PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF

AVON ORGANICS LIMITED

(Regd. Off.: Survey No-18, Yawapur, Sadasivpet (M), Medak Dist, Andhra Pradesh)
(Corporate Office: 6-3-865, 4th Floor, Madhupala Towers, Opp.Greenlands Apartments, Ameerpet, Hyderabad-500 016;
Tel. 040-23414432/23405042; Fax: 040-23404438; E-Mail: avon@avonorganicsltd.com)

CASH OFFER FOR ACQUISITION OF EQUITY SHARES FROM SHAREHOLDERS OF AVON ORGANICS LIMITED ('TARGET COMPANY' OR 'AOL')

This Public Announcement ('PA') is being issued by Ashika Capital Limited ('Manager to the Offer'), for and on behalf of Arch Pharmalabs Limited (hereinafter referred to as 'Acquirer') pursuant to and in compliance with, among others, regulation 10 & 12 and other provisions of Chapter III of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ('Regulations').

1. BACKGROUND TO THE OFFER

a) This Open Offer ('Offer') is being made by Arch Pharmalabs Limited, a company incorporated under the Companies Act, 1956 and having its registered office at H' Wing, 4th Floor, Tex Centre, Opp. Saki Vihar Road, Chandivali Road, Andheri (East), Mumbai-400 072 to the shareholders of Avon Organics Limited.

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.

c) The subscription and allotment of the Subscription Shares is subject to various condition precedents being fulfilled, including approval of the shareholders of the Target Company.

d) Accordingly, the Target Company has fixed an Extraordinary General Meeting (EGM) of its shareholders on December 3, 2007 to obtain the approval of shareholders by passing a Special Resolution under Section 81(1A) of the Companies Act, 1956 and to authorize the Board to issue and allot the Equity Shares in compliance with the requirements of the Companies Act, 1956 and other applicable provisions of the Guidelines/Regulations.

e) Upon the resolution being passed at the Extraordinary General Meeting of the Company, the Target Company will apply to the Stock Exchange(s), where the shares are listed, for the in-principle listing approval. Allotment of such equity shares shall be made by the Target Company to the Acquirer within 15 days of the passing of the special resolution in Extraordinary General Meeting of the Company or within 15 days of obtaining all necessary approvals from the concerned regulatory authority or the Central Government, if required, whichever is later.

f) The Issued & Subscribed Share Capital of the Target Company prior to the Preferential Issue is 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.

g) As on date, the Acquirer does not hold any Equity Shares in the Target Company. The Acquirer will hold 98,09,100 equity shares after the above Preferential Allotment constituting 43.60% of the 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	33,53,099	26.42	33,53,099	14.90
Non-Promoters	93,37,801	73.58	93,37,801	41.50
Acquirer	Nil	Nil	98,09,100	43.60
TOTAL	1,26,90,900	100.00	2,25,00,000	100.00

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

2. THE OFFER:

a) The Acquirer is making this Open Offer ('Offer') to the Shareholders of AOL and propose to acquire upto 45,00,000 equity shares of Rs. 10/- each, representing 20% of the fully expanded voting capital of the Target Company (including the proposed allotment of shares under the Preferential Issue), at a price of Rs. 20/- per share ('Offer Price') payable in cash in terms of regulation 20 of the Regulations.

b) 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. Based on the information available (Source: bseindia.com), the equity 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 & 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 six issue during the twenty week period prior to the date of PA	Rs. 20/- per share	
c)	The average of the weekly high and low of closing prices of the shares during26 weeks period preceding the Board Meeting Date (November 3, 2007)	Rs. 14.91	
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	
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*

In view of the above, the Offer Price of Rs. 20/- is justified in terms of regulation 20 of the Regulations.

c) As on date of this PA, the Manager to the Offer does not hold any equity share in the Target Company. The Manager to the Offer undertakes not to deal in the equity shares of AOL upto a period of fifteen days after closure of the Offer.

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

e) The Offer is unconditional and not subject to any minimum level of acceptance.

f) This is not a competitive bid.

