LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer constitutes an "offer" and not an "invitation to offer". This Letter of Offer is being sent to you as a shareholder(s) of Colour-Chem Limited ("CCL" or the " Target Company"). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager/ 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 and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 318 PER EQUITY SHARE ("OFFER PRICE")

PLUS INTEREST AT RS. 149.62 PER EQUITY SHARE ("INTEREST") WHICH WOULD BE PAYABLE ONLY TO ELIGIBLE SHAREHOLDERS DEFINED IN PARA 4 OF THIS LETTER OF OFFER

(pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof)

TO ACQUIRE UP TO 2,330,000 FULLY PAID-UP EQUITY SHARES ("OFFER")

representing 20% of the equity share and voting capital of

Colour-Chem Limited

Registered Office: Ravindra Annexe, 194 Churchgate Reclamation, Mumbai – 400 020
Phone No.+91(22) 2202 2161 Fax No. +91(22) 2202 9781 Email: openoffer.colourchem@clariant.com

BY

EBITO Chemiebeteiligungen AG

Registered Office: Rothausstrasse 61, CH-4132 Muttenz /Switzerland
Phone No. +41 61 469 6137 Fax No. +41 61 469 6748

ALONG WITH THE FOLLOWING AS PERSONS ACTING IN CONCERT:

Clariant International Ltd

Registered Office: Rothausstrasse 61, CH-4132 Muttenz/Switzerland
Phone No. +41 61 469 6137 Fax No. +41 61 469 6748

AND

Clariant AG

Registered Office: Rothausstrasse 61, CH-4132 Muttenz/Switzerland
Phone No. +41 61 469 6137 Fax No. +41 61 469 6748

Please Note :

1. The Offer is subject to the approval of the Foreign Investment Promotion Board ("FIPB"). The approval from the FIPB has been received. Besides the above, to the best of the knowledge of the Acquirer, no other approvals are required to acquire shares tendered pursuant to this Offer. However the Offer will be subject to all statutory approvals as may be applicable.
2. Should EBITO ("the Acquirer") decide to revise the Offer Price upward, such upward revision will be made in terms of Regulation 26 of the Takeover Regulations not later than Thursday, 16th June, 2005. If there is any upward revision in the Offer Price, the same would be notified by way of a public announcement in the same newspapers in which the Public Announcement appeared. Such revised offer price would be payable to all shareholders who have accepted this Offer and tendered their shares at any time during the tenure of the Offer to the extent to which their acceptance and tenders have been found valid by the Acquirer and their shares have been accepted.
3. The Acquirer reserves the right to withdraw the Offer in terms of Regulation 27 of the Takeover Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers where the Public Announcement appeared.
4. The procedure for acceptance of this Offer is set out in para 13 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and transfer deed (where applicable) along with Form of Withdrawal are enclosed with this Letter of Offer.
5. The shareholders who have accepted the Offer by tendering the requisite documents in accordance with the procedures set forth in the Public Announcement and this Letter of Offer can withdraw the same until up to 3 working days prior to the date of the closure of the Offer. The procedure for withdrawal has been set out in para 13 of this Letter of Offer.
6. A copy of the Public Announcement and a copy of this Letter of Offer (including Form of Acceptance cum Acknowledgement) are available on SEBI's website at http://www.sebi.gov.in. The Form of Acceptance-cum-Acknowledgement may be downloaded and used to accept the Offer only in jurisdictions where legally permissible. Persons outside India accessing these pages are required to inform themselves of and observe any relevant and applicable legal restrictions.
7. This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.
8. **There was no competitive bid received for the Offer.**

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
HSBC **HSBC Securities and Capital Market (India) Private Limited** HSBC Building, 52/60 M.G. Road, Fort Mumbai 400 001 Tel No : +91 22 2268 1284 / 85 Fax No: +91 22 2263 1984 Contact Person : Aarthi Ramakrishnan E-mail : ccloffer@hsbc.co.in	**Sharepro Services (India) Pvt. Ltd.** Satam Estate, 3rdFloor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400 099 Tel: (022) 28215168/ 28215169 Fax : (022) 28375646 (f) Contact Person : Mrs. Indira Karkera / Mr. Ramachandran E-mail: sharepro@vsnl.com
OFFER OPENS ON : WEDNESDAY JUNE 8, 2005	**OFFER CLOSES ON : MONDAY JUNE 27, 2005**

