LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder(s) of **Avon Organics Limited**. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the Members of Stock Exchange through whom the said sale was effected.

OPEN OFFER

By

ARCH PHARMALABS LIMITED (APL)

Regd. Off.: 'H' Wing, 4th Floor, Tex Centre, Off.Saki Vihar Road, Chandivali Road, Andheri (East), Mumbai - 400 072. Tel.: 022-2847 0555/0564; Fax: 022-2847 1234/1002.

to acquire 45,00,000 equity shares of Rs. 10/- each representing 20% of fully expanded voting capital (including the allotment of shares under the Preferential Issue) at a price of Rs. 21.85 (including interest of Rs. 1.85) per share ('Offer Price'), of

AVON ORGANICS LIMITED (AOL)

Regd. Off.: Survey No-18, Yawapur, Sadasivpet (M), Medak Dist, Andhra Pradesh;Tel:99498 28084; Fax: 08455-251536; Corporate Off.: 6-3-865, 4th Floor, Madhupala Towers, Opp. Greenlands Apartments, Ameerpet, Hyderabad; Tel.:040-2341 4432; Fax:040-2340 4438.

These shares will be acquired in cash, in accordance with regulation 20(2)(a) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof (hereinafter referred to as 'Regulations') from the existing shareholders of AOL.

This Offer is being made in compliance with regulation 10 & 12 and other provisions of Chapter III and in compliance with the Regulations.

The Offer is subject to receiving the necessary approval(s), if any, from the Reserve Bank of India under Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring shares tendered by non-resident shareholders. In case of acceptances from Non-Resident shareholders, the Acquirer would after the closure of the Offer, make the requisite applications to RBI to obtain approval for transfer of such shares of AOL to itself. There are no other statutory approvals required to acquire shares that are tendered pursuant to this Offer.

If there is any upward revision in the Offer Price/Size at any time up to seven working days prior to the date of closure of the Offer i.e. December 11, 2008 (Thursday) (or withdrawal of the Offer in terms of the regulations, the same would also be informed by way of a Public Announcement in the same newspapers where the original Public Announcement had appeared. Such revised Offer Price would be payable for all the shares tendered at any time during the Offer & accepted under the Offer.

Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the date of closure of the Offer i.e. on or before December 17, 2008 (Wednesday).

The Offer is not conditional and not subject to any minimum level of acceptance from Shareholders.
There was no Competitive Bid.

- **As the Offer Price cannot be revised during 7 working days prior to the Closing date of the Offers, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.**

The Public Announcement, Corrigendum to the Public Announcement and this Letter of Offer including the Form of Acceptance cum Acknowledgement and Form of Withdrawal would also be available on SEBI's website at www.sebi.gov.in

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
ASHIKA CAPITAL LIMITED 1008, 10th Floor, Raheja Centre, 214, Nariman Point, **Mumbai-400 021**. Tel: 022-66111700; Fax:022-66111710 E-Mail: mbd@ashikagroup.com **Contact Person: Mr. Niraj Atul Kothari**	**XL SOFTECH SYSTEMS LIMITED** 3, Sagar Society, Road No.2, Banjara Hill, Hyderabad-500 034. Tel: 040-2354 5914/5; Fax No: 040-2355 3214 E-mail: xlfield@rediffmail.com **Contact Person: Mr. R. Prasad**

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

Activities	Original Date & Day	Revised Date & Day
Public Announcement	November 7, 2007 (Wednesday)	November 7, 2007 (Wednesday)
Specified Date (for the purpose of determining the name of shareholders to whom the Letter of Offer will be sent)	November 23, 2007 (Friday)	November 23, 2007 (Friday)
Last Date for a Competitive Bid, if any	November 28, 2007 (Wednesday)	November 28, 2007 (Wednesday)
Corrigendum to Public Announcement	--	November 20, 2008 (Thursday)
Date by which the Letter of Offer to be Despatched to shareholders	December 18, 2007 (Tuesday)	November 28, 2008 (Friday)
Date of Opening of the Offer	December 26, 2007 (Wednesday)	December 3, 2008 (Wednesday)
Last date for revising the Offer Price/ Number of Shares	January 5, 2008 (Saturday)	December 11, 2008 (Thursday)
Last date for Withdrawal of Acceptance by Shareholders	January 10, 2008 (Thursday)	December 17, 2008 (Wednesday)
Date of Closing of the Offer	January 14, 2008 (Monday)	December 22, 2008 (Monday)
Date by which communicating rejection/acceptance and despatch of Cheque/Demand Drafts towards payment of consideration to be completed	January 29, 2008 (Tuesday)	January 6, 2009 (Tuesday)

RISK FACTORS:

Relating to the Offer:

1. The Offer involves an offer to acquire 45,00,000 equity shares of Rs. 10/- each representing 20% of the fully expanded voting capital of the Target Company (including the allotment of shares under the Preferential Issue) from its shareholders ('except the Acquirer '). In case of over-subscription, as per the Regulations, acceptance would be determined on proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

2. The shares tendered in the Offer will lie with the Registrar to the Offer, till the completion of the Offer formalities. The Acquirer makes no assurance with respect to the market price of the shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

Relating to the Acquirer:

1. The Acquirer makes no assurance with respect to the future financial performance of the Target Company or with respect to investment/divestment relating to its proposed shareholding in the Target Company.

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1. ABBREVIATIONS / DEFINITIONS

Acquirer	Arch Pharmalabs Limited
BSE	Bombay Stock Exchange Limited, Mumbai
CSE	The Calcutta Stock Exchange Limited, Kolkata
Eligible Persons for the Offer	All owners of equity shares registered or unregistered of AOL, who own equity shares at any time prior to the closure of the Offer (except the Acquirer)
EGM	Extraordinary General Meeting
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance cum Acknowledgement
Form of Withdrawal	Form of Withdrawal cum Acknowledgement
HSE	The Hyderabad Stock Exchange Limited, Hyderabad (HSE)
LOO or Letter of Offer	Offer Document
Manager to the Offer	Ashika Capital Limited
Offer	Cash Offer being made by the Acquirer to acquire 45,00,000 equity shares of Rs. 10/- each representing 20% of the fully expanded voting capital of the Target Company (including the allotment of Shares under the Preferential Issue)
Offer Price	Rs. 21.85 (including interest of Rs. 1.85) per equity share
PA / Public Announcement	Announcement of the Offer made by Acquirer on November 7, 2007 and on November 20, 2008
RBI	Reserve Bank of India
Registrar to the Offer / Registrar	XL Softech Systems Limited
AOL/ Target Company	Avon Organics Limited
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations or 'Regulations'	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and subsequent amendments thereof
Specified Date	Date for the purpose of determining the names of Shareholders, as appearing in the Register of Members of AOL, to whom the Letter of Offer should be sent, i.e. November 23, 2007 (Friday)
USFDA	United States Food And Drug Administration

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE SHAREHOLDERS OF AVON ORGANICS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES AND CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER ASHIKA CAPITAL LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 20, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER 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

(a) This Open Offer ('Offer') is being made by **Arch Pharmalabs Limited** (hereinafter referred to as 'Acquirer'), pursuant to regulation 10 &12 and other provisions of Chapter III and in compliance with the Regulations consequent to the Preferential Issue of equity shares to the Acquirer for substantial acquisition of equity shares.

(b) The Board of Directors of the Target Company, in its meeting held on November 3, 2007 ('Board Meeting Date'), has agreed and passed a resolution for issue and allotment of 98,09,100 (Ninety Eight Lakhs Nine Thousand and One Hundred only) fully paid up equity shares of Rs. 10/- each of the Target Company ('Subscription Shares') for cash at a price of Rs. 20/- per share, including a premium of Rs. 10/- on a preferential basis ('Preferential Issue'), in accordance with Section 81(1A) of the Companies Act, 1956 and the applicable provisions of Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto ('Guidelines') and in accordance with the relevant regulatory approvals, as applicable, for the Preferential Issue. In the Extra Ordinary General Meeting ('EGM') held on December 3, 2007, the shareholders of the Target Company had approved the Preferential Issue by passing a Special Resolution under Section 81(1A) of the Companies Act, 1956 and other applicable provisions. The shareholders had also authorized the Board of Directors of the Target Company to issue and allot the Subscription shares to the Acquirer in compliance with the requirements of the Companies Act, 1956 and other applicable provisions of the Guidelines/Regulations.

(c) The Target Company has received in-principle listing approval from Bombay Stock Exchange Limited, Mumbai ('BSE') on January 28, 2008 vide its letter no DCS/PREF/RAS/FIP/3058/07-08. The Board of Directors of the Target Company in its meeting held on December 18, 2007 had allotted 98,09,100 Subscription shares to the Acquirer. Further, BSE vide their letter no. DCS/PREF/RAS/TRD/3541/07-08 dated March 12, 2008 had granted the listing and trading permission for the said shares.

(d) The Issued & Subscribed Share Capital of the Target Company prior to the Preferential Issue was Rs. 1269.09 Lakhs consisting of 1,26,90,900 fully paid-up equity shares of Rs. 10/- each. Post Preferential Issue, the Issued & Subscribed Share Capital of the Target Company is Rs. 2250.00 Lakhs consisting of 2,25,00,000 fully paid-up equity shares of Rs. 10/- each.

(e) The Acquirer holds 98,09,100 equity shares after the above Preferential Allotment constituting 43.60% of the fully expanded voting capital (including the shares under the Preferential Issue) of the Target Company. The voting rights before and after Preferential Issue is given below:

Particulars	No. of Shares & Voting Capital (%) before Preferential Issue		No. of Shares & Voting Capital (%) after Preferential issue	
	No. of Shares	Voting Capital (%)	No. of Shares	Voting Capital (%)
Promoter Group	33,53,049	26.42	33,53,049	14.90
Non-Promoters	93,37,851	73.58	93,37,851	41.50
Acquirer	Nil	Nil	98,09,100	43.60
TOTAL	**1,26,90,900**	**100.00**	**2,25,00,000**	**100.00**

(f) As a result of the allotment under Preferential Issue, the Acquirer's shareholding in the Target Company has exceeded 15% of the voting capital of the Target Company and hence this offer is being made pursuant to and in terms of the Regulations.

(g) The Acquirer, Target Company and its Promoters / Directors have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of SEBI Act or under any of the Regulations made under the SEBI Act.

(h) For the purpose of this Offer, there is no Person Acting in Concert.

(i) After completion of all formalities relating to acquisition and after complying with formalities required by the Regulations, the Board of Directors might be reconstituted to include nominee(s) of Acquirer who is/are yet to be identified.

(j) The shares acquired under the offer shall be free from lien, charges and encumbrances of any kind whatsoever.

(k) The offer is unconditional and not subject to any minimum level of acceptance.

(l) This is not a competitive bid.

3.2. DETAILS OF THE PROPOSED OFFER

(a) The Acquirer made a Public Announcement of the Offer, which was published in all editions of **Business Standard** (English), **Hindi Milap** (Hindi), **Lakshadeep** (Marathi) and **Andhra Prabha** (Telugu) on November 7, 2007 in compliance with regulation 15 (1) of the Regulations. A Corrigendum to PA was also published in the same Newspapers on November 20, 2008.The Public Announcement as well as Corrigendum to PA is also available on SEBI's website at www.sebi.gov.in.

(b) The Acquirer proposes to acquire 45,00,000 equity shares of Rs.10/- each from the existing shareholders of AOL at a price of Rs. 21.85 (including interest of Rs. 1.85) per share representing 20% of the fully expanded voting capital of the Target Company (including the allotment of Shares under the Preferential Issue).

(c) The offer is not subject to any minimum level of acceptance. The Acquirer will acquire all the shares of AOL that are validly tendered in terms of this Offer up to a maximum of 45,00,000 equity shares.

(d) Other than shares allotted pursuant to the Preferential issue, the Acquirer has not acquired any shares after the date of the Public Announcement and up to the date of the Letter of Offer.

3.3. OBJECT OF THE OFFER

(a) This Open Offer is being made pursuant to regulation 10 &12 and other provisions of Chapter III and in compliance with the Regulations consequent to the Preferential Issue of equity shares to the Acquirer as explained in point no. 3.1 above and for substantial acquisition of equity shares.

(b) The Acquirer, Arch Pharmalabs Limited, is in the business of manufacturing of Active Pharmaceutical Ingredients and Intermediates and the Target Company, Avon Organics Limited is in the business of Biotech Products and Diketene derivatives for the pharmaceutical, agrochemical and pigment industries. The present acquisition will help the Acquirer to step into backward integration. The unutilized utilities of the Target Company will also be used by the Acquirer. Further the USFDA inspected plant of the Target Company located at Solapur, Maharashtra which will be of immense value to the Acquirer.

