagannathan dated July 14, 2006 by Mr C. Ramasubramanian of S. Chellappa & Co (Chartered Accountants)
d) The Networth certificate of Mr TT Raghunathan dated July 14, 2006 by Mr C. Ramasubramanian of S. Chellappa & Co (Chartered Accountants)
e) Networth certificate of Mrs. Latha Jagannathan dated July 14, 2006 by Mr C. Ramasubramanian of S. Chellappa & Co (Chartered Accountants)
f) Networth certificate of Mrs. Bhanu Raghunathan dated July 14, 2006 by Mr C. Ramasubramanian of S. Chellappa & Co (Chartered Accountants).
g) Certificate of Incorporation and Memorandum and Articles of Association of TTK Healthcare.
h) Annual Reports of TTK Healthcare for the financial years ended 2004, 2005 and 2006.
i) Copy of the letter issued by Corporation Bank, George Town Branch, Chennai confirming deposit of Rs 3,00,00,000/- in terms of the Escrow requirements.
j) Copy of MOU dated July 21, 2006 between Inga Advisors Private Limited, the Manager to the Offer and the Acquirers.
k) Copy of confirmation regarding opening of Special Depository Account in the name and Style of 'DSRC – TTK Healthcare Ltd. – Escrow A/c - Open Offer'
l) Copy of Board Resolution for the meeting held on July 21, 2006 where preferential issue was proposed.
m) Copy of EGM notice dated July 21, 2006 for the EGM to be held on August 18, 2006 for the proposed preferential issue.
n) Valuation certificate dated July 21, 2006, for fair value of equity shares of TTK Healthcare Limited by M/s. S. Viswanathan, Chartered Accountants, Chennai.
o) Copies of letters dated August 24, 2006 from BSE and MSE giving their in principle approval for allotment of preferential shares
p) Copy of Board Resolution for allotment of preferential shares.
q) Letter No. CFD/DCR/HB/TO/75683/ 06 dated August 31, 2006 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

11 DECLARATION BY THE ACQUIRERS

The Acquirers, as partners of TTK & Co., accept responsibility for the information contained in this Letter of Offer and for their obligations under the SEBI Takeover Code and subsequent amendments made thereto. The Acquirers are severally and jointly responsible for fulfillment of their obligations in terms of the SEBI Takeover Code.

For and on behalf of TT Krishnamachari & Co.

Sd/-

Partners

Place: Chennai
Date: September 4, 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 Data Software Research Company Private Limited at the collection center as mentioned in the Letter of Offer)

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

OFFER OPENS ON	**September 18, 2006 (Monday)**
OFFER CLOSES ON	**October 7, 2006 (Saturday)**

To
The Acquirer: TT Krishnamachari & Co.
C/o Data Software Research Company Private Limited
'Sree Soverign Complex', 22, 4th Cross Street,
Trustpuram, Kodambakkam, Chennai - 600 024

Dear Sir,

Sub: Open Offer to acquire up to 16,22,083 fully paid up equity shares of Rs.10/- each, representing 20.00 % of the Post Preferential Issue fully expanded voting equity capital (as defined in the Letter of Offer), of TTK Healthcare Limited ('THL'/ 'Target company') by TT Krishnamachari & Co (represented by its partners Mr. TT Jagannathan, Mrs. Latha Jagannathan, Mr. TT Raghunathan and Mrs. Bhanu Raghunathan) **at a price of Rs. 73/-(Rupees Seventy Three only) per fully paid up equity share (Offer Price) payable in cash.**

I/We refer to the Letter of Offer dated September 4, 2006 for acquiring the equity shares held by me/us in **TTK Healthcare 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	Stock Holding Corporation of India Limited
DP ID Number	IN301080
Client ID Number	22644124
Beneficiary Account Name	'DSRC – TTK Healthcare Ltd. – Escrow Account –Open Offer'
ISIN	INE910C01018
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					
				Total number of shares	

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

— — — — — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — — — — —

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:	

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 / FIIs / 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 TTK Healthcare Limited hereby tendered in the Offer.

I/We confirm that the equity shares of **TTK Healthcare 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, 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 of shareholders 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 **TTK Healthcare 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 **TTK Healthcare Limited**.

(4) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) for 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 9 TITLED PROCEDURE FOR ACCEPTANCE AND SETTLEMENT ON PAGE 21 OF THIS LETTER OF OFFER.

— — — — — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — — — — —

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:

Data Software Research Company Private Ltd.
(Unit: **TTK Healthcare Limited**)
" Sree Soverign Complex ",
22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai 600 024.
Tel: (+91 44) 2483 3738 / 2483 4487 / 2480 1664
Fax: (+91 44) 2483 4636
Email : dsrcmd@vsnl.com
Contact Person: Mr.H. Krishnamoorthy

FORM OF WITHDRAWAL

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

OFFER OPENS ON	September 18, 2006 (Monday)
LAST DATE OF WITHDRAWAL	October 03, 2006 (Tuesday)
OFFER CLOSES ON	October 07, 2006 (Saturday)

To
The Acquirer: TT Krishnamachari & Co
C/o Data Software Research Company Private Limited
'Sree Soverign Complex', 22, 4th Cross Street,
Trustpuram, Kodambakkam, Chennai 600 024

Dear Sir,

Sub: Open Offer to acquire up to 16,22,083 fully paid up equity shares of Rs.10/- each, representing 20.00 % of the Post Preferential Issue fully expanded voting equity capital (as defined in the Letter of Offer), of TTK Healthcare Limited ('THL'/ 'Target company') by TT Krishnamachari & Co (represented by its partners Mr. TT Jagannathan, Mrs. Latha Jagannathan, Mr. TT Raghunathan and Mrs. Bhanu Raghunathan) at a price of Rs. 73/- (Rupees Seventy Three only) per fully paid up equity share (Offer Price) payable in cash.

I/We refer to the Letter of Offer dated September 4, 2006 for acquiring the equity shares held by me/us in **TTK Healthcare 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. **October 3, 2006 (Tuesday)**

I / We note that the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the 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					
				Total number of shares	

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

— — — — — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — — — — —

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:	

I / We hold the following shares in dematerialized form and had executed an off-market transaction for crediting the shares to the **'DSRC – TTK Healthcare Ltd. – Escrow Account –Open Offer'**. Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by 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 of shareholders 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 TTK Healthcare 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 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) for 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 9 TITLED PROCEDURE FOR ACCEPTANCE AND SETTLEMENT ON PAGE 21 OF THIS LETTER OF OFFER.

— — — — — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — — — — —

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:

Data Software Research Company Private Ltd.
(Unit: **TTK Healthcare Limited**)
" Sree Soverign Complex ",
22, 4th Cross Street, Trustpuram, Kodambakkam, Chennai 600 024.
Tel: (+91 44) 2483 3738 / 2483 4487 / 2480 1664
Fax: (+91 44) 2483 4636
Email : dsrcmd@vsnl.com
Contact Person: Mr.H. Krishnamoorthy