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

	Time Schedule	
Activity	**Date**	**Day**
First Public Announcement (PA) date	7th April 2003	Monday
Second PA date	6th May 2003	Tuesday
Third PA date	14th September 2004	Tuesday
Fourth PA date	20th September 2004	Monday
Reference date for the purposes of determining the revised time schedule	19th April, 2005	Tuesday
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	29th April, 2005	Friday
Date by which individual Letters of Offer will be dispatched to the shareholders	1st June, 2005	Wednesday
Offer Opening Date	8th June, 2005	Wednesday
Last date for revising the offer price/number of shares	16th June, 2005	Thursday
Last date for withdrawal of acceptances by the shareholder	22nd June, 2005	Wednesday
Offer Closing Date	27th June, 2005	Monday
Date by which approval/ rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificates for the rejected/withdrawn shares will be dispatched and/or credited to the beneficiary account in case of dematerialised Shares*	11th July, 2005	Monday

RISK FACTORS

Risks related to the proposed Offer

Pursuant to and in compliance with the SEBI (SAST) Regulations, the Acquirer and the PACs are making this Offer for 20% of the Voting Capital of CCL. With 49.9% of the existing paid up capital of CCL with the public, it is possible that equity shares representing more than 20% of the Voting Capital of CCL are tendered by the shareholders. Hence, there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted by the Acquirer and the PACs.

The Acquirer may not to be able to proceed with the Offer in the event the approvals indicated above are not received in terms of Regulation 27 of SEBI (SAST) Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

Litigation, regulatory measures and similar claims could affect the Offer.

Risks involved in associating with the Acquirer/ PAC

The Acquirer does not have any ongoing business activities and has limited financial resources of its own.

The Acquirer has no ongoing business activities, has a share capital of only CHF 202,000 (Rs. 7.4 mn) and is dependent on the PACs for financial resources.

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DEFINITIONS/ABBREVIATIONS	
Acquirer	EBITO Chemiebeteiligungen AG
BSE	The Stock Exchange, Mumbai
CAG	Clariant AG
Clariant Group	CAG and its subsidiaries
CIL	Clariant International Ltd.
Company/CCL	Colour-Chem Limited
CDSL	Central Depository Services Limited
Depository Escrow Account	The depository account opened by Sharepro Services Pvt. Ltd. with Central Depository Services Ltd styled "Sharepro Account for Colour-Chem open offer"
DP	Depository Participant
EBITO	EBITO Chemiebeteiligungen AG
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board
Manager to the Offer/ HSBC	HSBC Securities and Capital Markets (India) Private Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer	Cash offer being made by the Acquirer to the shareholders on the terms of this Letter of Offer
Offer Closing Date	Monday, 27th June, 2005
Offer Opening Date	Wednesday, 8th June, 2005
Offer Price	Rs. 318/- (Rupees Three Hundred and Eighteen only) per share
Persons Acting in Concert / PACs	CAG and CIL
Public Announcements	The public announcement relating to the Offer ● First Public Announcement as appeared in the newspapers on 7th April, 2003 ● Second Public Announcement as appeared in the newspapers on 6th May, 2003 ● Third Public Announcement as appeared in the newspapers on 14th September, 2004 ● Fourth Public Announcement as appeared in the newspapers on 20th September, 2004
RBI	Reserve Bank of India
Registrar to the Offer / Sharepro	Sharepro Services Pvt. Ltd.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Shares	Fully paid-up equity shares of Rs. 10/- each of CCL
Specified Date	Date for the purpose of determining the names of shareholders, as appearing in the Register of Members of CCL or the beneficial records of the relevant DPs, to whom the Letter of Offer will be sent i.e. Friday April 29, 2005
Takeover Regulations / Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

CURRENCY OF PRESENTATION

Certain financial data contained herein are denominated in Swiss Francs (CHF). The Rupee equivalent quoted in each case is calculated in accordance with the exchange rates appearing on Bloomberg dated 31st December, 2004 viz. 1 CHF = Rs. 38.11. The exchange rates used for the year 2002 is 1 CHF = Rs. 34.33 and 2003 is 1CHF = Rs.36.5 Please note that all financial data contained in this Letter of Offer has been rounded off to the nearest million, except where stated otherwise.