(c) The funds raised by the Target Company, by way of issue and allotment of Subscription Shares under the Preferential Issue, will be utilised to augment the long term financial applications, corporate actions of the company like Working Capital, capital expenditure and general corporate purposes. The Target Company is expected to expand its manufacturing capacity at Solapur to exploit the USFDA inspected status. The additional capacity is expected to increase the product profile and also to target long term Custom and Contract Manufacturing arrangements for Innovator and Generic pharmaceutical majors globally. At the Sadasivpeth site, the Target Company will continue to exploit its position in the Diketene business. Besides the Diketene business, the site will also cater to a wider range of intermediates.

(d) The Acquirer does not have any plans to sell, dispose off or otherwise encumber any assets of AOL in the next two years, except in the ordinary course of business. The Acquirer undertake not to sell, dispose off or otherwise encumber any substantial Assets of AOL except with the prior approval of the shareholders and in accordance with and subject to the applicable laws, permissions and consents, if any.

4. BACKGROUND OF THE ACQUIRER

4.1. Information about Acquirer

a) **Arch Pharmalabs Ltd** ('APL') was originally incorporated on April 2, 1993 under the Companies Act, 1956 in the State of Andhra Pradesh under the name 'Merven Drug Products Private Limited'. The company was subsequently converted into a Public Limited Company w.e.f. September 13, 1993. The name of the company was changed to 'Vitara Merven Limited' w.e.f. September 10, 1999; to 'Arch Commerz Limited' w.e.f. January 2, 2004 and to 'Arch Pharmalabs Limited' w.e.f. March 11, 2004. The Company has shifted its Registered Office from the State of Andhra Pradesh to the State of Maharashtra and the same was confirmed by an Order of Company Law Board, Southern Region Bench, Chennai through its Order dated December 16, 2004. At present, the Registered Office of the company is situated at 'H' Wing, 4th Floor, Tex Centre, Off Saki Vihar Road, Chandivali Road, Andheri (East), Mumbai-400 072; Tel.: 022-28470555/0564; Fax.: 022-28471234/1002.

b) APL was originally promoted by Mr. T. V. Raghava Reddy, Mr. D. Raja Gopala Reddy and Ms. P. Vijaya Laxmi and the management/control of the company has been taken over by the present promoters/directors, Mr. Ajit A.Kamath, Mr. Manoj T.Jain and Mr. Rajendra P.Kaimal during the year 2003-04 pursuant to the reverse merger under rehabilitation scheme sanctioned by Board for Industrial and Financial Reconstruction (BIFR).

c) The main Object Clause of APL includes carrying on business of manufacture, import, export, loan license, purchase, sell, deal in India or outside India in all kinds of chemicals-organic or inorganic-all kinds of drugs along with pharmaceutical formulations.

d) The equity shares of APL were listed on Bombay Stock Exchange Limited, Mumbai (BSE), Madras Stock Exchange Limited, Chennai (MSE) and The Hyderabad Stock Exchange Limited, Hyderabad (HSE). The company has completed the process of delisting and got the equity shares of the company de-listed from the said stock exchanges w.e.f. August 14, 2006 and hence presently the equity shares of APL are unlisted company.

e) Except the shares acquired under the present Preferential Issue, Arch Pharmalabs ('APL') is not holding any shares of the Target Company and hence the Chapter II compliances of the SEBI (SAST) Regulations, 1997 was not applicable. There was delay of 311 days in compliance with regulation 7(1) & 7(2) of SEBI (SAST) Regulations, 1997 for shares acquired through the preferential issue.

However, the Public Announcement for the Open Offer has been made on November 7, 2007 as required under SEBI (SAST) Regulations, 1997 incorporating the details of the said Preferential Issue. Suitable action may be initiated by SEBI for the delay in compliance with Chapter II of SEBI (SAST) Regulations, 1997.

f) The shareholding pattern of the company as on 30th September, 2007 was as under:

Shareholder's Category	No. of Equity Shares	%
Promoters including PAC	56,64,762	35.21
Non-Promoters	1,04,21,712	63.84
TOTAL	**1,60,86,474**	**100.00**

g) The Names and Addresses of the Board of Directors of APL as on date of PA were as follows:

S. No.	Name(s)	Residential Address(es)	Qualification	Experience	Date of Appointment
1.	Ajit Kamath	404, Ila Apartments, Sector4, R.D.P 7, Charkop, Kandivali (West), Mumbai-400 067	B.Com	Around 10 years in the Pharmaceutical Industry.	01.11.2003
2.	Manoj Jain	Flat No. 5, Anchorage, 10/12,L.J.Road,Mahim, Mumbai-400 016.	A.C.A	Around 10 years in the Accounts, Finance and Audit.	01.11.2003
3.	Rajendra Kaimal	C-411,Janakdeep, J.P.Road, 7 Bungalow, Andheri (West), Mumbai-400 061	ICWA, MBA	Around 8 years in the Pharmaceutical Industry.	01.11.2003
4.	T. Mallikarjuna Reddy	B-13, Madhura Nagar, Hyderabad – 500038.	Post Graduate	Around 15 years in the Pharmaceutical Industry	01.10.2003
5.	Shahzaad Dalal	902, Crescent Heights, V. N. Naik Road, Forjett Street, Mumbai – 400036.	MBA	Around 22 years in the areas of Strategic Development	08.04.2005
6.	Aluri S. Rao	C/O. ICICI Venture Funds Management Company Limited, Stanrose House, Ground Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025.	MBA	Around 13 years of Industrial Experience	28.03.2005
7.	Pramod D. Shedde	B-11, Ocean Gold, Twin Towers Road, Prabhadevi, Mumbai – 400 025.	Engineering Graduate	Around 17 years in equity business	29.06.2006
8.	Vandana Rajadhyaksha	C/O, ICICI Venture Funds Management Company Limited, Stanrose House, Ground Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025.	MBA	Around 11 years in Manufacturing, consulting and financial service sector	19.07.2007

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

h) Brief audited financials of APL for the last 3 Years and certified financial results for the period ended 30.09.2007 are as follows:

Profit and Loss Statement

(Rs. in Lakhs)

For the Year ended	30.09.2007 (Certified)	31.03.2007 (Audited)	31.03.2006 (Audited)	31.03.2005 (Audited)
Income:				
Sales	22,585.96	36,255.19	24,682.70	15,550.31
Other Income	35.99	155.64	59.58	52.96
Total Income	**22,621.95**	**36,410.83**	**24,742.28**	**15,603.27**
Total Expenditure	18,189.10	29,378.57	20,083.54	12,739.87
Profit before Interest, Depreciation & Tax	4,432.85	7,032.26	4,658.74	2,863.40
Depreciation	768.67	1,193.44	825.90	329.42
Interest	1,765.68	2,495.81	1,515.45	920.09
Profit Before Tax	1,898.50	3,343.01	2,317.39	1,613.89
Provision for Tax	536.25	966.50	726.06	590.57
Profit/(Loss) after Tax	**1,362.25**	**2,376.51**	**1,591.33**	**1,023.32**

Balance Sheet Statement

(Rs. in Lakhs)

As at	30.09.2007 (Certified)	31.03.2007 (Audited)	31.03.2006 (Audited)	31.03.2005 (Audited)
Sources of funds:				
Paid-up Equity Share Capital	1,608.65	1,608.65	1,368.65	1,317.10
Reserves & Surplus	16,866.92	15,504.67	6,911.92	5,144.22
Miscellaneous Expenditure	(115.51)	(115.51)	(152.67)	(166.17)
Networth	**18,360.06**	**16,997.81**	**8,127.90**	**6,295.15**
Preference Share Capital	1,000.00	1,000.00	1,000.00	196.00
Secured Loan	27,141.77	24,631.64	17,639.34	10,687.36
Unsecured Loan	3,518.24	4,059.80	53.49	231.26
Deferred Tax Liability	1.568.80	1,393.80	691.92	391.71
TOTAL	**51,588.87**	**48,083.05**	**27,512.65**	**17,801.48**
Application of funds:				
Net Fixed Assets	21,487.27	19,132.77	14,841.79	10,226.12
Investments	2,482.31	1,312.32	51.77	5.82
Net Current Assets	27,619.29	27,637.96	12,619.09	7,569.54
TOTAL	**51,588.87**	**48,083.05**	**27,512,.65**	**17,801.48**

Other Financial Data

Particulars	30.09.2007 (Certified)	31.03.2007 (Audited)	31.03.2006 (Audited)	31.03.2005 (Audited)
Dividend on Preference Share (%)	Nil	7.50	7.50	Nil
Dividend on Cumulative Convertible Preference Shares (%)			10.00	10.00
EPS (Rs.)	16.94*	14.77	11.63	7.77
Return on Networth (%)	14.84*	13.98	19.58	16.26
Book Value per Share (Rs.)	114.13	105.67	59.39	47.80

*Annualised

Notes:

EPS = Profit after tax / number of outstanding equity shares at the close of the year.

Return on Net Worth = Profit after Tax /Net Worth

Book Value per Share = Net Worth / No. of equity shares

i) **Significant Accounting Policies:**

Basis of preparation of financial statements: The financial statements are prepared under the historical cost convention on an accrual basis.

Fixed Assets and Depreciation: Fixed Assets are stated at cost. Depreciation has been provided on Straight Line Basis.

Inventories: Inventories are valued at first in first out (FIFO) basis.

Investments: Long Term Investments are stated at cost.

Recognition of Income and Expenditure: Sales are recognized when the goods are supplied and are recorded net of rebates, sales tax. Expenses are accounted for on accrual basis and provision is made for all known losses and expenses.

Foreign Currency Transactions: Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of the transaction. Current assets and current liabilities involving transactions in foreign currency are converted at exchange rates prevailing as on 31st March, 2007. Any profit / loss arising out of such conversion are charged to Profit & Loss Account.

Provisions and Contingent Liabilities: Provisions are recognized only when there is a present obligation as result of past event and a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for possible obligation which will be confirmed only by future events not wholly within the control of the company or present obligation arising from past events where it is not possible that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

j) **Major Contingent Liabilities and Reasons for Fall / Rise in Total Income and PAT:**

i) Guarantees given by banks- Rs. 39.16 Lakhs
ii) Letter of credit- Rs. 663.17 Lakhs
iii) Excise / Customs Demand- Rs. 9.76 Lakhs
iv) Income Tax- Rs. 445.41 Lakhs

Reasons for fall / rise in Total Income and PAT:

The increase in sales for the year ended March, 2006 was largely due to additional capacities set-up and expansion of existing facility and accordingly there is an increase in PAT.

The increase in sales for the year ended 31st March, 2007 was mainly on account of introduction of new products and increase in sales volume and accordingly there is an increase in PAT.

Reasons for increase in the Reserve & Surplus figure for the year ended 31.03.2007:

i) Addition to Share Premium Account by Rs. 5664.00 Lakhs on account of issue of 24,00,000 equity shares of Rs.10/- each on 18.10.2006 at a premium of Rs. 236/- per share.
ii) Addition to Debenture Redemption Account by Rs. 38.68 Lakh on account of issue of Non-Convertible Debentures during the year.
iii) Transfer from Profit and Loss Account to General Reserve Account by Rs. 2890.08 Lakhs

k) The details of the Subsidiaries of the Acquirer are as under:

Arch Finechemicals Limited, was originally incorporated on March 22, 1993 under the Companies Act, 1956 in the State of Andhra Pradesh, Hyderabad under the name 'Watsol Organics Limited. The name of the company was changed to 'Arch Finechemicals Limited' w.e.f February 8, 2008. The company is having registered office at Vijaya Enclave, 8-3-1010, Srinagar Colony, Hyderabad-73. The Authorised Capital of the company as on date is Rs. 850.00 Lakhs comprising of 85,00,000 equity shares of Rs.10/-. The Company is not a Sick Industrial Company. The shares of the company are not listed on any Stock Exchange. The company is engaged in the business of manufacturing of various Pharmaceuticals intermediates and Specialty Chemicals. The Acquirer held 86.54% of the Paid-up Share Capital, as on date pf PA.

