



ICI INDIA LIMITED

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PUBLIC ANNOUNCEMENT

FOR THE ATTENTION OF EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF ICI INDIA LIMITED

[This Public Announcement is made pursuant to the provisions of Regulation 8(1) read with Regulation 15(c) and in compliance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended and contains the disclosures as specified in Schedule II to these Regulations]

Offer for Buyback of Equity Shares from Open Market through Stock Exchanges

1. THE BUYBACK

ICI India Limited (“ICI India” or “the Company”) hereby announces the buyback (“the Buyback”) of its fully paid-up Equity Shares of the face value Rs. 10 each (“Shares”) from the existing owners of Equity Shares of the Company from the open market through stock exchange using the electronic trading facilities of Bombay Stock Exchange Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) (together “the Stock Exchanges”), in accordance with the provisions of Sections 77A, 77AA, 77B and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as amended (“the Buyback Regulations”) and the relevant provisions in the Articles of Association of the Company at a price not exceeding Rs. 350 per Share (“Maximum Buyback Price”) payable in cash, for an aggregate amount not exceeding Rs. 131.23 crores (Rupees one hundred and thirty one crores twenty three lakhs) (“the Buyback Size”). The Buyback Size represents 25% of the aggregate of the Company’s paid-up Equity Share capital and Free Reserves as on 31 March 2006.

- 1.1 The Aggregate Paid up Equity Share capital and Free Reserves of the Company as at 31 March 2006 was Rs. 524.93 crores. At the

Maximum Buyback Price of Rs. 350 per Share and for the Buyback Size not exceeding Rs. 131.23 crores the maximum number of Shares that can be bought back would be 37,49,428 Shares, representing 9.17% of the outstanding fully paid up Equity Shares of the Company as on March 31, 2006. Should the average purchase price be lower than Maximum Buyback Price, the number of equity shares that can be bought back would be greater, assuming a Buyback Size of Rs 131.23 crores. The maximum amount that will be utilized for the buyback will not exceed 25% of the paid up Equity Share capital and Free Reserves of the company. The Maximum Buyback Price of Rs. 350 per share offers a premium of approximately 19.5% over the closing price prevailing at the date of Board Meeting held on July 25, 2006 for approving the Buyback.

- 1.2 The Buyback will be implemented by the Company by way of open market purchases through BSE and NSE using their nationwide electronic trading facilities. The Company shall not Buyback its Shares from any person through negotiated deals, whether on or off the Stock Exchange(s) or through spot transactions or through any private arrangement in the implementation of the Buyback.
- 1.3 The maximum amount required by the Company for the said Buyback aggregating to Rs. 131.23 crores will be met out of the current surplus and/or cash balances and/or internal accruals of the Company.

2 Limit on Quantum of Buyback to Ensure Compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 {"SEBI Takeover Regulations"}

Imperial Chemical Industries PLC ("ICI PLC") currently holds 20,776,213 shares representing 50.83% of the 40,870,612 outstanding shares of ICI India Limited. Even though ICI PLC may not acquire any shares in ICI India, the proposed buy-back may have the effect of increasing ICI PLC's holding in ICI India beyond 55% of the total equity of the Company.

ICI India has, vide its letter dated 20 September 2006, sought a clarification from SEBI regarding the applicability of clause 11(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations to ICI PLC, the Company's promoter, in the event of its shareholding in the Company crossing 55% pursuant to the buy-back of shares by ICI India Ltd. Considering the interests of the public shareholders, the prevailing market conditions and the current shareholding of ICI PLC, ICI India has decided to commence the buy-back. The Company proposes to initially limit its Buy-back to a maximum of 30,95,000

shares only, within the overall Buyback Size, such that ICI PLC's holding in ICI India remains below 55%.

3 PROPOSED TIME TABLE

| | |
|---|---|
| Board Meeting approving the Buyback | 25 July 2006 |
| Special Resolution passed by the Shareholders approving the Buyback through Postal Ballot | 14 September 2006 |
| Date of Public Announcement | 22 September 2006 |
| Date of opening of the Buyback | 29 September 2006 |
| Acceptance of Shares | Within 15 days of the relevant payout dates of the Stock Exchanges |
| Extinguishment of Shares | Within 7 days of acceptance as above |
| Last Date for the Buyback | Upon exhaustion of Rs. 131.23 crores or 13 September 2007, whichever is earlier |

All payment obligations related to the Buyback shall be completed by the last date for the Buyback.