[End of inside cover page]

This Letter of Offer is being issued by HSBC Securities and Capital Markets (India) Private Limited ("HSBC"), the Manager to the Offer, on behalf of EBITO Chemiebeteiligungen AG ("the Acquirer") along with Clariant AG ("CAG") and Clariant International Limited ("CIL") Persons Acting in Concert pursuant to Regulation 10, 12 and other applicable provisions of Chapter III of and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "Takeover Regulations").

1. **Disclaimer**

   IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF COLOUR CHEM LIMITED ("THE TARGET COMPANY") TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs, OR OF THE COMPANY WHOSE SHARES/CONTROL ARE/IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, HSBC SECURITIES AND CAPITAL MARKETS (INDIA) PRIVATE LIMITED THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER HAS SUBMITTED DUE DILIGENCE CERTIFICATES DATED 2ND MAY, 2005 AND 21ST APRIL 2003 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. **Background to the Offer**

   2.1. This open offer is for substantial acquisition of 20% shares of Colour Chem Ltd. pursuant to Regulation 10, 12 and other applicable provisions of SEBI (Substantial Acquisition of shares & Takeover) Regulation, 1997 and subsequent amendments thereto consequent to the circumstances enumerated hereunder:

   2.2. The Acquirer is a company registered under the laws of Switzerland with its registered office at Rothausstrasse 61, CH-4132 Muttenz/Switzerland and is a wholly owned subsidiary of Clariant International Ltd ("CIL") which is a wholly owned subsidiary of Clariant AG.

   2.3. Clariant AG ("CAG") is a company registered under the laws of Switzerland with its registered office at Rothausstrasse 61, CH-4132 Muttenz/Switzerland. CAG is the holding company of various entities across the world (collectively referred to as "the Clariant Group"). CAG and CIL are Persons Acting in Concert ("the PACs") with the Acquirer within the meaning of Regulation 2(1)(e) of the Takeover Regulations. CAG and CIL do not hold any Shares in CCL. The Acquirer presently holds 5,837,080 shares representing 50.1% of the paid-up equity share capital of Colour-Chem Limited ("CCL").

   2.4. In 1997, CAG and Hoechst AG, Germany, ("Hoechst") agreed to transfer Hoechst's global specialty chemicals business into CAG. The transaction took place in several stages. On 1st July 1997, Hoechst hived off its specialty chemicals business in Germany to Virteon Spezialchemikalien GmbH, which was subsequently transferred to CAG.

   2.5. Hoechst's non-German specialty chemical activities were transferred to the Clariant Group on a country-by-country basis as either asset or share deals and merged into existing operations as appropriate.

   2.6. CIL filed with the Securities and Exchange Board of India ("SEBI") a draft stock purchase agreement dated 21st November 1997, whereby it was proposed that CIL would purchase Hoechst's 50.1% stake in CCL, and for which CIL sought for an exemption from making a public offer under the Takeover Regulations.

   2.7. By its order dated 9th September 1998, SEBI rejected the application for exemption and directed CIL to make a public offer, if it was desirous of acquiring the shares held by Hoechst in CCL. CIL preferred an appeal against the aforementioned SEBI order with the Appellate Authority of the Central Government, which was also rejected.

   2.8. On 5th June 2000, the Acquirer was incorporated by Hoechst with a 51% equity stake and CIL holding the balance 49%. In October 2000, the shares held by Hoechst in CCL were transferred to the Acquirer. The Acquirer, being a subsidiary of Hoechst, the transfer was effected under Regulation 3(1)(e)(i) of the Takeover Regulations. In February 2001, due to the capital restructuring of the Acquirer, it became a 100% subsidiary of CIL.