Brief audited financials for the last three years are given below:

(Amount - Rs. in Lakhs)

Particulars	31.03.2007	31.03.2006	31.03.2005
Equity Share Capital	687.91	647.91	547.91
Reserve & Surplus	238.98	136.79	86.19
Net Worth	**926.89**	**784.70**	**634.10**
Share Application Money	150.00	40.00	143.00
Total Income	2,832.35	2,435.37	2,019.81
Profit After Tax (PAT)	102.18	50.60	34.47
Earnings Per Share (EPS) in Rs.	1.49	0.78	0.63
Net Asset Value (NAV) per share in Rs. (equity share of Rs.10/- each)	13.47	12.11	11.57

Arch Life Sciences Limited was originally incorporated on December 15, 2003 under the Companies Act, 1956 in the State of Andhra Pradesh, Hyderabad under the name '.Sibra Pharmaceuticals Limited. The name of the company was changed to 'Arch Life Sciences Limited' w.e.f May 27, 2008. The company is having registered office at Flat No. 402, Bhanu Enclave, Sunder Nagar, Erragadda, Hyderabad-500 038. The Authorised Capital of the company as on date is Rs. 400.00 Lakhs divided into 40,00,000 equity shares of Rs.10/- each. The Company is not a Sick Industrial Company. The shares of the company are not listed on any stock exchange. The Company is engaged in the business of manufacturing of Pharmaceuticals products. The Acquirer holds 58.46% of the Paid-up Share Capital.

Brief audited financials for the last three years are given below:

(Amount - Rs. in Lakhs)

Particulars	31.03.2007	31.03.2006	31.03.2005
Equity Share Capital	390.00	390.00	5.00
Miscellaneous Expenditure	(174.07)	(153.23)	(61.61)
Net Worth	**215.93**	**236.77**	**(56.61)**
Share Application Money	1,000.00	--	353.16
Total Income	1,459.71	205.87	Nil
Profit After Tax (PAT)	(21.17)	(150.30)	(61.26)
Earnings Per Share (EPS) in Rs.	Negative	Negative	Negative
Net Asset Value (NAV) per share in Rs. (equity share of Rs.10/- each)	5.54	6.07	Negative

Arch Pharmalabs (USA) Inc, having its registered office at Corporation Trust Centre, 1209, Orange Street, City of Wilmington, Country of New Castle, State of Delaware, USA was incorporated on September 14, 2005.The Company has been incorporated primarily to facilitate the marketing activities and developing the customer relations for the business of the Parent Company in the overseas market.

Brief audited financials for the March, 2007 is given below:

(Amount in US $)

Particulars	31.03.2007
Equity Share Capital	100.00
Reserve & Surplus	Nil
Total Income	Nil
Profit After Tax (PAT)	Nil
Earnings Per Share (EPS) in Rs.	Negative
Net Asset Value (NAV) per share in Rs. (equity share of Rs.10/- each)	Negative

l) The details of the Associate Companies of the Acquirer are as under:

Arch Investments Private Limited, having registered office at CSC 8/33/34, Grant Building, Arthur Bunder Road, Colaba, Mumbai-400 005, was incorporated on April 10, 1997 under the Companies Act, 1956 in the State of Maharashtra. The Authorised Capital of the company as on date is Rs.10.00 Lakhs comprising of 1,00,000 equity shares of Rs.10/-. The Company is not a Sick Industrial Company. The shares of the company are not listed on any Stock Exchange.

Brief audited financials for the last three years are given below:

(Amount - Rs. in Lakhs)

Particulars	**31.03.2007**	**31.03.2006**	**31.03.2005**
Equity Share Capital	10.00	10.00	10.00
Reserve & Surplus	10.00	10.00	10.00
Profit & Loss Account (Debit Balance)	(1.76)	(1.81)	(1.89)
Net Worth	**18.24**	**18.19**	**18.11**
Total Income	0.28	0.28	0.28
Profit After Tax (PAT)	0.06	0.07	(0.01)
Earnings Per Share (EPS) in Rs.	0.05	0.78	Negative
Net Asset Value (NAV) per share in Rs. (equity share of Rs.10/- each)	18.24	12.11	18.11

Arch Pharmachem Limited, having registered office at 'H' Wing, 4th Floor, Tex Centre, Off Saki Vihar Road, Chandivali Road, Andheri (East), Mumbai - 400 072, was incorporated on December 5, 2000 under the Companies Act, 1956 in the State of Maharashtra. The Authorised Capital of the company as on date is Rs.50.00 Lakhs comprising of 5,00,000 equity shares of Rs.10/-. The Company is not a Sick Industrial Company. The shares of the company are not listed on any Stock Exchange. The company is engaged in the business of Pharmaceuticals

Brief audited financials for the last three years are given below:

(Amount - Rs. in Lakhs)

Particulars	**31.03.2007**	**31.03.2006**	**31.03.2005**
Equity Share Capital	16.05	16.05	16.05
Reserve & Surplus	6.15	4.12	4.46
Miscelleneous Expenditure	(0.25)	(0.51)	(0.76)
Net Worth	**21.95**	**19.66**	**19.75**
Total Income	3.76	Nil	315.49
Profit After Tax (PAT)	2.04	(0.34)	0.11
Earnings Per Share (EPS) in Rs.	1.27	Negative	0.07
Net Asset Value (NAV) per share in Rs. (equity share of Rs.10/- each)	13.68	12.25	12.31

4.2. Disclosures in terms of regulations 16(ix) of the Regulations:

(a) As stated in para 'Background to the Offer' above, pursuant to the Preferential Allotment, the Acquirer has acquired 98,09,100 (Ninety Eight Lakhs Nine thousand one hundred only) fully paid up equity shares of Rs. 10/- each of the Target Company. As a result of such allotment, the Acquirer holds 43.60% of the fully expanded voting capital and there will be a change in the control of the Company. Hence, this Offer is pursuant to Regulation 10 & 12 and other applicable provisions of the Regulations involving substantial acquisition of shares or voting rights with a change in control or management of the Target Company.

(b) The Acquirer, Arch Pharmalabs Limited, is in the business of manufacturing of Active Pharmaceutical Ingredients and Intermediates and the Target Company, Avon Organics Limited is in the business of Biotech Products and Diketene derivatives for the pharmaceutical, agrochemical and pigment industries. The present acquisition will help the Acquirer to step into backward integration. The unutilized utilities of the Target Company will also be used by the Acquirer. Further the USFDA inspected plant of the Target Company located at Solapur, Maharashtra which will be of immense value to the Acquirer.

(c) The funds raised by the Target Company, by way of issue and allotment of Subscription Shares under the Preferential Issue, will be utilised to augment the long term financial applications, corporate actions of the company like Working Capital, capital expenditure and general corporate purposes. The Target Company is expected to expand its manufacturing capacity at Solapur to exploit the USFDA inspected status. The additional capacity is expected to increase the product profile and also to target long term Custom and Contract Manufacturing arrangements for Innovator and Generic pharmaceutical majors globally. At the Sadasivpeth site, the Target Company will continue to exploit its position in the Diketene business. Besides the Diketene business, the site will also cater to a wider range of intermediates.

(d) The Acquirer does not have any plans to sell, dispose off or otherwise encumber any assets of AOL in the next two years, except in the ordinary course of business. The Acquirer undertake not to sell, dispose off or otherwise encumber any substantial Assets of AOL except with the prior approval of the shareholders and in accordance with and subject to the applicable laws, permissions and consents, if any.

5. DISCLOSURE IN TERMS OF REGULATION 21(2)

In the event, pursuant to this Offer, the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirer will, in accordance with regulation 21(2) of the Regulations, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the stock exchanges within the specified time and in accordance with the prescribed procedure under amended clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

6. BACKGROUND OF THE TARGET COMPANY-AOL

6.1. Brief History and Main Areas of Operations:

(a) AOL was incorporated on 03.08.1993 in the State of Andhra Pradesh and received the Certificate of Commencement of Business from Registrar of Companies, Andhra Pradesh on 05.07.1994.The Registered Office of the company is situated at Survey No-18, Yawapur, Sadasivpet (M), Medak Dist, Andhra Pradesh, Tel No.: 9949828084; Fax No.: 91-08455-251536 and the Corporate Office of the company is situated at 6-3-865, 4th Floor, Madhupala Towers, Opp. Greenlands Apartments, Ameerpet, Hyderabad- 500 016, Tel No.: 040-2341 4432; Fax: 040-2340 4438.

(b) The Company has two manufacturing units. The Diketene Division is situated at Survey No. 18, Yawapur, Sadasivpet (M), Medak Dist, Andhra Pradesh and the Biotech Division is situated at Plot No. E-2, MIDC, Chincholi Industrial Area, Solapur, Maharashtra.

(c) The Target Company is engaged in the business of Biotech Products and Diketene derivatives for the pharmaceutical, agrochemical and pigment industries. Its product range in Diketene derivatives includes Mono Methyl Aceto Acetamide, Methyl Aceto Acetic Ester, Diethyl Aceto Acetamide and other Diketene derivatives while the Bio-tech division includes Ephedrine and Pseudoephedrine. AOL had started with two derivatives in 1996 and presently produces more than 25 derivatives, with another half-a-dozen in the pipeline.

(d) As on date of PA, the Authorised Share Capital of the company is Rs. 1800.00 Lakhs comprising of 1,80,00,000 equity shares of Rs. 10/- each and the Issued, Subscribed & Paid up Share Capital is Rs. 1269.09 Lakhs comprising of 1,26,90,900 fully paid up equity shares of Rs. 10/- each.

(e) There are no outstanding instruments in the nature of warrants/fully convertible debentures /partly convertible debentures etc. which are convertible into shares at any later date. There are no shares under lock-in period.

(f) The Company came out with its maiden Public Issue during the year 1996 through prospectus, for meeting the cost of the project and meet working capital requirement.

(g) The Board of Directors of AOL in its meeting held on November 3, 2007 ('Board Meeting Date'), has considered and passed a resolution for increase in Authorised Share Capital from Rs. 1800.00

Lakhs comprising of 1,80,00,000 equity shares of Rs. 10/- each to Rs. 2500.00 Lakhs comprising of 2,50,00,000 equity shares of Rs. 10/- each, subject to approval of the shareholders of the company in the EGM to be held on December 3, 2007. Accordingly, the Shareholders in their meeting held on December 3, 2007 had approved the increase in Authorised Share capital.

(h) The equity shares of AOL are listed on Bombay Stock Exchange Limited, Mumbai (BSE), The Calcutta Stock Exchange Limited, Kolkata (CSE) and The Hyderabad Stock Exchange Limited, Hyderabad (HSE). However, the recognition granted to HSE has been withdrawn by SEBI with effect from August 29, 2007.

6.2. Share Capital Structure of AOL:

Paid-up Shares	No. of Shares/Voting Rights	% Shares/Voting Rights
Fully Paid-up Equity Share	1,26,90,900/1,26,90,900	100%/100%
Partly Paid-up Equity Share	Nil/Nil	Nil/Nil
Total Paid-up Equity Share	1,26,90,900/1,26,90,900	100%/100%

6.3. Current Capital Structure of the Target Company / AOL:

Date of Allotment	No & % of Shares issued		Cumulative paid up Capital (Rs)	Mode of Allotment	Identification of the allottees	Status of Compliance
	No	%				
03.08.1993	700	0.01	7,000	Initial Allotment	Subscribers to Memorandum	Complied
01.06.1995	20,09,760	8.93	2,01,04,600	Further Allotment	Promoters	Complied
08.02.1996	54,91,440	24.41	7,50,19,000	Initial Public Issue	Promoters/Public	Complied
27.01.2000	18,00,000*	8.00	9,30,19,000	Preferential Allotment	Promoters / Non-Promoters	Complied
17.12.2004	4,80,000	2.13	9,78,19,000	Preferential Allotment	Promoters	Complied
17.09.2005	4,89,000	2.17	10,27,09,000	Preferential Allotment	Promoters	Complied
15.03.2006	21,20,000*	9.42	12,39,09,000	Preferential Allotment	Non-Promoters	Complied
08.04.2006	3,00,000	1.33	12,69,09,000	Preferential Allotment	Promoters	Complied
18.12.2007	98,09,100	43.60	22,50,00,000	Preferential Allotment	Acquirer	Complied
TOTAL	**2,25,00,000**	**100.00**				

***** The allottees under the said issue have neither violated any regulation nor required to comply with SEBI (SAST) Regulation, 1997. The allottees were neither related/connected to each other nor were acting in concert for the purpose of said allotment.