4 AUTHORITY FOR THE BUYBACK

Pursuant to Section 77A, 77B and other applicable provisions of the Act, the Buyback Regulations and the relevant provisions in the Articles of Association of the Company, the Buyback from open market through Stock Exchange has been duly authorized by the resolution passed by the Board of Directors at their meeting held on 25 July 2006, a special resolution passed by the Shareholders of the Company through Postal Ballot, the result of which was declared on 14 September 2006.

5 BRIEF INFORMATION ABOUT THE COMPANY

ICI India manufactures and markets paints, specialty chemicals, adhesives, starch, fragrances and flavours.

With an employee strength of about 1200 (including its JV), ICI India's manufacturing sites, business and sales offices and distribution network spans the length and breadth of the country.

The History

The Company was formed in 1954 under the name Indian Explosives Ltd as a joint venture between ICI PLC and the Government of India. The Company's name was changed to IEL Limited in 1985 and was again changed to its present name ICI India Limited in 1989.

The Company's first factory for manufacturing commercial and blasting Explosives was set up in Gomia (now in Jharkhand state) in 1954. Thereafter, the Nitrogenous fertilizer manufacturing operations began in Panki near Kanpur in 1969, which was expanded in 1983 to reach a capacity to manufacture 675,000 tpa of urea. The company also commissioned its Catalyst business at Panki in 1984.

The Company sponsored, along with the other subsidiary companies of ICI PLC the establishment of ICI Research and Technology Centre in Thane in 1976.

Consolidation and Restructuring

In 1984 three other subsidiary companies of ICI PLC in India, viz., The Alkali and Chemical Corporation of India Ltd, Chemicals and Fibres India Limited and Crescent Dyes and Chemicals Limited merged with the Company in order to better utilize the synergies of the ICI Group and operate an enriched portfolio of business ranging from Paints, Rubber Chemicals, Water Treatment chemicals, Pharmaceuticals, Agrochemicals, Seeds, Fibres and Surfactants, apart from Explosives, Fertilisers and Catalysts.

Nalco Chemicals India Ltd was formed in 1987 with Nalco Chemical Company USA and the Company, each holding 40% of the equity, to take over the Company's Water Treatment chemicals Business. The first phase of ICI India's restructuring was completed in 1993 with the divestment of seeds, fibres and fertilizers businesses while the agrochemicals business was transferred to a joint venture with Zeneca Limited of UK in 1995.

1996 saw the establishment of a joint venture, Initiating Explosives Systems India Ltd. (IES), with The Ensign-Bickford Company of the USA for the manufacture of Initiating Explosives Systems. While the new paints plant and polyurethanes systems house were commissioned at Thane in 1997, another Paints plant was commissioned at Mohali near Chandigarh and the Uniqema Innovation Centre opened at Thane the following year. 1997 also saw the Company acquiring a Nitrocellulose manufacturing facility at Valsad (Gujarat).

In 1998 the Company exited from its joint ventures with Nalco Chemical Company, USA and Zeneca, UK, as part of its continuing restructuring exercise.

The explosives business of the Company together with the interest in IES, was transferred to Indian Explosives Limited, a joint venture between the company and Orica Investments Pty Ltd., Australia in 1999. The Company has exited from the joint venture in late 2003.

Trading in National Starch Adhesives products commenced in 1999, followed by the commissioning of a plant at Thane in 2000. The business has since been strengthened an acquisition of portfolio from Hindustan Lever Ltd and has further been strengthened through de-bottlenecking of the plant with additional capital expenditure.

In line with ICI India's strategic objective, the Polyurethanes business was sold to the Huntsman Group of USA in 2001.

The Motors and Industrial Paints business was transferred to a Joint Venture with Berger Paints India Limited, also in 2001, from which the company exited in 2002.

The flavours and fragrances business was taken over as a joint venture (with ICI India holding a majority stake) with Hindustan Lever Limited and Quest International B.V. in 2001. The share holding of Hindustan Lever Limited has since been bought over by the company in May 2006.

The Pharmaceuticals business of the company was divested to Nicholas Piramal India Limited in 2002.

The Catalyst business of the company has been divested to Johnson Matthey Group in late 2002.

The Nitrocellulose and Trading businesses were divested in 2004 to Nitrex Chemicals India Ltd (owned / funded by ACTIS), in which the company holds a minority stake.