   2.9. On 20th February 2002, SEBI issued a show cause notice to the Acquirer and CIL in respect of the aforesaid transaction (as detailed in 2.5, 2.6 and 2.7 above). Pursuant to the above show cause notice and the hearing afforded to the Acquirer. SEBI passed an order dated 16th October, 2002 directing the Acquirer to make a public offer for acquisition of 20% of the share capital of CCL, taking 21st November 1997 as the reference date for the purpose of calculation of the offer price. Further, the Acquirer was directed by SEBI to pay interest @ 15% per annum on the Offer Price to the shareholders of CCL for the loss of interest caused to them due to the delay in the Acquirer making a public offer from 22nd March 1998 till the date of actual payment of consideration for the shares to be tendered in the offer directed to be made by the Acquirer.

2.10. The Acquirer and CIL preferred an appeal to the Securities Appellate Tribunal ("the SAT") against the order of SEBI on the limited issue of payment of interest to the shareholders in the open offer. The SAT in its Order ("SAT Order") dated 21st February 2003 held that

a) those persons who were holding shares of CCL on 24th February 1998 and continue to be shareholders on the closure day of public offer to be made in terms of the directions given by the SEBI's order alone shall be eligible to receive interest in case the shares which they were holding on 24th February 1998 are tendered in response to public offer made in terms of the said order, and acquired by the Acquirer;

b) the interest payable by the Acquirer shall be at the rate of 15% per annum as directed by SEBI in its order dated 16th October 2002;

c) the dividend paid by CCL to its shareholders is not required to be deducted from the interest payable to the shareholders by the Acquirer.

2.11. The Acquirer and CIL preferred an appeal to the Supreme Court of India ("Supreme Court") against the SAT Order seeking reduction in the rate of interest payable and deduction of dividend paid by CCL from the interest payable to the shareholders pursuant to the Offer. .

2.12. SEBI preferred an appeal to the Supreme Court on 14th April, 2003 seeking quashing and setting aside of the SAT Order with respect to (a) of para 2.10 above ("SEBI Appeal") and also filed an application for ad-interim ex-parte stay of the operation and effect of the SAT Order with respect to (a) of para 2.10 Appeals were also preferred by the Administrator of the Specified Undertaking of the Unit Trust of India and by one Mr. Umeshkumar G. Mehta.

2.13. CCL presently holds 2,771,206 shares representing 56.19% of the paid-up equity share capital of Vanavil Dyes and Chemicals Limited ("VDCL"). As a consequence of the SEBI order dated 16th October 2002 and events described above, the provisions of Regulation 10, 12 and other applicable provisions of Chapter III of the Takeover Regulations were attracted in respect of the acquisition of control of the Acquirer over CCL and in respect of indirect acquisition of VDCL.

2.14. Accordingly the Acquirer and CCL made an open offer for 20% of the share capital of VDCL vide Public Announcement dated 18th April 2003.

2.15. Colour-Chem Limited filed an Application for Impleadment in the Supreme Court Appeal filed by EBITO/CIL praying that the order of the Supreme Court passed in the said appeal be made applicable mutatis mutandis in respect of acquisition of 20% shares in the equity capital of VDCL.

2.16. The aforesaid appeals came up for hearing on 28th April 2003 and were admitted. The Hon'ble Supreme Court of India, while admitting the aforesaid appeals, directed EBITO/CIL to deposit with the Supreme Court Registry the entire amount of consideration together with interest which would be payable as per the SAT Order within eight weeks from 29th April 2003 for the Open Offers to the shareholders of CCL as well as the shareholders of VDCL. The Hon'ble Supreme Court vide its order dated 29th April, 2003 also allowed the application filed by CCL. The Hon'ble Supreme Court of India also ordered status quo in the matter.

2.17. The Acquirer and PACs deposited an amount of Rupees 1,115 million for the CCL Open Offer in favour of The Registrar, Supreme Court of India, New Delhi on 21st June, 2003 which in turn deposited the amount in an interest bearing account with UCO Bank, Supreme Court Compound, New Delhi.