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

3. INFORMATION ABOUT THE 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 Maharastra 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, Opp. 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, Mr. Rajendra P.Kaimal during the year 2003-04 pursuant to the reverse merger under rehabilitation scheme sanctioned by Board of 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) As on date of this PA, the Board of Directors of company consists of Mr. Ajit A.Kamath, Mr. Manoj T. Jain, Mr. Rajendra P. Kaimal, Mr. T. Mallikarjuna Reddy, Mr. Shahzaad S.Dalal, Mr. Aluri S. Rao, Mr.Pramod D. Shedde and Ms. Vandana Rajadhyaksha.

e) The 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 shares of the company de-listed from the above stock exchanges w.e.f. August 14, 2006 and hence the APL is an unlisted company as on date.

f) As on date of PA, the Authorized Share Capital is Rs. 4000.00 Lakhs comprising 2,00,00,000 Equity Shares of Rs. 10/- each and 2,00,00,000 Preference Shares of Rs. 10/- each. The Issued, Subscribed & Paid up Share Capital is Rs. 2608.65 Lakhs comprising of 1,60,86,474 equity shares of Rs.10/-each & 1,00,00,000, 7.5% redeemable preference shares of Rs. 10/- each.

g) The brief financial of APL are as under:

(Rs. in Lakhs)

Particulars	For the year/period ending	
	31.03.2007 (Audited)	30.09.2007 (Un-audited)
Total Income	36410.83	22621.95
Profit/(Loss) After Tax	2376.51	1362.25
Equity Share Capital	1608.65	1608.65
Net Worth	16997.82	18360.06
Earning Per Share (Rs.)	14.23	16.94*
Book value per Share (Rs.)	105.67	114.13
Return on Net Worth ((%)	13. 98	14.84*

*(Source: Annual Report and Certified financial data) * Annualised*

h) The Networth of the company as on 30.09.2007 is Rs. 18360.06 Lakhs as certified by 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 their certificate dated 03.11.2007.

i) As on date, none of the Directors of the Acquirer is on the Board of Directors of the Target Company.

j) As on date of this PA, the company is having three subsidiaries namely Watsol Organics Limited, Sibra Pharmaceuticals Limited and Arch Pharmalabs US Inc.

k) Based on the information available from the Acquirer and SEBI website, the Acquirer and its Promoters/Directors has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, and subsequent amendments thereto (SEBI Act) or any other Regulations made under the SEBI Act.

4. INFORMATION ABOUT THE TARGET COMPANY:

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 and the Corporate Office of the company is situated at 6-3-865, 4th Floor, Madhupala Towers, Opp.Greenlands Apartments, Ameerpet, Hyderabad.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) The brief financial of AOL are as under:

(Rs. in Lakhs)

Particulars	For the year/period ending	
	31.03.2007 (Audited)	30.09.2007 (Un-audited)
Total Income	7804.43	3863.28
Profit/(Loss) After Tax	(1889.19)	(614.94)
Equity Share Capital	1269.09	1269.09
Net Worth	3121.55	2506.61
Earning Per Share (Rs.)	(14.89)	(9.69)*
Book value per Share (Rs.)	24.60	19.75
Return on Net Worth (%)	(60.53)	(49.06)*

*(Source: Annual Report and Certified financial data) * Annualised*

h) As on date of this PA, the Board of Directors of Target Company consists of Dr. P. M. Bhargava, Mr. P.R. Agarwal, Mr. Rajesh Agarwal, Dr. T. V. Krishna Rao, Mr. C. K. C. Gupta, Mr. Umesh Agarwal and Mr. S Chidambaram.

i) As on date of this PA, the company is not having any subsidiaries.

j) Based on the information available from the Target Company and SEBI website, the Target Company has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992, and subsequent amendments thereto (SEBI Act) or any other Regulations made under the SEBI Act.

5. REASONS FOR THE ACQUISITION AND THE OFFER:

a) As stated in para 'Background to the Offer' above, pursuant to the Preferential Allotment, the Acquirer can acquire upto a maximum of 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 will be entitled for 43.60% of the voting rights 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 is in the business of manufacture of Active Pharmaceutical Ingredients and Intermediates and the Target Company is in the business of production of Ephedrine derivatives and Diketene derivatives for the pharmaceutical, agrochemical and pigment industries. The present acquisition will help the Acquirer as backward integration and to use the facilities available with the Target Company.

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.

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.

6. STATUTORY APPROVALS/ OTHER APPROVALS REQUIRED FOR THE OFFER:

a) The Offer is subject to receiving 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. The Preferential Allotment shall also be subject to the approval of shareholders of the Target Company, at its Extraordinary General Meeting, to be held on December 3, 2007 pursuant to Section 81 (1A) of the Companies Act, 1956. The Acquirer and the Target Company shall apply for the same, if any.

b) As on date of this PA, to the best of the knowledge of the Acquirer, no other statutory approvals are required to acquire the shares that are tendered pursuant to the Offer.

c) In case of delay in receipt of Statutory Approvals, SEBI has power to grant extension of time to the Acquirer for payment of consideration to the shareholders, who have accepted the Offer, subject to Acquirer agreeing to pay interest for the delayed period as directed by SEBI under regulation 22(12) of the Regulations. Further, if the delay occurs on account of willful default by Acquirer in obtaining the Approvals, regulation 22(13) of the Regulations will also become applicable.