6.4. The Company has been complying with the provisions of the listing agreement entered into with Stock exchange(s). No punitive action has been taken against the company by Stock Exchange(s). The company has paid upto date Listing Fees to Stock Exchange(s) and the Company has addressed all investor's complaints as and when received and there is no pending complaint as on date.

6.5. Present Composition of the Board of Directors of AOL:

As on the date of Public Announcement i.e. November 7, 2007, the Directors representing the Board of AOL were:

S. No.	Name	Address	Qualification	Experience	Date of Appointment
1.	Dr. P.M. Bhargava	12-5-27, Vijaypuri, Tarnaka, Hyderabad-17	PhD. in Chemistry	Around 50 years in various areas of Molecular Biology	27.09.2003

2.	P.R. Agarwal	8-2-332/A, Road No.3, Banjara Hills, Hyderabad-34	M.S	Around 42 years in the areas of Chemical Engineering and Machinery Manufacturing	08.081993
3.	Rajesh Agarwal	446, Road No.86, Jubilee Hills, Hyderabad-33	MBA & B.Tech	Around 19 years in Machinery Manufacturing	03.10.1999
4.	Dr. T.V.Krishna Rao	5-9-30/1, 27AB, Basheerbagh palace, Hyderabad	MBBS, MS, FICS	Around 44 years in the areas of Medical field	14.11.1995
5.	C.K.C.Gupta	Sarojini Apartments, 2-12-66, Marredpally (West), Secundrabad-26, Andhra Pradesh	M.E	Around 45 years of experience in the Refrigeration	01.05.1999
6.	Umesh Agarwal	8-2-332/A, Road No.3, Banjara Hills, Hyderabad-34	B.Com	Around 10 years in the areas of Marketing	01.08.1999
7.	S. Chidambaram	24, Suvasini Apartments, Ameerpet, Hyderabad-16	ACS, LLB	Around 12 years in the areas of Corporate Law	29.09.2006

None of the above Directors are representing the Acquirer.

6.6. The equity shares of AOL were traded on BSE on November 7, 2007 i.e. the date of PA.

6.7. There has been no merger / de-merger or spin off involving AOL during the past three years.

6.8. The Promoters have complied with regulation 6(1), 6(3), 8(1) & 8(2) of SEBI (SAST) Regulations, 1997. However the Promoters have not complied with regulation 7(1A) for acquisitions made on 30.09.2003, 30.11.2004, 09.09.2005 and 19.01.2006. The Target Company has complied with regulation 6(2) & 6(4) for the year 1997 and regulation 8(3) for the year 1998. There was delay of 19 days and 9 days in compliance with regulation 8(3) for the year 1999 and 2001. The Target Company has complied with regulation 8(3) for the year 2000 and from 2002 the company has been regular in compliance with regulation 8(3) of the Regulations. The Promoters have triggered the Takeover Code and accordingly violated regulation 11 for the acquisition made on 06.09.1997, 06.12.1997 and 11.10.1999. Suitable action may be initiated by SEBI against the Target Company, and its Promoters for the delay and/ or non-compliance with Chapter II of SEBI (SAST) Regulation 1997.

6.9. Financial Information:

Brief audited financials of the Target Company for the last 3 Years and certified financial results for the period ended 30.09.2007 are as follows:

Profit & Loss Statements

(Rs. in Lakhs)

For the period/year ended	30.09.2007 (Certified)	31.03.2007 (Audited)	31.03.2006 (Audited)	31.03.2005 (Audited)
Income:				
Income from Operations	3,956.87	7,743.76	9,868.73	8,910.12
Other Income	1.98	28.71	40.41	42.91
Increase/(Decrease) in stocks	(95.56)	31.96	757.44	(186.42)
Total Income	**3,863.29**	**7,804.43**	**10,666.58**	**8,766.61**
Total Expenditure	3,774.35	8,371.04	9,006.27	7,743.05
Profit/(Loss) Before Depreciation, Interest and Tax		(566.61)	1,660.31	1,023.56
Interest	474.38	879.52	893.37	729.05
Depreciation	225.50	436.07	369.22	391.87
Profit/ (Loss) Before Tax	(610.94)	(1,882.20)	397.72	(97.36)

Prior Period Item	--	--	--	11.19
Current Tax	--	--	24.00	--
Deferred Tax	--	--	10.00	--
Fringe Benefit Tax	4.00	7.00	--	--
Profit/ (Loss) After Tax	**(614.94)**	**(1,889.20)**	**363.72**	**(108.55)**

Balance Sheet Statement

(Rs. in Lakhs)

As on	30.09.2007 (Certified)	31.03.2007 (Audited)	31.03.2006 (Audited)	31.03.2005 (Audited)
Sources of Funds:				
Paid up Share Capital	1,269.09	1,269.09	1,239.09	978.19
Reserves & Surplus	1,237.52	1,852.46	3,511.88	2,049.16
Miscellaneous Expenditure	--	--	(10.11)	(25.88)
NETWORTH	**2,506.61**	**3,121.55**	**4,740.86**	**3,001.47**
Share Application Money	--	--	280.77	105.00
Secured Loan	6,848.00	6,638.65	5,439.86	6,286.28
Unsecured Loans	1,886.80	1,830.76	1,419.32	1,288.53
Deferred Tax	140.65	140.65	140.65	130.65
TOTAL	**11,382.06**	**11,731.61**	**12,021.46**	**10,811.93**
Application of funds:				
Net Fixed Assets	5,256.28	5,323.04	4,983.26	4,511.12
Investments	5.19	5.19	5.19	5.19
Net Current Assets	6,120.59	6,403.38	7,033.01	6,295.62
TOTAL	**11,382.06**	**11,731.61**	**12,021.46**	**10,811.93**

Other Financial Data

For year ended	30.09.2007 (Certified)	31.03.2007 (Audited)	31.03.2006 (Audited)	31.03.2005 (Audited)
Dividend (%)	Nil	Nil	Nil	Nil
EPS (Rs.)	(9.69)*	(14.89)	2.94	(1.11)
Return on Networth (%)	(49.06)*	(60.52)	7.67	(3.62)
Book Value per share (Rs.)	19.75	24.60	38.26	30.68

(Source: Annual report & Certified Financial Data) *Annualized

Notes:
EPS = Profit after tax / number of outstanding equity shares at the close of the year/period.
Return on Net Worth = Profit after Tax /Net Worth
Book Value per Share = Net Worth / No. of equity shares

Reasons for rise/fall in Total Income & PAT

During the year 2005-06 there was increase in turnover because of additions of high value products and backward integration. The increase in PAT was due to increase in turnover and cost control measures.

During 2006-07 delay in obtaining regulatory permissions for export, reduction in domestic selling prices and increase in raw material cost lead to decrease in sales. This affected the operations and hence the lead to decrease in profitability.

Details of secured loan are as under:

(Rs. in Lacs)

Particulars	30.09.2007	31.03.2007	31.03.2006	31.03.2005
Term Loans	1906.41	1838.67	1885.94	2615.44
Working Capital Loans	4935.91	4792.80	3538.14	3653.43
Vehicle Loans under Hire- Purchase	5.68	7.18	15.78	17.41
TOTAL	**6848.00**	**6638.65**	**5439.86**	**6286.28**

6.10. Pre and Post-Offer Shareholding Pattern of AOL (based on expanded Voting Capital)

Shareholders' Category	Shareholding prior to the Preferential Issue and Offer		Shares Acquired through Preferential Issue		Shareholding after the Preferential Issue and prior to Offer		Shares to be Acquired in Open Offer (Assuming full acceptances)		Shareholding after the Preferential Issue and Offer	
	(A)		(B)		(C) = (A+B)		(D)		(E) = (C+D)	
	No.	%	No.	%	No.	%	No.	%	No.	%
1. Promoter Group:										
a) Parties to Agreement, if any	-	-			-	-			-	-
b) Promoters other than (a) above	33,53,049	26.42	-	-	33,53,049	14.90	-	-	33,53,049	14.90
Total (a+b)	**33,53,049**	**26.42**	**-**	**-**	**33,53,049**	**14.90**	**Nil**	**Nil**	**Nil****	**Nil****
2. Acquirer:										
Arch Pharmalabs Limited	**-**	**-**	98,09,100*	100.00	98,09,100	43.60	45,00,000	20.00	1,43,09,100	63.60
Total (1+2)	**33,53,049**	**26.42**	**98,09,100**	**100.00**	**1,31,62,149**	**58.50**	**45,00,000**	**20.00**	**1,43,09,100**	**63.60**
3. Parties to Agreement other than (1) (a) above	-	-	-	-	-	-	-	-	-	-
4. Public: (Other than Promoters & Acquirer)										
a) FIs/MFs/FIIs/Banks, SFIs	-	-	Nil	Nil	-	-	(45,00,000)#	(20.00)	81,90,900**	36.40**
b) Others	93,37,851	73.58	Nil	Nil	93,37,851	41.50				
Total (a+b)	**93,37,851**	**73.58**	**Nil**	**Nil**	**93,37,851**	**41.50**	**(45,00,000)**	**(20.00)**	**81,90,900**	**36.40**
GRAND TOTAL (1+2+3+4)	**1,26,90,900**	**100.00**	**98,09,100**	**100.00**	**2,25,00,000**	**100.00**	**Nil**	**Nil**	**2,25,00,000**	**100.00**

***** The Board of Directors of the Target Company in its meeting held on December 18, 2007 has allotted 98,09,100 Subscription shares to Acquirer.

**The holding of the Promoter Group has been included in the Public category.

#includes surrender of shares by the Promoters, if any

6.11. There are 6,070 equity shareholders under Public category as on 30.09.2007.

6.12. The Company is complying with Clause 49 of the Listing Agreement on Corporate Governance.

6.13. Name and Contact details of the Compliance Officer:
Mr. V.S. Soma
Madhupala Towers, Greenlands, Hyderabad-500 016.
Tel: 040-2341 4432; Fax: 040-2340 4438.

6.14 The changes in the holdings of the Promoters Group is as under:

Date	Opening Balance - Promoter Group	Opening Capital	Opening % holding - Promoter Group	Name of the Promoter	No of shares Acquired	No of Shares sold	Mode of Purchase/Sale (Memorandum/IPO/ FPO/Market Purchases/Preferential Allotment/Rights Issue/Bonus Shares/Inter-se-transfer etc.,)	Closing Capital	Closing holding - Promoter Group	Closing % holding - Promoter Group	Increase / Decrease in percentage holding - Promoter Group	Compliance Status
As on 31/03/1997	3227440	7501900	43.02%	Opening Balance				7501900	3227440	43.02%	-	Not Required
16/06/1997	3227440	7501900	43.02%	Sarita Agarwal	22000		Market Purchase	7501900	3249440	43.31%	0.29%	Not Required
16/06/1997	3249440	7501900	43.31%	Urmila Agarwal	10200		Market Purchase	7501900	3259640	43.45%	0.14%	Not Required
07/07/1997	3259640	7501900	43.45%	Urmila Agarwal	4300		Market Purchase	7501900	3263940	43.51%	0.06%	Not Required
17/07/1997	3263940	7501900	43.51%	P R Agarwal	41300		Market Purchase	7501900	3305240	44.06%	0.55%	Not Required
25/08/1997	3305240	7501900	44.06%	Sarita Agarwal	6000		Market Purchase	7501900	3311240	44.14%	0.08%	Not Required
06/09/1997	3311240	7501900	44.14%	Rajesh Agarwal	85200		Market Purchase	7501900	3396440	45.27%	1.14%	Not Complied u/r 11
15/09/1997	3396440	7501900	45.27%	P R Agarwal	75900		Market Purchase	7501900	3472340	46.29%	1.01%	Not Required
01/10/1997	3472340	7501900	46.29%	Rajesh Agarwal		14000	Market Sale	7501900	3458340	46.10%	-0.19%	Not Required
27/10/1997	3458340	7501900	46.10%	P R Agarwal	6000		Market Purchase	7501900	3464340	46.18%	0.08%	Not Required
06/12/1997	3464340	7501900	46.18%	Hyd. Met. Chem.	334500		Market Purchase	7501900	3798840	50.64%	4.46%	Not Complied u/r 11
03/02/1998	3798840	7501900	50.64%	Sarita Agarwal		800	Market Sale	7501900	3798040	50.63%	-0.01%	Not Required
04/02/1998	3798040	7501900	50.63%	Urmila Agarwal	4700		Market Purchase	7501900	3802740	50.69%	0.06%	Not Required
31/03/1998	3802740	7501900	50.69%	Bharat Metal Box		47200	Market sale	7501900	3755540	50.06%	-0.63%	Not Required
23/04/1998	3755540	7501900	50.06%	Urmila Agarwal	77600		Market Purchase	7501900	3833140	51.10%	1.03%	Not Required
13/11/1998	3833140	7501900	51.10%	P R Agarwal	50000		Market Purchase	7501900	3883140	51.76%	0.67%	Not Required
13/04/1998	3883140	7501900	51.76%	Rajesh Agarwal		30700	Market Sale	7501900	3852440	51.35%	-0.41%	Not Required
13/04/1998	3852440	7501900	51.35%	Sarita Agarwal		39300	Market Sale	7501900	3813140	50.83%	-0.52%	Not Required
21/07/1998	3813140	7501900	50.83%	Sarita Agarwal		1000	Market Sale	7501900	3812140	50.82%	-0.01%	Not Required
06/01/1999	3812140	7501900	50.82%	Hyd. Met. Chem.	185000		Market Purchase	7501900	3997140	53.28%	2.47%	Not Required
01/04/1999	3997140	7501900	53.28%	P R Agarwal	40000		Market Purchase	7501900	4037140	53.81%	0.53%	Not Required
21/05/1999	4037140	7501900	53.81%	P R Agarwal	50000		Market Purchase	7501900	4087140	54.48%	0.67%	Not Required
25/05/1999	4087140	7501900	54.48%	Hyd. Met. Chem.		478800	Market Sale	7501900	3608340	48.10%	-6.38%	Not Required
08/06/1999	3608340	7501900	48.10%	P R Agarwal	13500		Market Purchase	7501900	3621840	48.28%	0.18%	Not Required
30/06/1999	3621840	7501900	48.28%	P R Agarwal	30000		Market Purchase	7501900	3651840	48.68%	0.40%	Not Required