2.18. Pursuant to the said order CCL deposited an amount of Rs. 53 million in favour of The Registrar, Supreme Court of India, New Delhi on 21st June, 2003 which in turn deposited the amount in an interest bearing account with UCO Bank, Supreme Court Compound, New Delhi, in respect of the VDCL Open Offer.

2.19. The Supreme Court heard the appeals of EBITO, CIL as well as the cross appeal by SEBI and vide its order dated August 25, 2004 ("Supreme Court Order") held as follows:

2.19.1. Eligibility: those persons who were shareholders of CCL till 24.2.1998 and continued to be shareholders on the closure day of the public offer would alone be entitled to interest

2.19.2. Interest: the rate of interest shall be paid to eligible shareholders at the rate of 10% per annum from March 22, 1998 till June 21, 2003. EBITO and CIL had deposited a total amount of Rs. 1,115 mn on June 21, 2003 which has been invested in an interest bearing account with UCO Bank, Supreme Court Compound, New Delhi. The interest accruing thereupon shall enure to the benefit of those shareholders who were entitled to the payment of interest for the period during which the said amount remained invested in terms of the order of the Hon'ble Supreme Court.

2.19.3. Dividend: The amount of dividend received by those shareholders who are eligible to receive interest during the period from 24.2.1998 till the date of payment of consideration should be adjusted against the interest payable to them

2.19.4. UTI: the Administrator of the Specified Undertaking of the Unit Trust of India are the successors of the UTI and being the statutory beneficiary would be entitled to interest irrespective of the fact that it came into existence after 1998.

2.19.5. Appeals filed by SEBI and Mr. Umeshkumar G. Mehta were disallowed

2.20. Being aggrieved by the Order of the Hon'ble Supreme Court, SEBI and others filed review petitions in the Hon'ble Supreme Court to have the Order dated 25 August, 2004 reviewed to the extent prayed for therein. The Supreme Court found no merit in the review petitions and therefore by its order dated 15 March, 2005 dismissed the same.

2.21. The Supreme Court has extended the period of the fixed deposit with UCO Bank upto 17th June, 2005 and the Acquirers have applied for extension of the deposit upto 17th December, 2005.

2.22. In view of the review petitions having been dismissed, the Supreme Court Order dated 25th August, 2004 has assumed finality and the Acquirer and PACs are therefore proceeding with the Offer in compliance with the Takeover Regulations, 1997.

3. The Offer

3.1. The Acquirer is making an offer to acquire upto 2,330,000 fully paid-up equity shares of Rs. 10/- each ("the shares"), representing 20% of the paid-up equity share capital of CCL at Rs. 318/- (Rs. Three hundred and eighteen only) per share ("Offer Price") to all shareholders who tender their shares and whose shares are acquired by the Acquirer ("the Offer").

3.2. In addition Eligible Shareholders (as defined in para 4.1) will receive interest of Rs. 149.62 /- per share ("Interest") as computed in para 4.2.

3.3. The Offer Price and Interest will be payable in cash, subject to the terms and conditions mentioned in the Public Announcements and this Letter of Offer.

3.4. The Acquirer presently holds 5,837,080 shares in CCL.

3.5. Neither the Acquirer, the PACs nor any of their Directors have acquired any shares in CCL during the last twelve months. None of the Directors of the Acquirer or of the PACs hold any shares in CCL.

3.6. The shares are listed on The Stock Exchange, Mumbai ("BSE") and the National Stock Exchange of India Ltd. ("NSE"). Based on available information, the Shares are frequently traded on the BSE and NSE within the meaning of Regulation 20(5) of the Takeover Regulations.

3.7. Neither the Acquirer nor the PACs has acquired any shares during the 26-week period prior to the date of the First Public Announcement. The average of the weekly high and low of the closing price for the shares for the 26-week period preceding the Reference Date of 21st November 1997 is Rs. 318. The average of the high and low price during the two weeks preceding the reference date is Rs. 272. (Source www.bseindia.com). In view of the above, the Offer Price is justified in accordance with Regulation 20 of the Takeover Regulations.