7. OPTION IN TERMS OF REGULATION 21:

In the event, pursuant to the Preferential Allotment and this Offer or otherwise, 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.

8. FINANCIAL ARRANGEMENTS:

a) The total fund requirement for the Offer is Rs. 9,00,00,000/- (Rupees Nine Crores 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), being 25% of the total consideration payable, which will remain in force upto 05.05.2008. In addition, the Acquire have also made a cash deposit of Rs. 9,00,000/- (Rupees Nine Lakhs only) with AXIS Bank Ltd., Fort Branch, Janmabhoomi Bhavan, Janmabhoomi Marg, Mumbai 400 001, being 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.

b) 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 have confirmed that sufficient resources are available with the Acquirer for fulfilling the obligations under this 'Offer' in full.

c) Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer in accordance with the Regulations. The Manager to the Offer confirms that the firm arrangement for the funds and money, for payment through verifiable means are in place to fulfill the Offer obligations.

9. OTHER TERMS OF THE OFFER:

a) The Letter of Offer relating to the Offer ('LOO') together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of the Target Company, whose names appear on the Register of Members of the Target Company and to the beneficial owners of the equity shares of the Target Company in dematerialized form whose names appear on the beneficial records of the respective depositories, in either case, as of the close of business on November 23, 2007 ('Specified Date').

b) Shareholders of the Target Company who are holding equity shares in physical form and who wish to tender their equity shares will be required to send the Form of Acceptance cum Acknowledgement, Original Share certificate(s) and Transfer Deed(s) duly signed to the Registrar to the Offer, either by hand delivery on weekdays or by Registered Post, so as to reach on or before the close of the Offer, i.e., not later than January 14, 2008, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

c) The Registrar to the Offer has opened a special depository account with National Securities Depositories Ltd. ('NSDL') as Depository, Karvy Stock Broking Limited as Depository Participant called, 'XL Softech Systems Limited-AOL Open Offer-Escrow Account'. The DPID is IN300394 and Client ID is 16048259. For equity shares which are tendered in electronic form, the bank account as obtained from the beneficiary provided by the Depositary will be considered and the payment instrument will be issued with the said bank particulars. Shareholders of the Target Company having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL.

d) Beneficial owners (holders of shares in dematerialized form) who wish to tender their equity shares of the Target Company will be required to send their Form of Acceptance cum Acknowledgement along with the photocopy of the delivery instruction in 'Off-market' mode or counterfoil of the delivery instructions in 'Off-market' mode, duly acknowledged by the Depository Participant ('DP'), in favour of the special depository account to the Registrar to the Offer, either by hand delivery on weekdays or by Registered Post acknowledgement due, so as to reach on or before the close of the Offer, i.e., not later than January 14, 2008, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The credit for the delivered shares should be received in the special depository account on or before the close of the Offer, i.e., not later than January 14, 2008.

e) All owners (registered or unregistered) of equity shares of the Target Company are eligible to participate in the Offer anytime before the closing of the Offer. Unregistered owners can send their application in writing 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. No indemnity is required from unregistered owner.

f) In case of non-receipt of the Letter of Offer, the eligible persons may (i) download the same from the SEBI's website (www.sebi.gov.in), (ii) obtain a copy of the same by writing to the Registrar to the Offer at XL Softech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad-500 034, or (iii) make an application 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 along with documents as mentioned above so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., not later than January 14, 2008, or in case of beneficial owners, send the application in writing 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, 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, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., not later than January 14, 2008.

g) Applications in respect of equity shares of the Target Company that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the equity shares during the pendency of the said litigation are liable to be rejected if the directions / orders regarding these equity shares are not received together with the equity shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

h) The Registrar to the Offer will hold in trust the Equity Shares/Share Certificates, Equity Shares held 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, until the cheques/drafts for the consideration or the unaccepted equity shares/share certificates are dispatched/returned.

i) If the aggregate of the valid responses to the Offer exceeds the Offer size, then the Acquirer shall accept the valid applications received on a proportionate basis, in accordance with Regulation 21(6) of the Regulations, subject to a minimum of 100 Shares or the entire holding if less than 100 shares, in case of physical mode. Incase, the equity shares are surrendered in dematerialized mode, minimum acceptance will be one (1) equity share only.