The Rubber Chemicals business was transferred to a joint venture company with PMC Group International, USA in December 2005, where the company holds a minority stake.

The Uniqema business of the company is currently under divestment to the Croda Group of UK.

The continuing portfolio of businesses with the company currently is:

- Paints
- National Starch
- Flavours and Fragrance (through a 99% owned subsidiary)

The brief audited financial information of the Company for the last three financial years ended 31st March 2006, 31st March 2005 and 31st March 2004 is provided below:

| <i>(Rs. lakhs)</i> | | | |
|------------------------|----------------|----------------|----------------|
| Particulars | 2005-06 | 2004-05 | 2003-04 |
| Income from operations | 876,24 | 754,34 | 685,12 |
| Other Income | 31,59 | 28,07 | 22,87 |
| Total Income | 907,83 | 782,41 | 707,99 |

| | | | |
|---|--------|--------|---------|
| Earnings before Finance Charges, Depreciation and Tax | 121,94 | 93,00 | 83,13 |
| Profit after Tax | 50,15 | 47,18 | 109,09* |
| Equity Dividend (including dividend tax) | 27,96 | 25,76 | 57,64 |
| Subscribed Equity Share Capital | 40,87 | 40,87 | 40,87 |
| Reserves & Surplus # | 510,46 | 488,33 | 479,28 |
| Net Worth | 524,93 | 502,74 | 491,13 |
| Debt outstanding | - | 16,00 | 20,00 |
| Key Ratios | | | |
| Earnings per Share (Rs.) | 12.27 | 11.54 | 26.69 |
| Book value per Share (Rs.) | 128.44 | 123.01 | 120.17 |
| Debt-Equity Ratio | 0.00 | 0.03 | 0.04 |
| Average Return on Net Worth (%) | 9.76% | 9.49% | 23.44% |

* Profit after Tax for the period 2003-2004 is greater than Earnings before Finance Charges, Depreciation and Tax, because of an exceptional income of 54,27 lakhs in that year

Reserves and Surplus excluding capital reserve and revaluation reserve

6 PRESENT CAPITAL STRUCTURE AND SHARE HOLDING PATTERN

6.1 The Share Capital of the Company as on the date of this Announcement is as follows:

| Authorized | Rupees |
|--|---------------|
| 4,16,90,000 Equity Shares of Rs. 10 each | 41,69,00,000 |
| | |
| Issued, Subscribed and Paid-Up | |
| 4,08,70,612 Equity Shares of Rs. 10 each fully paid up | 40,87,06,120 |

6.2 The shareholding pattern of the Company as on 15/09/2006 is as given below:

| Sr. No | Category of shareholder | Total number of shares (Pre-buyback) | Total shareholding as a % of total number of shares (Pre-buyback) | Total number of shares (Post-buyback) | Total shareholding as a % of total number of shares (Post-buyback) |
|--------|---|--------------------------------------|---|---------------------------------------|--|
| (A) | Shareholding of Promoter and Promoter Group | | | | |
| -1 | Indian | | | | |
| (a) | Individuals/ Hindu Undivided Family | NA | NA | NA | NA |

| | | | | | |
|------------|---|-----------------|---------------|------------------|---------------|
| (b) | Central Government/ State Government(s) | | | | |
| (c) | Bodies Corporate | | | | |
| (d) | Financial Institutions/ Banks | | | | |
| (e) | Any Other (specify) | | | | |
| | Sub-Total (A)(1) | NA | NA | NA | NA |
| -2 | Foreign | | | | |
| (a) | Individuals (Non- Resident Individuals/ Foreign Individuals) | | | | |
| (b) | Bodies Corporate | 20776213 | 50.83 | 20776213 | 55.97 |
| (c) | Institutions | | | | |
| (d) | Any Other (specify) | | | | |
| | Sub-Total (A)(2) | 20776213 | 50.83 | 20776213 | 55.97 |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 20776213 | 50.83 | 20776213 | 55.97 |
| (B) | Public shareholding | | | | |
| -1 | Institutions | | | | |
| (a) | Mutual Funds/ UTI | 4016321 | 9.82 | | |
| (b) | Financial Institutions/ Banks | 29652 | 0.07 | | |
| (c) | Central Government/ State Government(s) | 276 | 0.00 | | |
| (d) | Venture Capital Funds | - | - | | |
| (e) | Insurance Companies | 5182906 | 12.68 | | |
| (f) | Foreign Institutional Investors | 2165064 | 5.30 | | |
| (g) | Foreign Venture Capital Investors | - | - | | |
| (h) | Any Other (specify) FFI | 600 | 0.01 | | |
| | Sub-Total (B)(1) | 11394819 | 27.88 | | |
| -2 | Non-institutions | | | | |
| (a) | Bodies Corporate | 4585418 | 11.22 | | |
| (b) | Individuals - | 4032321 | 9.87 | | |
| (c) | Any Others (specify) NRIs and Clearing Members | 81841 | 0.20 | | |
| | Sub-Total (B)(2) | 8699580 | 21.29 | | |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 20094399 | 49.17 | 16344971* | 44.03 |
| | TOTAL (A)+(B) | 40870612 | 100.00 | 37121184 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | - | - | - | - |
| | GRAND TOTAL (A)+(B)+(C) | 40870612 | 100.00 | 37121184 | 100.00 |