3.8. This Offer is not subject to any minimum level of acceptance.

3.9. In case the number of shares tendered for sale by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportional basis as per Regulation 21 (6) of the Takeover Regulations in consultation with the Merchant Banker, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner.

3.10. The Public Announcements appeared on 7th April, 2003, 6th May, 2003, 14th September, 2004 and 20th September, 2004 in the following newspapers, in accordance with Regulation 15 of the Takeover Regulations:

Newspapers	Language	Editions
Financial Express	English	Mumbai, Delhi, Calcutta, Chennai, Bangalore, Cochin and Chandigarh
Loksatta	Marathi	Mumbai
Jansatta	Hindi	Delhi, Calcutta

A copy of the Public Announcement is also available on SEBI's website at **http://www.sebi.gov.in**

Further terms and conditions of the Offer are set out in para 12 of this Letter of Offer. The procedure for acceptance and settlement is set out in para 13 of this Letter of Offer.

4. Interest Payment

4.1. As per section 3.2 above, in terms of the Supreme Court Order, interest would be payable to those persons who were holding shares of CCL on 24th February 1998 and continue to be shareholders until the closure date of the Offer in case the shares which they were holding on 24th February 1998 are tendered in response to the Offer and acquired by the Acquirer. Such persons are herein referred to as "Eligible Shareholders". The interest payable to Eligible Shareholders will be computed from 22nd March 1998 till the date of despatch of cheques issued for the shares acquired in respect of the Offer in para 3 above. Interest would be paid net of dividend payout from March 1998 till July 2005 amounting to Rs. 50/-. Interest payment would be made as the sum of two parts

4.1.1. Interest payable upto the date of deposit in the Supreme Court of India

4.1.2. Interest payable from the date of deposit upto the date of dispatch of cheques to the shareholders

4.2. In terms of the Supreme Court Order, the interest payable to Eligible Shareholders will be computed from 22nd March 1998 till the date of despatch of cheques issued in respect of the Offer. Such interest is payable in cash to Eligible Shareholders and would be computed as under

Price per share ("A")	Rs. 318/- per share	Rs. 318/- per share
Total interest payable ("B")	199.62	
Less: Dividend for		
FY 1997-98	(16.00)	
FY 1998-99	(6.50)	
FY 1999-00	(6.50)	
FY 2000-01	(4.00)	
FY 2001-02	(5.00)	
FY 2002-03	(6.00)	
FY 2003-04	(6.00)	
Total Dividend Paid ("C")	(50.00)	(50.00)
Interest payable per share to Eligible Shareholders		
A Plus B minus C ("D")	467.62	

4.3. Shareholders whose shares are accepted in the Offer will be eligible for interest on the basis of their continued ownership of shares i.e. any shareholder eligible for interest should have held the shares continuously in the period beginning from 24th February 1998 upto the date of tendering shares in this Offer.

4.4. Such eligibility will be determined on basis of the Register of Members/Shareholders Register/beneficial records as provided by the Depository(s) viz. National Securities Depository Limited ("NSDL") and Central Depository Services Limited ("CDSL") in the following manner;

- Shareholder(s) on the register of the Company as on 24th February 1998
- Shareholder(s) as on record date for payments of all interim and final dividend for the six financial years i.e. Financial year 1997-98 through to Financial year 2003-04
- Shareholder(s) on the offer closure date
- Shareholder(s) as on any other date as may be necessary to revalidate the continued shareholding for determining eligibility
- Change in folios on account of transmission/transposition of shareholding (due to process of law or succession), consolidation of folios, dematerialisation/ rematerialisation of shares will be eligible to receive interest

For the purposes of determining Eligible Shareholders, records of CCL shall be final

4.5. The Acquirer will appoint AF Ferguson and Company, Chartered Accountants to audit the process of determining the eligibility of shareholders as per criteria/methodology outlined in para 4.4 above. AF Ferguson and Company is also the Statutory Auditors of CCL.