06/08/1999	3651840	7501900	48.68%	Rajesh Agarwal	13300		Market Purchase	7501900	3665140	48.86%	0.18%	Not Required
06/08/1999	3665140	7501900	48.86%	Sarita Agarwal	13300		Market Purchase	7501900	3678440	49.03%	0.18%	Not Required
06/08/1999	3678440	7501900	49.03%	Urmila Agarwal	13300		Market Purchase	7501900	3691740	49.21%	0.18%	Not Required
06/08/1999	3691740	7501900	49.21%	Umesh Agarwal	13300		Market Purchase	7501900	3705040	49.39%	0.18%	Not Required
09/06/1999	3705040	7501900	49.39%	Manphool Exp. Ltd.		37300	Market sale	7501900	3667740	48.89%	-0.50%	Not Required
11/10/1999	3667740	7501900	48.89%	P R Agarwal	25000		Market Purchase	7501900	3692740	49.22%	0.33%	Not Complied u/r 11
21/10/1999	3692740	7501900	49.22%	P R Agarwal	13600		Market Purchase	7501900	3706340	49.41%	0.18%	Not Required
25/10/1999	3706340	7501900	49.41%	P R Agarwal		100000	Market Sale	7501900	3606340	48.07%	-1.33%	Not Required
10/11/1999	3606340	7501900	48.07%	Rajesh Agarwal	10000		Market Purchase	7501900	3616340	48.21%	0.13%	Not Required
10/11/1999	3616340	7501900	48.21%	Urmila Agarwal	15000		Market Purchase	7501900	3631340	48.41%	0.20%	Not Required
27/01/2000	3631340	7501900	48.41%	P R Agarwal	73000		Preferential Allotment	9301900	3704340	39.82%		Not Required
27/01/2000	3704340	7501900	49.38%	Hyd. Met. Chem.	353000		Preferential Allotment	9301900	4057340	43.62%	-4.79%	Not Required
07/02/2000	4057340	9301900	43.62%	P R Agarwal	230000		Market Purchase	9301900	4287340	46.09%	2.47%	Not Required
01/03/2000	4287340	9301900	46.09%	P R Agarwal		2000	Market Sale	9301900	4285340	46.07%	-0.02%	Not Required
14/03/2000	4285340	9301900	46.07%	P R Agarwal		100000	Market Sale	9301900	4185340	44.99%	-1.08%	Not Required
31/03/2000	4185340	9301900	44.99%	Tripuraneni Inv. Inc.		24200	Market Sale	9301900	4161140	44.73%	-0.26%	Not Required
09/04/2000	4161140	9301900	44.73%	Umesh Agarwal		1000	Market Sale	9301900	4160140	44.72%	-0.01%	Not Required
18/04/2000	4160140	9301900	44.72%	P R Agarwal	4000		Market Purchase	9301900	4164140	44.77%	0.04%	Not Required
26/05/2000	4164140	9301900	44.77%	P R Agarwal	5000		Market Purchase	9301900	4169140	44.82%	0.05%	Not Required
31/05/2000	4169140	9301900	44.82%	Rajesh Agarwal	1900		Market Purchase	9301900	4171040	44.84%	0.02%	Not Required
02/06/2000	4171040	9301900	44.84%	P R Agarwal	5700		Market Purchase	9301900	4176740	44.90%	0.06%	Not Required
16/06/2000	4176740	9301900	44.90%	P R Agarwal	5100		Market Purchase	9301900	4181840	44.96%	0.05%	Not Required
08/07/2000	4181840	9301900	44.96%	Rajesh Agarwal	4000		Market Purchase	9301900	4185840	45.00%	0.04%	Not Required
07/10/2000	4185840	9301900	45.00%	Bharat Metal Box		83000	Market sale	9301900	4102840	44.11%	-0.89%	Not Required
19/07/2000	4102840	9301900	44.11%	Manphool Exp. Ltd.		400	Market sale	9301900	4102440	44.10%	0.00%	Not Required
16/08/2000	4102440	9301900	44.10%	Sarita Agarwal	2500		Interse transfer	9301900	4104940	44.13%	0.03%	Not Required
16/08/2000	4104940	9301900	44.13%	Rajesh Agarwal	2500		Market Purchase	9301900	4107440	44.16%	0.03%	Not Required
16/08/2000	4107440	9301900	44.16%	Umesh Agarwal	2500		Market Purchase	9301900	4109940	44.18%	0.03%	Not Required
28/08/2000	4109940	9301900	44.18%	Rajesh Agarwal	2000		Market Purchase	9301900	4111940	44.21%	0.02%	Not Required
09/09/2000	4111940	9301900	44.21%	Rajesh Agarwal	5000		Market Purchase	9301900	4116940	44.26%	0.05%	Not Required
14/09/2000	4116940	9301900	44.26%	Hyd. Met. Chem.	65000		Market Purchase	9301900	4181940	44.96%	0.70%	Not Required

15/11/2000	4181940	9301900	44.96%	Umesh Agarwal		1000	Market Sale	9301900	4180940	44.95%	-0.01%	Not Required
17/11/2000	4180940	9301900	44.95%	Umesh Agarwal		300	Market Sale	9301900	4180640	44.94%	0.00%	Not Required
22/11/2000	4180640	9301900	44.94%	Umesh Agarwal		1000	Market Sale	9301900	4179640	44.93%	-0.01%	Not Required
22/01/2001	4179640	9301900	44.93%	Pinnacle Trades and Inv. Ltd.		900	Market Sale	9301900	4178740	44.92%	-0.01%	Not Required
31/03/2001	4178740	9301900	44.92%	Hyd. Met. Chem.		220600	Market Sale	9301900	3958140	42.55%	-2.37%	Not Required
24/04/2001	3958140	9301900	42.55%	P R Agarwal	8000		Market Purchase	9301900	3966140	42.64%	0.09%	Not Required
24/04/2001	3966140	9301900	42.64%	Rajesh Agarwal	3000		Market Purchase	9301900	3969140	42.67%	0.03%	Not Required
03/05/2001	3969140	9301900	42.67%	P R Agarwal	8000		Market Purchase	9301900	3977140	42.76%	0.09%	Not Required
30/06/2001	3977140	9301900	42.76%	Miscellaneous	139900		Market Purchase	9301900	4117040	44.26%	1.50%	Not Required
18/07/2001	4117040	9301900	44.26%	Rajesh Agarwal	1000		Market Purchase	9301900	4118040	44.27%	0.01%	Not Required
27/07/2001	4118040	9301900	44.27%	Rajesh Agarwal	4000		Market Purchase	9301900	4122040	44.31%	0.04%	Not Required
30/09/2001	4122040	9301900	44.31%	Miscellaneous	111950		Market Purchase	9301900	4233990	45.52%	1.20%	Not Required
05/10/2001	4233990	9301900	45.52%	P R Agarwal		967800	Interse Transfer	9301900	3266190	35.11%	-10.40%	Interse Report Filed
05/10/2001	3266190	9301900	35.11%	Rajesh Agarwal	967800		Interse transfer	9301900	4233990	45.52%	10.40%	Interse Report Filed
31/12/2001	4233990	9301900	45.52%	Miscellaneous	800		Market Purchase	9301900	4234790	45.53%	0.01%	Not Required
21/02/2002	4234790	9301900	45.53%	Diana Capital Ltd.		600	Market sale	9301900	4234190	45.52%	-0.01%	Not Required
31/03/2002	4234190	9301900	45.52%	Tripuraneni Inv. Inc.	21270		Market Purchase	9301900	4255460	45.75%	0.23%	Not Required
18/05/2002	4255460	9301900	45.75%	Rajesh Agarwal		20900	Interse transfer	9301900	4234560	45.52%	-0.22%	Not Required
18/05/2002	4234560	9301900	45.52%	Sarita Agarwal	20900		Interse transfer	9301900	4255460	45.75%	0.22%	Not Required
30/06/2002	4255460	9301900	45.75%	Tripuraneni Inv. Inc.		1300	Market Sale	9301900	4254160	45.73%	-0.01%	Not Required
30/06/2002	4254160	9301900	45.73%	Miscellaneous		21500	Market Sale	9301900	4232660	45.50%	-0.23%	Not Required
30/09/2002	4232660	9301900	45.50%	Hyd. Met. Chem.	5800		Market Purchase	9301900	4238460	45.57%	0.06%	Not Required
30/09/2002	4238460	9301900	45.57%	Tripuraneni Inv. Inc.		1500	Market sale	9301900	4236960	45.55%	-0.02%	Not Required
30/09/2002	4236960	9301900	45.55%	Miscellaneous		23470	Market sale	9301900	4213490	45.30%	-0.25%	Not Required
31/12/2002	4213490	9301900	45.30%	Hyd. Met. Chem.		200	Market sale	9301900	4213290	45.29%	0.00%	Not Required
31/12/2002	4213290	9301900	45.29%	Tripuraneni Inv. Inc.		200	Market sale	9301900	4213090	45.29%	0.00%	Not Required
31/12/2002	4213090	9301900	45.29%	Miscellaneous		7585	Market sale	9301900	4205505	45.21%	-0.08%	Not Required
08/01/2003	4205505	9301900	45.21%	Hyd. Met. Chem.		1900	Market Sale	9301900	4203605	45.19%	-0.02%	Not Required
19/02/2003	4203605	9301900	45.19%	Sarita Agarwal	28600		Market Purchase	9301900	4232205	45.50%	0.31%	Not Required
25/02/2003	4232205	9301900	45.50%	P R Agarwal	37000		Market Purchase	9301900	4269205	45.90%	0.40%	Not Required
25/02/2003	4269205	9301900	45.90%	Rajesh Agarwal	45500			9301900	4314705	46.39%	0.49%	Not Required
28/03/2003	4314705	9301900	46.39%	Sarita Agarwal	26400		Market Purchase	9301900	4341105	46.67%	0.28%	Not Required