*Assuming that at the proposed maximum price of Rs. 350 per share and for the Buyback Size of Rs. 131.23 crores, 37,49,428 Shares could be bought back.

- 6.3 There are no partly paid-up shares or outstanding convertible instruments.
- 6.4 Neither the Promoter group, directors of the promoter nor the persons who are in control of the Company have purchased or sold shares of the Company during the twelve months preceding the date of this Public Announcement i.e. 22 September 2006.
- 6.5 The Promoters of the Company hold a total of 20,776,213 Equity Shares as on date.
- 6.6 The Promoters of the Company do not intend to participate in the buyback offer.

7 NECESSITY FOR BUYBACK

- 7.1 The Board is of the view that the Buyback will help the Company achieve the following objectives:
 - (a) Optimize returns to shareholders; and
 - (b) Enhance overall shareholder value.
- 7.2 This objective will be achieved by returning surplus cash back to shareholders. This may lead to reduction in outstanding shares, improvement in earning per share and enhanced return on invested capital. The Buyback will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operations.

8 EXTRACTS FROM THE EXPLANATORY STATEMENT ANNEXED TO THE NOTICE DATED 25 JULY 2006 FOR THE POSTAL BALLOT THROUGH WHICH THE SPECIAL RESOLUTION APPROVING THE BUY BACK WAS PASSED

The Board of Directors of the Company believes using part of the existing surplus funds for the proposed buy-back of the Company's shares will enhance shareholder value and will still provide enough financial headroom for growth of the Company. Accordingly, at its meeting held on 25 July 2006, the Board approved, subject to shareholder approval by means of a special resolution through postal ballot, the proposal to buy-back the fully paid-up equity shares of Rs 10/- each in accordance with the provisions contained in new Article No.3A of the Articles of Association of the Company and also the provisions of Section 77 A, 77 AA, 77B and all other applicable provisions of the Act and Regulations. The buy-back

would be undertaken through open market purchases via the stock exchanges. There will be no negotiated deals, spot transactions or any private arrangements in the implementation of the buy-back.

The equity shares of the Company are proposed to be bought back at a price not exceeding Rs.350/- per equity share and the fund to be utilized for this purpose will be up to 25% of the paid-up equity share capital and free reserves of the Company as on March 31,2006. This price has been arrived at after considering the stock market quotations, book value and the possible impact of the buy-back on the earnings per share of the Company.

It may be noted that in terms of Securities and Exchange Board of India Press Release Ref No: PR 74/99 dated 19.03.1999, read with Regulation 7(a) of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, a company which seeks to buy-back securities can disclose in the Explanatory Statement, the maximum price at which the buy-back of securities shall be made and the Board of Directors may determine the specific price. With a view to affording the required operational flexibility, it is proposed that the Board of Directors or a Committee of the Board of Directors duly constituted by the Board for the purpose be authorised to determine the specific price for the buy-back of equity shares of the Company, not exceeding Rs. 350/- per share and the time frame for such buy-back.

The buy-back is proposed to be completed within a period of 12 months from the date of passing of this resolution.

In accordance with the regulatory provisions, the shares bought back by the Company will be compulsorily cancelled and will not be held for re-issuance.

As the Company proposes to use part of its surplus cash for this purpose, the proposed buy-back will not lead to any new debt and accordingly total debt equity ratio, after the share buy-back will be well below the maximum limit of 2:1 as specified in the Act.