j) Unaccepted Share Certificates, Transfer Forms and other documents, if any, will be returned by Registered Post/Speed Post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Unaccepted equity shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective Depository Participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

k) Shareholders who have sent their equity shares for dematerialization need to ensure that the process of getting their equity shares dematerialized is completed in time for the credit in the special depository account to be received on or before the closing date of the Offer, i.e., not later than January 14, 2008, or else their application will be rejected.

l) While tendering the equity shares under the Offer, NRIs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have been required to submit to acquire the equity shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such equity shares tendered. While tendering shares under the Offer, NRI/foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 ('Income Tax Act'), before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

m) As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ('FI'I') as defined in Section 115 AD of the Income Tax Act.

n) The payment of acquisition of shares will be made by the Acquirer in Cash through a crossed Demand Draft/Pay Order to the equity Shareholders of Target Company whose equity share certificates and other documents are found in order and accepted, within 15 Days from the date of Closing of the Offer.

o) Pursuant to Regulation 22(5A) of the Regulations, equity shareholders of the Target Company desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer as per the mode of delivery indicated therein on or before January 10, 2008.

   i. The withdrawal option can be exercised by submitting the Form of Withdrawal, which is enclosed with the Letter of Offer.

   ii. In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

   - **In case of physical shares: Name & Address of the First Holder, Name(s) & Address(es) of Joint Holder(s) if any, Distinctive Numbers, Folio Number, Number of Shares offered; and**
   - **In case of dematerialised shares: Name & Address of the First Holder, Name(s) & Address(es) of Joint Holder(s) if any, DP name, DP ID, Number of Shares offered, 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 favor of the special depository account.**

p) The shares withdrawn by the Shareholders, if any, would be returned by Registered Post.

q) A Schedule of some of the major activities in respect of the Offer is given below:

Activities	Date	Day
Specified Date (for the purpose of determining the name of shareholders to whom the Letter of Offer will be sent)	November 23, 2007	Friday
Last Date for a Competitive Bid, if any	November 28, 2007	Wednesday
Date by which the Letter of Offer to be Despatched to the shareholders	December 18, 2007	Tuesday
Date of Opening of the Offer	December 26, 2007	Wednesday
Last date for revising the Offer Price/ Number of Shares	January 5, 2008	Friday
Last date for Withdrawal of Acceptance by shareholders who have accepted the Offer	January 10, 2008	Thursday
Date of Closing of the Offer	January 14, 2008	Monday
Date by which communicating acceptance /rejection and payment of consideration for accepted shares / despatch of Share Certificate in case of rejection	January 29, 2008	Tuesday

10. GENERAL:

a) Shareholders of the Target Company who have accepted the Offer by tendering the requisite documents, in accordance with the terms of this Public Announcement and the Letter of Offer, shall have the option to withdraw acceptance tendered by them up to three (3) working days prior to the date of closing of the Offer, in terms of the Regulations i.e. January 10, 2008.

b) The Acquirer can revise the Offer Price upwards up to seven (7) working days prior to the closing of the Offer. If there is any upward revision in the Offer Price by the Acquirer until the last date of revision i.e., January 5, 2008 the same will be informed by way of a Public Announcement in the same newspapers in which this Public Announcement has appeared. The Acquirer would pay such revised price for all the equity shares validly tendered any time during the Offer and accepted under the Offer.

c) If there is a withdrawal of the Offer by the Acquirer, the same will be informed by way of a Public Announcement in the same newspapers in which this Public Announcement has appeared.

d) If there is a Competitive Bid:

i) The Public Offers under all the subsisting bids shall close on the same date.

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

e) Pursuant to regulation 13 of the Regulations, the Acquirer has appointed Ashika Capital Limited, as Manager to the Offer.

f) The Acquirer has appointed **XL Softech Systems Limited** as Registrar to the Offer having office at 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad-500 034; Tel: 040-23545914/5; Fax: 040-23553214. E-mail: xlfield@rediffmail.com. The Contact Person is Mr. Ram Prasad.

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

h) This Public Announcement will also be available on SEBI's website (www.sebi.gov.in). Eligible persons to the Offer may also download a copy of the Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at (www.sebi.gov.in) from the opening date of the Offer, i.e., December 26, 2007 and apply in the same.

i) For further details, please refer to the Letter of Offer and Form of Acceptance cum Acknowledgement.

Issued by Manager to the Offer on behalf of the Acquirer:

ASHIKA CAPITAL LIMITED
1008, 10th Floor, Raheja Centre,
214, Nariman Point, Mumbai-400021.
Tel: 022-6611 1700; Fax: 022-6611 1710
E-Mail: mbd@ashikagroup.com
Contact Person: Narendra Kumar Gamini

ASHIKA
Growing & Sharing with You

Aditya

Place: Mumbai **Date: November 7, 2007**