31/03/2003	4341105	9301900	46.67%	Rajesh Agarwal	3200			9301900	4344305	46.70%	0.03%	Not Required
31/03/2003	4344305	9301900	46.70%	Rajesh Agarwal	33000		Market Purchase	9301900	4377305	47.06%	0.35%	Not Required
31/03/2003	4377305	9301900	47.06%	Miscellaneous		125500	Market sale	9301900	4251805	45.71%	-1.35%	Not Required
25/04/2003	4251805	9301900	45.71%	Sarita Agarwal		3200	Market Sale	9301900	4248605	45.67%	-0.03%	Not Required
30/06/2003	4248605	9301900	45.67%	Tripuraneni Inv. Inc.		700	Market Sale	9301900	4247905	45.67%	-0.01%	Not Required
30/06/2003	4247905	9301900	45.67%	Miscellaneous		300	Market Sale	9301900	4247605	45.66%	0.00%	Not Required
06/08/2003	4247605	9301900	45.66%	Rajesh Agarwal		100000		9301900	4147605	44.59%	-1.08%	Not Required
08/08/2003	4147605	9301900	44.59%	Sarita Agarwal		27520	Market Sale	9301900	4120085	44.29%	-0.30%	Not Required
30/09/2003	4120085	9301900	44.29%	Hyd. Met. Chem.		200600	Market Sale	9301900	3919485	42.14%	-2.16%	Not Complied u/r 7(1A)
30/09/2003	3919485	9301900	42.14%	Tripuraneni Inv. Inc.		16700	Market Sale	9301900	3902785	41.96%	-0.18%	Not Required
30/09/2003	3902785	9301900	41.96%	Miscellaneous		70365	Market Sale	9301900	3832420	41.20%	-0.76%	Not Required
18/10/2003	3832420	9301900	41.20%	Rajesh Agarwal	37000		Interse transfer	9301900	3869420	41.60%	0.40%	Not Required
18/10/2003	3869420	9301900	41.60%	P R Agarwal		37000	Interse Transfer	9301900	3832420	41.20%	-0.40%	Not Required
12/01/2003	3832420	9301900	41.20%	Manphool Exp. Ltd.		1700	Market sale	9301900	3830720	41.18%	-0.02%	Not Required
22/12/2003	3830720	9301900	41.18%	Pinnacle Trades and Inv. Ltd.		600	Market sale	9301900	3830120	41.18%	-0.01%	Not Required
31/12/2003	3830120	9301900	41.18%	Miscellaneous		26900	Market Purchase	9301900	3803220	40.89%	-0.29%	Not Required
20/02/2004	3803220	9301900	40.89%	Vinod Kumar Kedia		900	Market Sale	9301900	3802320	40.88%	-0.01%	Not Required
31/03/2004	3802320	9301900	40.88%	Prabha Rani Tyagi		2500	Market sale	9301900	3799820	40.85%	-0.03%	Not Required
31/03/2004	3799820	9301900	40.85%	Vinod Kumar Kedia	1300		Market Purchase	9301900	3801120	40.86%	0.01%	Not Required
31/03/2004	3801120	9301900	40.86%	Hyd. Met. Chem.		600	Market Sale	9301900	3800520	40.86%	-0.01%	Not Required
31/03/2004	3800520	9301900	40.86%	Tripuraneni Inv. Inc.		2300	Market Sale	9301900	3798220	40.83%	-0.02%	Not Required
31/03/2004	3798220	9301900	40.83%	Miscellaneous	1400		Market Purchase	9301900	3799620	40.85%	0.02%	Not Required
30/06/2004	3799620	9301900	40.85%	Tripuraneni Inv. Inc.	1391		Market Purchase	9301900	3801011	40.86%	0.01%	Not Required
14/08/2004	3801011	9301900	40.86%	Vincent Comm. Co. Ltd.		2500	Market sale	9301900	3798511	40.84%	-0.03%	Not Required
30/09/2004	3798511	9301900	40.84%	Tripuraneni Inv. Inc.		200	Market Sale	9301900	3798311	40.83%	0.00%	Not Required
30/09/2004	3798311	9301900	40.83%	Miscellaneous	1900		Market Purchase	9301900	3800211	40.85%	0.02%	Not Required
30/11/2004	3800211	9301900	40.85%	Rajesh Agarwal		100000	Market Sale	9301900	3700211	39.78%	-1.08%	Not Required
30/11/2004	3700211	9301900	39.78%	Hyd. Met. Chem.		401800	Market Sale	9301900	3298411	35.46%	-4.32%	Not Complied u/r 7(1A)
17/12/2004				Rajesh Agarwal	70000		Preferential Allotment					Not Required
17/12/2004				P R Agarwal	70000		Preferential Allotment					Not Required

17/12/2004				Sarita Agarwal	70000		Preferential Allotment					Not Required
17/12/2004				Urmila Agarwal	70000		Preferential Allotment					Not Required
17/12/2004				Umesh Agarwal	70000		Preferential Allotment					Not Required
17/12/2004	3648411	9301900	39.22%	Hyd. Met. Chem.	70000		Preferential Allotment	9781900	3718411	38.01%	2.55%	Not Required
31/12/2004	3718411	9781900	38.01%	Tripuraneni Inv. Inc.		100	Market Sale	9781900	3718311	38.01%	0.00%	Not Required
31/12/2004	3718311	9781900	38.01%	Miscellaneous		4700	Market Sale	9781900	3713611	37.96%	-0.05%	Not Required
31/03/2005	3713611	9781900	37.96%	Tripuraneni Inv. Inc.		300	Market Sale	9781900	3713311	37.96%	0.00%	Not Required
31/03/2005	3713311	9781900	37.96%	Miscellaneous		900	Market Sale	9781900	3712411	37.95%	-0.01%	Not Required
09/09/2005	3712411	9781900	37.95%	Urmila Agarwal		200000	Market Sale	9781900	3512411	35.91%	-2.04%	Not Complied u/r 7(1A)
09/09/2005	3512411	9781900	35.91%	Umesh Agarwal		306000	Market Sale	9781900	3206411	32.78%	-3.13%	Not Complied u/r 7(1A)
09/09/2005	3206411	9781900	32.78%	Tripuraneni Inv. Inc.		88976	Market sale	9781900	3117435	31.87%	-0.91%	Not Required
09/09/2005	3117435	9781900	31.87%	Miscellaneous	6000		Market Purchase	9781900	3123435	31.93%	0.06%	Not Required
17/09/2005				P R Agarwal	193000		Preferential Allotment					Not Required
17/09/2005	3316435	9781900	33.90%	Madhu Agarwal	296000		Preferential Allotment	10270900	3612435	35.17%	3.24%	Not Required
31/12/2005	3612435	10270900	35.17%	Tripuraneni Inv. Inc.		500	Market sale	10270900	3611935	35.17%	0.00%	Not Required
31/12/2005	3611935	10270900	35.17%	Miscellaneous		100	Market sale	10270900	3611835	35.17%	0.00%	Not Required
19/01/2006	3611835	10270900	35.17%	Rajesh Agarwal		500000	Market Sale	10270900	3111835	30.30%	-4.87%	Not Complied u/r 7(1A)
19/01/2006	3111835	10270900	30.30%	Purshotham Agarwal	900		Market Purchase	10270900	3112735	30.31%	0.01%	Not Required
19/01/2006	3112735	10270900	30.31%	Hyd. Met. Chem.	1700		Market Purchase	10270900	3114435	30.32%	0.02%	Not Required
19/01/2006	3114435	10270900	30.32%	Miscellaneous		2600	Market Sale	10270900	3111835	30.30%	-0.03%	Not Required
19/01/2006	3111835	12390900	25.11%	Tripuraneni Inv. Inc.	8814		Market Sale	12390900	3120649	25.19%	0.07%	Not Required
02/04/06	3120649	12390900	25.19%	Vinod Kumar Kedia		400	Market Sale	12390900	3120249	25.18%	0.00%	Not Required
02/05/06	3120249	12390900	25.18%	Vinod Kumar Kedia	500		Market Sale	12390900	3120749	25.19%	0.00%	Not Required
30/06/2006	3120749	12390900	25.19%	Sarita Agarwal	300000		Preferential Allotment	12690900	3420749	26.95%	1.77%	Not Required
30/06/2006	3420749	12690900	26.95%	Umesh Agarwal	6000		Market Purchase	12690900	3426749	27.00%	0.05%	Not Required
30/06/2006	3426749	12690900	27.00%	Urmila Agarwal	114400		Market Purchase	12690900	3541149	27.90%	0.90%	Not Required
30/06/2006	3541149	12690900	27.90%	Tripuraneni Inv. Inc.		40000	Market sale	12690900	3501149	27.59%	-0.32%	Not Required
30/06/06	3501149	12690900	27.59%	Miscellaneous		125000	Market sale	12690900	3376149	26.60%	-0.98%	Not Required
04/08/06	3376149	12690900	26.60%	Radha Kanuri		900	Market sale	12690900	3375249	26.60%	-0.01%	Not Required

30/09/2006	3375249	12690900	26.60%	Tripuraneni Inv. Inc.	800		Market Purchase	12690900	3376049	26.60%	0.01%	Not Required
31/12/2006	3376049	12690900	26.60%	Tripuraneni Inv. Inc.		100	Market Sale	12690900	3375949	26.60%	0.00%	Not Required
31/03/2007	3375949	12690900	26.60%	Miscellaneous		100	Market Sale	12690900	3375849	26.60%	0.00%	Not Required
12/07/07	3375849	12690900	26.60%	Ajay Kumar Kayam		30000	Market sale	12690900	3345849	26.36%	-0.24%	Not Required
07/12/07	3345849	12690900	26.36%	Tripuraneni Inv. Inc.	7200		Market Purchase	12690900	3353049	26.42%	0.06%	Not Required

SEBI may initiate appropriate action for non-compliance of the regulation 7(1A) & 11 of the Regulations against the Promoters.

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1. Justification of Offer Price:

1. The shares of AOL are presently listed on Bombay Stock Exchange Limited, Mumbai (BSE), The Hyderabad Stock Exchange Limited, Hyderabad (HSE) and The Calcutta Stock Exchange Limited, Kolkata (CSE). The shares of the company are not traded on any other Stock Exchanges under Permitted Category.

2. The annualized trading turnover during the preceding 6 calendar months prior to the month in which Board Meeting was held i.e. May 2007 to October 2007 (both Inclusive) at the Stock Exchange(s) is as under: -

Name of Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month in which Board Meeting was held	Total No. of Listed Shares	Annualized Trading turnover (in terms of % to total listed shares)
BSE	43,59,538	1,26,90,900	68.70
CSE	Nil	93,01,900	Nil
HSE	Nil	1,26,90,900	Nil

3. Based on the above, the Shares of the Target Company, within the meaning of explanation (i) to Regulation 20(5) of the Regulations, are frequently traded on BSE and infrequently traded on CSE and HSE. Hence, the Offer Price has been determined taking into account the following parameters:

a)	Negotiated Price under the Agreement	Not Applicable	
b)	Highest Price proposed to be paid by the Acquirer for acquisition, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of PA	Rs. 20.00 per share	
c)	The average of the weekly high and low of closing prices of the shares during 26 weeks period preceding the Board Meeting Date (November 3, 2007)	Rs. 14.91 per share	
d)	The average of the daily high and low of the prices of the shares during two weeks period preceding the Board Meeting Date (November 3, 2007)	Rs. 14.35 per share	
e)	**Other Parameters**	**Based on the audited accounts for the year ended 31.03.2007****	**Based on the certified results for the period ended 30.09.2007****
	Earnings Per Equity Share (Rs.)	(14.89)	(9.69)*
	Book Value per Equity Share (Rs.)	24.60	19.75
	Return on Net worth (%)	(60.53)	(49.06)*
	Price/Earnings Ratio (considering the Offer Price of Rs. 20/-)	-	-
	The average industry P/E in which AOL operates *(Source: Capital Market, Vol.: XXII/17-; Dated Oct 22-Nov 04, 2007; Industry-Chemicals)*	17.30	

**Annualised*

**Based on the audited accounts for the year ended 31.03.2007 and certified results for 30.09.2007, given below is the calculation of Earning per Equity Share (EPS), Book value per Equity Share (BVP) and Return on Net worth (RONW)

Particulars	31.03.2007 (Audited)	30.09.2007 (Certified)
EPS = Profit after Tax / No. of Equity shares	18,89,20,000 = (Rs.14.89) 1,26,90,900	6,14,94,000 = (Rs.9.69)* 1,26,90,900
BVP = Net Worth / No. of Equity shares	31,21,55,000 = Rs.24.60 1,26,90,900	25,06,61,000 = Rs.19.75 1,26,90,900
RONW (%) = Profit after Tax *100 / Net Worth	18,89,20,000 * 100 = (60.53%) 31,21,55,000	6,14,94,000 * 100 = (49.06%)* 25,06,61,000

*Annualised

Based on the above EPS & RONW for 31.03.2007 & 30.09.2007 are negative

Calculation of Average of the weekly high and low of the closing prices of the shares of AOL during the 26 weeks period preceding the Board Meeting date i.e. November 3, 2007:

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Shares)
1	May 11, 2007	13.85	13.20	13.53	51,069
2	May 18, 2007	14.27	13.57	13.92	53,100
3	May 25, 2007	13.77	13.07	13.42	57,851
4	June 1, 2007	17.52	13.49	15.51	581,819
5	June 8, 2007	16.25	14.80	15.53	121,391
6	June 15, 2007	14.75	14.20	14.48	62,880
7	June 22, 2007	14.35	13.60	13.98	130,133
8	June 29, 2007	17.40	15.70	16.55	623,523
9	July 6, 2007	15.45	14.60	15.03	239,328
10	July 13, 2007	14.95	14.45	14.70	236,813
11	July 20, 2007	15.50	14.70	15.10	174,474
12	July 27, 2007	15.10	14.05	14.58	78,870
13	August 3, 2007	14.60	13.78	14.19	80,675
14	August 10, 2007	14.12	13.21	13.67	141,522
15	August 17, 2007	17.94	16.08	17.01	530,493
16	August 24, 2007	17.12	15.24	16.18	124,298
17	August 31, 2007	15.83	15.30	15.57	44,884
18	September 7, 2007	15.80	15.15	15.48	105,985
19	September 14, 2007	16.50	15.30	15.90	160,239
20	September 21,2007	16.40	15.30	15.85	68,474
21	September 28, 2007	16.05	15.65	15.85	152,645
22	October 5, 2007	15.55	15.15	15.35	111,047
23	October 12, 2007	14.40	13.65	14.03	110,272
24	October 19, 2007	14.10	13.20	13.65	84,009
25	October 26, 2007	13.45	12.85	13.15	111,301
26	November 2, 2007	17.05	14.10	15.58	208,649
	26 Weeks Average			**14.91**	

Calculation of Average of the daily high and low of the equity shares of AOL during the 2 weeks preceding the Board Meeting date i.e. November 3, 2007:

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Shares)
1	October 22, 2007	13.50	12.75	13.13	11,099
2	October 23, 2007	13.75	12.95	13.35	18,501
3	October 24, 2007	13.20	12.75	12.98	30,122
4	October 25, 2007	13.45	12.50	12.98	33,686
5	October 26, 2007	13.70	13.05	13.38	17,893
6	October 29, 2007	14.10	14.10	14.10	11,165
7	October 30, 2007	14.80	14.80	14.80	71,547
8	October 31, 2007	15.50	15.50	15.50	16,319
9	November 1, 2007	16.25	16.25	16.25	17,668
10	November 2, 2007	17.05	17.05	17.05	91,950
	2 Weeks Average			**14.35**	

(Source: www.bseindia.com)

4. Thus, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of Rs. 20/- (Rupees Twenty only) per share is justified in terms of regulation 20 of the Regulations.

5. If the Acquirer acquire Shares after PA and up to seven working days prior to closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisitions shall be payable for all acceptances received under this Offer as per Regulation 20(4) of the Regulations. Any revision in the Offer Price shall be notified by advertisement in the same newspapers in which the Public Announcement dated November 7, 2007 (Wednesday) appeared.

6. There is no non-compete agreement between the Acquirer and the Target Company or any other entity as envisaged under regulation 20(8) of the Regulations. No additional payment is being made by the Acquirer as non-compete fee.

7.2. Details of Firm Financial arrangements:

1. The total fund requirement for the Offer is Rs. 9,83,25,000 /- (Rupees Nine Crores Eighty Three Lakhs Twenty Five Thousand only). In accordance with regulation 28 of the Regulations, the Acquirer has made an escrow arrangement for the Offer comprising a Bank Guarantee issued by AXIS Bank Ltd., Fort Branch, Janmabhoomi Bhavan, Janmabhoomi Marg, Mumbai 400 001 in favour of Manager to the Offer for an amount of Rs. 2,25,00,000/- (Rupees Two Crores and Twenty Five Lakhs only), which will remain in force upto 05.02.2009. In addition, the Acquirer have also made a cash deposit of Rs. 32,00,000/- (Rupees Thirty Two Lakhs only) with AXIS Bank Ltd., Fort Branch, Janmabhoomi Bhavan, Janmabhoomi Marg, Mumbai 400 001, including 1% of the total consideration payable. The Acquirer has empowered the Manager to the Offer i.e. Ashika Capital Limited to instruct and to realize the value of above Bank Guarantee and Cash Deposit in terms of the Regulations.

2. The Manager to the Offer, Ashika Capital Limited has been empowered by Acquirer to operate the said Escrow Account solely and accordingly AXIS Bank Limited have issued a Letter in favour of Manager to the Offer confirming the same.

3. In accordance with Regulation 22(11) of the Regulations, the Acquirer has made firm financial arrangements for fulfilling the obligations under the Offer.

4. The Acquirer has adequate financial resources and has made firm financial arrangements for the implementation of the Offer in full out of its Networth and no borrowings from any Bank and/or Financial Institutions is envisaged. Mr. Suraj P. Nayak (Membership No.49645), Partner of M/s. Nayak & Rane, Chartered Accountants, having Office at 501, Siddivinayak Annexe, "C" Wing, S. J. Marg, Lower Parel (W), Mumbai-400 013; Tele Fax:022-24955773; E-mail: n_r@vsnl.com vide certificate dated 03.11.2007 & 17.11.2008 have confirmed that sufficient resources are available with the Acquirer for fulfilling the obligations under this 'Offer' in full.

5. The Manager to the Offer, Ashika Capital Limited confirms that the firm arrangements for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

8. TERMS AND CONDITIONS OF THE OFFER

1. This Offer is being made to all the shareholders of AOL (except the Acquirer) whose names appear on the Register of Members of AOL or on the beneficial record of the respective depositories, at the close of business hours on November 23, 2007 (Friday) ['Specified date'] and to also those persons, who own the shares at any time prior to closure of the Offer, but are not registered shareholders.

2. 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 shares in the physical form only) is being mailed to those shareholders of AOL whose names appear on the Register of Members of AOL and to the Beneficial Owners of the shares of AOL whose names appear as beneficiaries on the record of the respective

Depositories, at the close of business hours on November 23, 2007 (Friday) ['Specified Date']. Owners of equity shares at any time prior to the closure of the Offer but not registered as shareholder(s) are also eligible to participate in the Offer. No Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed to the Acquirer.

3. All owners of equity shares registered or unregistered of AOL, who own equity shares at any time prior to the closure of the Offer ('except the Acquirer) are eligible to participate in the Offer anytime before closure of the Offer.

4. 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 website for participating in the Offer.

5. None of the shares of AOL as on date are under lock-in. However, shares to be allotted on preferential basis to the Acquirer will be under lock-in for one year.

6. The Offer is subject to the receipt of necessary approval(s), if any, from Reserve Bank of India under Foreign Exchange Management Act, 1999 and subsequent amendments there to for acquiring equity shares tendered by Non Resident Shareholders, if any.

7. As on date, no other statutory approvals are required to acquire the shares that are tendered pursuant to the Offer.

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

9. In case the number of shares validly tendered in the Offer by the shareholders of AOL are more than the shares to be acquired under the Offer (i.e.45,00,000 equity shares) then the acquisition of the shares from each shareholder will be as per the provision of regulation 21(6) of the Regulations on a proportionate basis subject to a minimum of 100 shares or the entire holding if less than 100 shares, in case of physical mode, from each shareholder accepting this Offer, as per the provisions of the Regulations. In case, the shares of AOL are surrendered in dematerialized mode, minimum marketable lot is one (1) share only. The rejected applications/ documents will be sent by Registered Post.

10. The consideration to those shareholders whose Shares or share certificates and /or other documents are found complete, valid and in order and accepted by Acquirer in part or in full will be made within 15 Days from the date of closing of the Offer. The Acquirer undertake to pay interest pursuant to regulation 22(12) to the shareholders for the delay, if any, in payment of consideration.

11. The form of Acceptance along with Share Certificate (s) and other documents delivered as per the requirements mentioned above, shall become acceptance on your part, but will become a fully valid and binding contract between you and the Acquirer only upon the fulfillment of all the conditions mentioned herein.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

1. Shareholders who hold the shares of AOL and wish to tender their shares pursuant to the Offer will be required to submit the Form of Acceptance, original Share Certificate(s) and Transfer Deed(s) duly signed, 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 to the Registrars to the Offer, **XL Softech Systems Limited** at their office

mentioned below, so as to reach on or before the closure of the Offer, i.e. December 22, 2008 (Monday), in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance.

Name & Address	Contact Person	Mode of Delivery
XL Softech Systems Limited (Unit- Avon Organics Limited-Open Offer) 3, Sagar Society, Road No.2, Banjara Hill, Hyderabad-500 034.	**Mr. R. Prasad**	Hand Delivery Registered Post / Speed Post

The documents can be tendered at any of the above centre between Monday to Friday from 10.30 am to 1.00 pm and 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 2.00 pm. The Registrars to the Offer will be closed on Sundays and other Public Holidays.

The shareholders who cannot hand-deliver their documents at the address referred to above may send the same by registered post/ speed post, at their own risk, to the Registrar to the Offer at their office at Hyderabad, so as to reach their office on or before the closure of the Offer i.e. December 22, 2008 (Monday).

2. Shareholders are advised to ensure that the Form of Acceptance cum Acknowledgement and other relevant documents are complete in all respects; otherwise the same is liable to be rejected. In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such dematerialised shares not credited in favour of the special depository account before the closure of the Offer will be rejected.

3. Shareholders who wish to tender their shares under this offer should enclose the following documents duly completed:

a) For 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 Certificate(s).
- **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 AOL and duly witnessed at the appropriate place.

Unregistered Shareholders should enclose:

- **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein, or application on plain paper.
- **Original share certificate(s).**
- **Original broker contract note.**
- **Valid share Transfer Deed / Form(s)** as received from market.

The details of buyer should be left blank failing which, the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested, if the signature(s) of the transferor(s) differs from the Specimen signature(s) recorded with AOL or are not in the same order, such shares are liable to be rejected under the open offer even if the Offer has been accepted by bonafide owner of such shares.

b) For shares held in Demat form: -

The Registrar to the Offer has opened a Special Depository Account with Karvy Stock Broking Limited, (Registered with NSDL), styled 'XL SOFTECH SYSTEMS LIMITED-AOL OPEN OFFER-ESCROW ACCOUNT', whose details are as under:-

DP Name:	Karvy Stock Broking Limited
DP ID Number:	IN300394
Client ID Number	16048259
ISIN No.	INE881A01015
Market	'Off-market'
Depository:	National Securities Depository Ltd.

Shareholders having their beneficiary account in CDSL have to use Inter depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Account.

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.

For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance. All beneficial owners maintaining accounts with CDSL are required to fill in an additional inter depository slip, maintained with the DP while giving instructions to their respective DPs.

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.

4. Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent, failing which, the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):
   i. Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired. In case succession certificate has not been obtained, the legal heir may approach the registrar.
   ii. Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
   iii. No objection certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
   iv. In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

5. The share certificate(s), share transfer form, Form of Acceptance-cum-Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer, at the address mentioned above. **They should not be sent to the Manager to the Offer or the Acquirer or the Target Company.**

6. In case of unregistered owners or shareholders who have not received the Letter of Offer, they may send their consent to the Registrar to the Offer, on a plain paper stating the Name & Address of the First Holder, Name(s) & Address(es) of Joint Holder(s) if any, Number of Shares held, Number of Shares offered, Distinctive Numbers, Folio Number, together with the Original Share Certificate(s), valid Share Transfer Deeds and the original Contract Note(s) issued by the

Broker through whom they acquired their shares, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer i.e. December 22, 2008 (Monday), or in the case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in 'Off-Market' mode or counterfoil of the delivery instruction in the 'Off-Market' mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer i.e December 22, 2008 (Monday), on or before the closure of the Offer. No indemnity is required from the unregistered owners.

Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer.

Shareholders of AOL who have sent their equity shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to AOL (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.

The eligible persons can write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the Closure of the Offer.

Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI's website at www.sebi.gov.in from the date of opening of the Offer. The eligible persons can download the Form of Acceptance cum Acknowledgement from the SEBI's website and apply in the same.

7. Non resident shareholders should also enclose copy of permission received from RBI for the shares held by them in AOL and 'no-objection' certificate / tax clearance certificate from the Income Tax authorities under Income Tax Act, 1961, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case the aforesaid 'no-objection' certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the shareholder, on the entire consideration amount payable.