The share buy-back programme will be implemented after the approval of the shareholders subject to completion of necessary formalities as prescribed by law.

As a consequence of the buy-back, the holdings of Public, Financial Institutions, NRIs and other categories of shareholders would undergo a change based on the number of shares bought back from these shareholders. The proposed buy-back, however, will not affect the present management structure of the Company.

The buy-back of equity shares of the company will be financed out of the free reserves and/or share premium account of the company.

The particulars of the equity shares of the company held by Imperial Chemical Industries PLC, the promoter of the Company and of the Directors of the Company as on the date of the Board Meeting is given below:-

| | |
|----------------------------------|------------------------|
| Imperial Chemical Industries PLC | 20776213 equity shares |
| Directors | 29 equity shares |

No equity shares were either purchased or sold by the persons referred to above, during the period of 6 months preceding the date of the Board meeting held on 25 July 2006 and subsequent to the said Board meeting till the date of despatch of this postal ballot to the shareholders. Imperial Chemical Industries PLC, the Promoters, have confirmed that they will not be tendering their shares in the proposed buy-back process.

As per the provisions of Section 77A(8) of the Act, the company will not be allowed to issue fresh equity shares within a period of 6 months after the completion of the buyback except by way of bonus shares or shares issued in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.

The Board of Directors of the company confirm that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

The Board of Directors have made a full enquiry into the affairs and prospects of the Company and have formed an opinion that:

- (a) Immediately following the date of the Board Meeting held on July 25, 2006, there are no grounds on which the Company could be found unable to pay its debts;
- (b) As regards the Company's prospects for the year immediately following the date of the Board Meeting held on July 25, 2006 that, having regard to Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and
- (c) Confirm further that in forming an opinion as aforesaid, the Directors have taken into account the liabilities as if the Company were being wound up under the provisions of the

Companies Act, 1956 (including prospective and contingent liabilities).

The text of the report dated 25 July 2006 received from M/s BSR & Associates, Chartered Accountants, the statutory auditors of the Company addressed to the Board of Directors of the company is reproduced below:

"We have been informed that the Board of Directors in their meeting held on July 25, 2006 have decided to buy-back Company's Shares as allowed under Section 77A of the Companies Act, 1956. In this connection, we confirm as under:-

(i) We have inquired into the state of affairs of the Company in relation to its audited accounts for the year ended March 31, 2006, which were taken on record by the Board of Directors in the meeting held on 23 May 2006.

(ii) The amount of permissible capital payment towards buy-back of equity shares in question as ascertained below, has been properly determined in accordance with Section 77 A(2)(c) of the Companies Act, 1956;

| | Rs. Lacs |
|---|----------|
| Equity Share Capital as on 31 March 2006 (408,70,612 equity shares of Rs. 10/- each, fully paid-up) | 4087 |
| "Free Reserves" as on 31 March 2006 (as defined in Section 77A read with explanation (b) of Section 372A of the Companies Act, 1956.) | 48406 |
| | _____ |
| Total | 52493 |
| | _____ |
| Maximum amount permitted for buy-back i.e. 25% of total paid up capital and free reserves | 13123 |

(iii) Based on the representations made by the Company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that the Board of Directors in their meeting held on July 25, 2006 have formed their opinion, as specified in clause (x) of Schedule I of SEBI (Buy-back of Securities) Regulations, 1998, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

For BSR & Associates
Chartered Accountants

Sd – Akhil Bansal
Partner
Membership no: 090906"

All the material documents referred to in the Explanatory Statement such as the Memorandum and Articles of Association, Board Resolution for buy-back of shares and the Auditor's Report will be made available for inspection by shareholders at the Registered Office of the Company at 34 Chowringhee, Kolkata 700071 between 10.00 a.m. to 12.00 noon on all working days up to Friday 8 September 2006.

As the proposal for buy-back of Equity Shares will be in the interests of the Company, the Directors recommend the passing of the resolution as set out in the notice.

It may be noted that the passing of the resolution covered by this explanatory statement shall not confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board to buyback, any shares, and/or impair any power of the Company or the Board to terminate any process in relation to such buyback, if so permissible by law.

None of the Directors is in anyway concerned or interested either directly or indirectly in the aforesaid resolution save and except to the extent that in like manner as far all other shareholders, their percentage holding in the post buy-back equity share capital will proportionately stand affected as a result of the shares buy-back.

9 MAXIMUM AMOUNT TO BE INVESTED AND SOURCES OF FUNDS FOR BUYBACK

- 9.1 The maximum amount which the Company would deploy for the Buyback is Rs. 131.23 crores.
- 9.2 The funds for the Buyback will be available from the current surplus and/or cash balances and/or internal accruals of the Company. The Company does not propose raising debt for buying back shares. The Company may continue to borrow funds in the ordinary course of its business. The cost of financing the Buyback would result in a reduction in the treasury income, which the Company could have otherwise earned on the funds deployed in liquid and other assets.

10 LISTING DETAILS AND STOCK MARKET DATA

10.1 The Company's Shares are listed on BSE, NSE and Calcutta Stock Exchange.

10.2 High, low and average market prices for the last year and monthly high, low and average market prices for six months preceding this announcement and their corresponding volumes on BSE & NSE are as follows:

BSE

| Period | High (Rs) | Date of High | No of shares traded on that day | Low (Rs) | Date of Low | No of shares traded on that day | Average Price (Rs) # | Total volume traded in that period |
|----------|-----------|--------------|---------------------------------|----------|-------------|---------------------------------|----------------------|------------------------------------|
| CY 03 | 202.50 | 26-Dec-03 | 20,474 | 103.90 | 17-Mar-03 | 2,834 | 140.51 | 1,852,132 |
| CY 04 | 237.40 | 22-Dec-04 | 57,573 | 157.25 | 17-May-04 | 1,915 | 185.83 | 2,779,500 |
| CY 05 | 351.90 | 12-Sep-05 | 36,523 | 212.60 | 24-Mar-05 | 7,745 | 278.41 | 3,574,854 |
| Mar-06 | 410.60 | 10-Mar-06 | 5,792 | 377.05 | 6-Mar-06 | 2,006 | 394.28 | 235,436 |
| Apr-06 | 402.55 | 3-Apr-06 | 6,525 | 350.35 | 28-Apr-06 | 3,723 | 375.43 | 175,256 |
| May-06 | 374.95 | 2-May-06 | 3,117 | 319.80 | 24-May-06 | 100,952 | 354.86 | 412,118 |
| Jun-06 | 355.35 | 1-Jun-06 | 1,697 | 252.65 | 14-Jun-06 | 2,702 | 288.72 | 322,762 |
| Jul-06 | 308.25 | 18-Jul-06 | 22,174 | 280.00 | 11-Jul-06 | 1,567 | 292.99 | 177,299 |
| Aug-06 | 313.05 | 31-Aug-06 | 2,725 | 294.00 | 4-Aug-06 | 21,152 | 303.69 | 65,876 |
| Sep-06 * | 351.05 | 18-Sep-06 | 2,685 | 308.80 | 1-Sep-06 | 1,371 | 328.71 | 38,373 |

(Source: Bloomberg)

* Sep-06 figures till September 19, 2006

Arithmetic average of Closing prices of all trading days during the said period.

NSE

| Period | High (Rs) | Date of High | No of shares traded on that day | Low (Rs) | Date of Low | No of shares traded on that day | Average Price (Rs) # | Total volume traded in that period |
|----------|-----------|--------------|---------------------------------|----------|-------------|---------------------------------|----------------------|------------------------------------|
| CY 2003 | 200.60 | 26-Dec-03 | 34,067 | 103.80 | 17-Mar-03 | 3,106 | 140.33 | 3,478,530 |
| CY 2004 | 238.45 | 22-Dec-04 | 121,609 | 153.55 | 17-May-04 | 3,947 | 185.86 | 4,407,394 |
| CY 2005 | 350.50 | 12-Sep-05 | 62,080 | 211.70 | 24-Mar-05 | 35,795 | 278.63 | 4,448,136 |
| Mar-06 | 411.65 | 10-Mar-06 | 13,117 | 377.45 | 6-Mar-06 | 6,665 | 394.08 | 188,122 |
| Apr-06 | 400.00 | 7-Apr-06 | 11,386 | 350.60 | 28-Apr-06 | 5,413 | 374.71 | 123,239 |
| May-06 | 374.45 | 2-May-06 | 4,695 | 322.65 | 24-May-06 | 62,784 | 354.51 | 397,273 |
| Jun-06 | 354.40 | 1-Jun-06 | 20,183 | 260.00 | 15-Jun-06 | 8,329 | 289.46 | 320,373 |
| Jul-06 | 308.60 | 18-Jul-06 | 30,942 | 280.40 | 13-Jul-06 | 3,063 | 292.58 | 244,197 |
| Aug-06 | 316.05 | 31-Aug-06 | 6,646 | 293.75 | 1-Aug-06 | 3,014 | 303.64 | 142,174 |
| Sep-06 * | 351.25 | 18-Sep-06 | 6,104 | 311.40 | 1-Sep-06 | 1,005 | 328.72 | 132,278 |

(Source: Bloomberg)

* Sep-06 figures till September 19, 2006

Arithmetic average of Closing prices of all trading days during the said period.