8. The shareholders, who are desirous of withdrawing their acceptances tendered in the Offer, can do so up to three working days prior to the date of the Closure of the Offer, i.e. on or before December 17, 2008 (Wednesday),. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, so as to reach them on or before December 17, (Wednesday). In case of non-receipt of 'Form of Withdrawal', the withdrawal option can be exercised by making an application on plain paper along with the following details:
   a) **In case of Physical Shares:** Name, Address, distinctive numbers, folio nos., number of shares tendered/withdrawn, and
   b) **In case of Dematerialised Shares:** Name, Address, number of shares tendered/withdrawn, DP name, DP ID, Beneficiary account number and a photocopy of the delivery instruction in 'Off-Market' mode or counterfoil of the delivery instruction in 'Off-Market' mode, duly acknowledged by the DP in favour of the Special Depository Account.

Shares [Physical /Dematerialised form] withdrawn by the shareholders would be returned by the Registered post.

9. Unaccepted Share Certificate(s), 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.

10. The Registrar to the Offer will hold in trust the Shares / Share Certificates, Transfer Deed(s), Shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of the Target Company who have accepted the Offer, till the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned.

11. In case of shareholders holding Shares in dematerialised form, the bank details of the Shareholder as per the records of the Depository participant will be incorporated in the cheque/demand draft. In case of shareholders holding shares in physical form, it is desirable that shareholders provide bank details in the Form of Acceptance cum Acknowledgment, so that same can be incorporated in the cheque/demand draft.

12. The payment consideration for Shares accepted under the Offer may be made through Electronic Clearing Services (ECS) at specified centers where clearing houses are managed by the Reserve Bank of India, and/or through warrants/Demand Drafts payable at par. You are requested to give the authorisation for ECS in the Form of Acceptance cum Acknowledgment and enclose a photocopy of cheque/ along with the Form of Acceptance cum Acknowledgment.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the_Offer, **Ashika Capital Limited**, 1008, 10th Floor, Raheja Centre, 214, Nariman Point, Mumbai-400 021 on any working day between 10.00 A. M. to 2.00 P. M. during the period the Offer is open i.e., from December 3, 2008 (Wednesday) to December 22, 2008(Monday) :

i. Copy of Notice of General Meeting.
ii. Memorandum & Articles of Association of AOL along with Certificate of Incorporation.
iii. Audited Annual Reports of AOL for the Financial Years ended 31.03.2005, 31.03.2006 and 31.03.2007 and Certified Results for the period ended 30.09.2007.
iv. Memorandum & Articles of Association along with Certificate of Incorporation of APL.
v. Audited/Certified financial results of APL for the Financial Year(s) ended 31.03.2005, 31.03.2006 and 31.03.2007 and Certified Results for the period ended 30.09.2007.
vi. Memorandum & Articles of Association along with Certificate of Incorporation and Audited Annual Reports for the relevant years of the Subsidiary companies of the Acquirer
vii. Chartered Accountant's Certificate(s) dated November 3, 2007 certifying the Net worth of Arch Pharmalabs Limited.
viii. Chartered Accountant's Certificate dated November 3, 2007 & November 17, 2008 certifying the adequacy of financial resources with Acquirer to fulfill the Open Offer obligations.
ix. A Letter dated November 5, 2007 and November 17, 2008 of the Axis Bank Limited for the amount kept in the Escrow Account and empowering solely the Manager to the Offer to operate it.
x. Copy of the Bank Guarantee dated November 6, 2007 and thereafter renewed on June 6, 2008 & October 21, 2008.
xi. Copy of confirmation regarding opening of Special Depository Account in the name and Style of 'XL SOFTECH SYSTEMS LIMITED-AOL OPEN OFFER-ESCROW ACCOUNT'.
xii. Published copies of the Public Announcement and Corrigendum made on November 20, 2008.
xiii. A copy of the Letter no. CFD/DCR/TO/SG/143909/08 dated November 11, 2008 received of SEBI in terms of Provisions of regulation 18(2).
xiv. Other relevant documents such as;
   a. Copy of the Memorandum of Understanding between the Acquirer & the Manager to the Offer dated November 4, 2007.
   b. Copy of the consent letter dated November 3, 2007 received from XL Softech Systems Limited, the Registrar to the Offer.
   c. Copies of undertakings from Target Company and Acquirer.

11. DECLARATION BY THE ACQUIRER

The Acquirer and the Directors of APL accept full responsibility severally and jointly for the information contained in this Public Announcement and also for the obligations of the Acquirer laid down in the Regulations.

The Manager to the Offer hereby states that the person signing this Letter of Offer is duly authorized by the Board of Directors of Acquirer to sign the Letter of Offer.

For Arch Pharmalabs Limited

Sd/-
Director

Place: Mumbai
Date: November 24, 2008

Attached: Form of Acceptance cum Acknowledgement and Withdrawal

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FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to Registrar to the Offer, XL Softech Systems Limited)

Date:

From:

OFFER OPENS ON:	**December 3, 2008 (Wednesday)**
LAST DATE OF WITHDRAWAL:	**December 17, 2008 (Wednesday)**
OFFER CLOSES ON:	**December 22, 2008 (Monday)**

Tel. No. Fax No.: E-mail:

To
XL Softech Systems Limited
(Unit- Avon Organics Limited-Open Offer)
3, Sagar Society, Road No.2,
Banjara Hill, Hyderabad-500 034.

Dear Sir,

Sub: Open Offer to acquire 45,00,000 equity shares of Rs. 10/- each at a price of Rs. 21.85 (including interest of Rs. 1.85) per equity share, representing 20% of the fully expanded voting capital of AOL by Arch Pharmalabs Limited (hereinafter referred to as 'Acquirer').

I/We refer to the Letter of Offer dated November 24, 2008 for acquiring the equity shares held by me/us in **Avon Organics Limited**. I/We, the undersigned have read the Letter of Offer and understood their contents and unconditionally accept the terms and conditions as mentioned therein.

For Shares held in Physical Form:
I/We hereby irrevocably & unconditionally 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.	Regd. Folio Number	Share Certificate Number	Distinctive Numbers		Number of Equity Shares
			From	To	
Total No. of Shares					

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

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 dispatch 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 Shares held in Demat 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	No. of Shares	Name of Beneficiary

I/We have executed an 'Off-Market' transaction for crediting the shares via

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

to the Special Depository Account named 'XL SOFTECH SYSTEMS LIMITED-AOL OPEN OFFER-ESCROW ACCOUNT', with the following particulars:

DP Name:	Karvy Stock Broking Limited
DP ID Number:	IN300394
Client ID Number:	16048259
ISIN No.	INE881A01015
Market	'Off-market'
Depository:	National Securities Depository Ltd.

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

Non resident shareholders should enclose No objection Certificate / Tax Clearance Certificate from the income tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer before remitting the consideration otherwise tax will be deducted at the maximum marginal rate as may be applicable to the category of shareholder on the consideration payable by the Acquirer.

I/We authorise the Acquirer to accept the shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We authorise the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the Draft/Cheque, in full and final settlement of the amount due to me/us, to return to me/us, share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,

Signed and delivered:

	Full Name of the Shareholders	**Address**	**Signature**
First/sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Address of First/Sole Shareholder:____

____

Place:________________ Date:__________________

Note: In case of joint holding, all must sign. A Company must affix the common seal and furnish its corporate authorizations.

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/ sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For shares that are tendered in electronic form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the Cheque or demand draft will be issued with the said Bank particulars.

I/ We permit the Acquirer or the Manager to the Offer to make the Payment of Consideration through Electronic Clearing Service (ECS) of Reserve Bank of India based on the Bank Account Details provided below and a Photo Copy of Cheque is enclosed.

Signature ____________________

Name of the Bank: ________________________________ Branch: _______________________

Account Number: ____________________ Savings/Current/Others (please specify)____________

9 Digit MICR Code: ___________________

---Tear Here---

S. No. **(Acknowledgement Slip)**

XL SOFTECH SYSTEMS LIMITED

(Unit-Avon Organics Limited-Open Offer)

3, Sagar Society, Road No.2, Banjara Hill, Hyderabad-500 034;

Tel: 040-2354 5914/5; Fax No: 040-2355 3214; E-mail: xlfield@rediffmail.com

Received from Mr./Ms/Smt.:__________________________________

Address:____

Folio Number__________ DP ID ___________Client ID_________

Number of Share Certificates Enclosed _____________

Certificate Numbers _________

Total Number of Shares Enclosed: ______

Signature of the Official Date of receipt	Stamp of Registrar to the Offer

Note: All future correspondence, if any, should be addressed to Registrar to the Offer at the address mentioned above.

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PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION

FORM OF WITHDRAWAL

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to the offer any time upto three working days prior to the date of closure of offer i.e. on or before, December 17, 2008 (Wednesday). In case you wish to withdraw your acceptance please use this form.	**OFFER SCHEDULE** **Offer Opens on : December 03, 2008 (Wednesday)** **Last Date of withdrawal :December 17, 2008 (Wednesday)** **Offer Closes on : December 22, 2008 (Monday)**

Please read the Instructions in Letter of Offer before filling-in this Form of Withdrawal

From:

Tel. No. Fax No.: E-mail:

To
XL Softech Systems Limited
(Unit- Avon Organics Limited-Open Offer)
3, Sagar Society, Road No.2,
Banjara Hill, Hyderabad-500 034.

Dear Sir,

Sub: Open Offer to acquire 45,00,000 equity shares of Rs. 10/- each at a price of Rs. 21.85 (including interest of Rs. 1.85) per equity share, representing 20% of the fully expanded voting capital of AOL by Arch Pharmalabs Limited (hereinafter referred to as 'Acquirer').

I/We refer to the Letter of Offer dated November 24, 2008 for acquiring the equity shares held by me/us in **Avon Organics Limited**. I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I / We, the undersigned have read the Letter of Offer and understood its contents including 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. **December 17, (Wednesday)**.

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

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

For Shares held in Physical Form:
The particulars of tendered original Share Certificate(s) and duly signed Transfer Deed(s) are detailed below:

S. No.	Regd. Folio Number	Share Certificate Number	Distinctive Numbers		Number of Equity Shares
			From	To	
Total No. of Shares					

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

For Shares held in Demat Form:
I / We hold the shares in dematerialized form and had executed an 'Off-Market' transaction for crediting the shares to the 'XL SOFTECH SYSTEMS LIMITED-AOL OPEN OFFER-ESCROW ACCOUNT', with the following particulars:

DP Name:	Karvy Stock Broking Limited
DP ID Number:	IN300394
Client ID Number:	16048259
ISIN No.	INE881A01015
Market	'Off-market'
Depository:	National Securities Depository Ltd.

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	No. of Shares	Name of Beneficiary

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 of the Shareholders	Address	Signature
First/sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Address of First/Sole Shareholder:____

____

Note: In case of joint holding, all must sign. A Company must affix the common seal and furnish its corporate authorizations.

Place:__________________ Date:____________________

INSTRUCTIONS

1. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before 17.00 hours upto the last date of withdrawal i.e. **December 17, (Wednesday)**.

2. Shareholders should enclose the following:-

   Registered Shareholders should enclose:
   - Duly signed and completed Form of Withdrawal.
   - Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.
   - In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.

   Unregistered owners should enclose:
   - Duly signed and completed Form of Withdrawal.
   - Copy of the Form of Acceptance cum Acknowledgement/Plain paper application submitted and the Acknowledgement slip
   - The withdrawal of Shares will be available only for the Share certificates that have been received by the Registrar to the Offer/ Manager to the Offer.
   - The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company.
   - The Form of Withdrawal along with enclosure should be sent only to the Registrar to the Offer.
   - 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 AOL. The facility of partial withdrawal is available only on to registered shareholders.

---TEAR HERE---

S. No. **(Acknowledgement Slip)**

XL SOFTECH SYSTEMS LIMITED

(Unit-Avon Organics Limited-Open Offer)

3, Sagar Society, Road No.2, Banjara Hill, Hyderabad-500 034;

Tel: 040-2354 5914/5; Fax No: 040-2355 3214; E-mail: xlfield@rediffmail.com

Received Form of Withdrawal from Mr./ Ms/ Mrs..: ____________________________________

Address:____

____

Folio Number________________

Number of Shares tendered _____________

Number of Shares withdrawn __________________

Signature of the Official Date of receipt	Stamp of Registrar to the Offer

PRINTED MATTER

BOOK POST

To

If undelivered, please return to:

XL Softech Systems Limited
(Unit- Avon Organics Limited-Open Offer)
3, Sagar Society, Road No. 2,
Banjara Hills, Hyderabad-500 034.
Tel.: 040-23545914/5; Fax: 040-23553214;
E-mail: xlfield@rediffmail.com