10.3 The Notice of Board Meeting convened to consider the proposal of Buyback was given to the Stock Exchanges on 17 July 2006. The closing market price of the Company's Shares on 17 July 2006 on BSE was Rs. 301.90 and the same on NSE was Rs. 303.00 (Source: Official websites of BSE and NSE)

10.4 The Board, at its meeting held on 25 July 2006 approved the proposal for the Buyback. The closing market price on 26 July 2006 i.e. the day immediately after the date of the resolution of the Board approving the Buyback was Rs. 294.35 per Share on BSE and Rs. 295.00 per share on NSE. (Source: Bloomberg)

11 MANAGEMENT DISCUSSION AND ANALYSIS ON LIKELY IMPACT OF BUYBACK ON THE COMPANY

11.1 The Buyback is not likely to cause any material impact on the earnings of the Company except a reduction in the treasury income, which the Company could have otherwise earned.

11.2 The Buyback is expected to result in overall enhancement of the shareholders' value.

11.3 The Promoters will not offer Shares held by them under the Buyback. The Buyback of Shares will not result in a change in control or otherwise affect the existing management structure of the Company.

11.4 Consequent to the Buyback and based on the number of Shares bought back from the non-resident shareholders, foreign institutional investors, Indian financial institutions, banks, mutual funds and the public including other bodies corporate, the shareholding pattern of the Company would undergo a consequential change.

11.5 The debt-equity ratio post Buyback will be below the maximum allowable limit of 2:1 prescribed by the Act.

11.6 Subject to the provisions of the Act, the Company will not issue fresh Shares during the period from the date of the Public Announcement up to six months after completion of the Buyback.

11.7 The Promoters shall not deal in the shares of the company during the period the Buyback is open.

- 11.8 The Company shall not issue bonus shares during the period the Buyback is open.
- 11.9 The Company shall not withdraw the offer of Buyback after the Public Announcement is made.

12 STATUTORY APPROVALS

- 12.1 The Board of Directors has passed a resolution at its meeting held on 25 July 2006 authorizing the Buyback.
- 12.2 The Shareholders of the Company passed a special resolution on 14 September 2006 through postal ballot authorizing the Buyback.
- 12.3 The Company shall obtain such other approvals as may be prescribed from time to time.

13 PROCESS AND METHODOLOGY FOR BUYBACK PROGRAMME

- 13.1 The Buyback is open to all equity shareholders/beneficial owners both registered and unregistered holding Shares either in physical and/or electronic form except the Promoters and / or persons who are in control of the Company.
- 13.2 As per the Buyback Regulations, a company intending to purchase its Shares from the open market shall do so on stock exchanges having nation wide trading terminals. Accordingly the Company proposes to Buyback from the open market through BSE and/ or NSE having nation wide trading terminals.
- 13.3 For the buyback of Shares, the Company has appointed the following broker (“the Appointed Broker”) through whom the purchases and settlement on account of the buyback of Shares will be made:

ICICI Brokerage Services Ltd.
ICICI Center
H.T. Parekh Marg
Churchgate - Mumbai 400020

- 13.4 The Buyback of Shares will be made only through the order matching mechanism except “all or none” order matching system.
- 13.5 The Company may from time to time, but not earlier than 29 September 2006 place “buy” orders on BSE and/or NSE to buy back Shares through the Appointed Brokers in such quantity and at such prices, not exceeding Rs. 350 per share, as it may deem fit, depending upon the prevailing quotations in the secondary

market. Intimation about the Company's presence in BSE and /or NSE to buyback its Shares will be made available to the said respective Stock Exchanges.

- 13.6 Shareholders / beneficial owners, who desire to sell their Shares under the Buyback will have to do so through a stock broker, who is a member of either BSE or NSE, whenever the Company has placed a "buy" order for buyback of Shares by indicating to their broker details of the Shares they intend to sell. The trade would be executed at the price at which the order matches and that price would be the price for that seller. It may be noted that all Shares bought back by the Company may not be at a uniform price and that there shall be no obligation on the Company to place a "buy" order either on a daily basis or in both the odd lot as well as the normal trading segment of both the Stock Exchanges or otherwise. The Company shall intimate the Stock Exchanges as well as the public through newspapers regarding quantity of shares purchased and amount utilized for Buyback as prescribed in the Buyback Regulations.
- 13.7 Shares of the Company are traded in the compulsory demat mode under the trading code(s) 500710 at BSE and ICI –EQ at NSE. Shareholders holding shares in physical form can sell their Shares in the odd lot trading segment of BSE.
- 13.8 Nothing contained herein shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board to buy back any Shares, and/ or impair any power of the Company or the Board as to the price or terms and conditions of the Scheme of Buyback or terminate or modify at any time the process in relation to the Buyback, if permissible under law.
- 13.9 The Buyback shall be implemented in the manner and following the procedure prescribed in the Act and the Regulations and as may be determined by the Board (including Committee thereof authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.

14 METHOD OF SETTLEMENT

- 14.1 The Company will pay the consideration to the Appointed Brokers on or before pay-in date for each settlement as applicable in respect of Shares bought back.
- 14.2 The shareholders/beneficial owners holding Shares in the demat form will be required to transfer the number of Shares sold by them by tendering the delivery instruction to their respective

Depository Participant (“DP”) for debiting their beneficiary account maintained with the DP and crediting the same to the pool account of the broker through whom the trade is executed. The shareholders/beneficial owners holding Shares in physical form may present the share certificates along with valid transfer deeds to their respective brokers through whom the trade is executed.

- 14.3 The Company has opened a Depository Account styled “**ICI India Limited**” with Standard Chartered Bank. Shares bought back in the demat form would be transferred into the aforesaid account by the Appointed Brokers upon receipt of Shares from the clearing and settlement mechanism of BSE and NSE.
- 14.4 Shares lying in credit in the aforesaid account will be extinguished within 7 days or such other permissible period from the date of acceptance of Shares in the manner specified in the Buyback Regulations. In respect of Shares bought back in the physical form, Shares would be extinguished and the share certificates would be physically destroyed within 7 days or such other permissible period from the date of acceptance in the manner specified in the Buyback Regulations. The details of Shares extinguished would be notified to all the stock exchanges on which Shares are listed and to the Securities and Exchange Board of India (“SEBI”) as per provisions of the Buyback Regulations.

15 COMPLIANCE OFFICER and remedies for investor protection

Mr. R. Guha, Company Secretary
ICI India Limited
DLF Plaza Tower, 10th floor,
DLF Qutab Enclave Phase I,
Gurgaon 122 002, Haryana

Tel. No. 0124 2540400
Fax No. 0124 2540849
E-mail: r_guha@ici.com

Investor may contact the Compliance Officer for any clarification or to address their grievances, if any, during office hours i.e. 9 am. to 5 pm. on all working days except holidiays.

16 INVESTOR SERVICE CENTRE

In case of any query, the shareholders may contact the Registrar & Transfer Agent on any day except Saturday, Sunday and Public holiday between 10 AM and 4 PM at the following address:

C B Management Services (P) Ltd
P-22, Bondel Road
Kolkata 700 019
Tel: 033 22806692-94
Fax: 033 22870263
Email: cbms11@cal2.vsnl.net.in

17 MANAGER TO THE BUYBACK

The Company has appointed ICICI Securities Ltd as Manager to the Buy-back. The contact details are:



ICICI Center,
H. T. Parekh Marg,
Churchgate, Mumbai
Tel: +91-22-22882460/70
Fax: +91-22-22826580
Contact: Nitin Mathur
E-mail: icibuyback@isecltd.com

18 DIRECTORS RESPONSIBILITY

As per Regulation 19(1)(a) of the Buyback Regulations, the Directors of the Company accept full and final responsibility for the information contained in this Public Announcement.

For and on behalf of the Board of Directors
ICI INDIA LIMITED

| | | |
|--------------------------|---------------------------|--------------------------|
| Sd/- | Sd/- | Sd/- |
| Rajiv Jain | M R Rajaram | R Guha |
| Managing Director | Executive Director | Company Secretary |

Place: Gurgaon
Date: 21 September 2006