In case the number of shares tendered for sale by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportional basis as per Regulation 21 (6) of the Takeover Regulations in consultation with HSBC, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner. It may be noted that shares tendered by Eligible Shareholders and other shareholders shall be treated at par for purposes of acceptance. There are no partly paid-up equity shares of the Company.

4.6. Neither the Acquirer nor the PACs has acquired any shares during the 26-week period prior to 7th April, 2003 ("First Public Announcement").

5. Object and Purpose of the Offer and Future Plans

5.1. The Offer is made in accordance with Regulations 10, 12 and other applicable provisions of Chapter III of and in compliance with the Takeover Regulations.

5.2. There are no plans to sell, dispose of or otherwise encumber any assets of the Company in the next two years, except to the extent required (i) for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of the Company or (ii) in the ordinary course of business of the Company. Further, the Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Company, except with the prior approval of the shareholders of the Company in accordance with the Articles of Association of the Company. It will be the responsibility of the Board of Directors of the Company to make appropriate decisions in these matters in accordance with the requirements of the business. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

6. General Disclosures

6.1. Neither the Acquirer, the PACs nor any of their Directors have acquired any Shares in the last twelve months.

6.2. None of the Directors of the Acquirer or of the PACs hold any shares in CCL.

6.3. Neither the Acquirer nor the Company has been prohibited by SEBI from dealing in securities under directions issued pursuant to Section 11B of SEBI Act.

7. Background of the Acquirer/Persons Acting in Concert

7.1. The Acquirer: EBITO

7.1.1. The Acquirer is a company registered under the laws of Switzerland with its registered office at Rothausstrasse 61, CH-4132 Muttenz/Switzerland. and is a wholly owned subsidiary of Clariant International Ltd. ("CIL") which is a wholly owned subsidiary of Clariant AG.

7.1.2. The Acquirer was incorporated on 5th June 2000 by Hoechst with a 51% equity stake and CIL holding the balance 49%. In October 2000, the shares held by Hoechst in CCL were transferred to the Acquirer. The Acquirer, being a subsidiary of Hoechst, the transfer was effected under Regulation 3(1)(e)(i) of the Takeover Regulations. In February 2001, due to the capital restructuring of the Acquirer, it became a 100% subsidiary of CIL. Its shares are not listed on any stock exchange. The paid-up equity capital of the Acquirer is CHF 202,000 (Rs 7.37 million) divided into 202 shares of nominal value of CHF 1000 (Rs. 36,500) each. The Acquirer has earned revenue from the dividend income on the shares of CCL held by it. The shares of the Acquirer are not listed on any stock exchange. The Revenues for the year ended 31st December 2004 were CHF 959345.15 (Rs. 26.6 mn) (Rs.37.2 million) and profits were CHF 335433.15 (Rs. 12.8 mn).

EBITO

BALANCE SHEET

Assets	**2004 CHF**	**2004 INR mn**	**2003 CHF**	**2003 INR mn**	**2002 CHF**	**2002 INR mn**
Fixed Assets						
Investments or Holdings	40,395,447	1,539	40,395,447	1,474	40,395,447	1,387
Current Assets						
Other charges or claims or demands	1,955	0	2,051	0	86	0
Claims on Co. businesses	2,500	0	-	-		
Capital WIP & Advances	3,037	0	27,498	1	12,706	0
Total Actives	**40,402,938**	**1,540**	**40,424,996**	**1,476**	**40,408,239**	**1,387**
Liabilities						
Sources of Funds						
Share Capital	202,000	8	202,000	7	202,000	7
Reserves & Surplus	40,400	2	40,400	1	40,400	1
Balance Sheet Profit						
—> Balance Sheet profit of Previous Year						
—> Accession from Reorganisation						
—> Annual Profit	745,368	28	409,935	15	66,032	2
Foreign Capital						
Provisions	-	-	40,921	1	345	0
Liabilities against Group Companies	68,212	3	64,449	2		
Other Liabilities	753	0	2,420	0		
Current A/c against Clariant Int.AG	39,341,206	1,499	39,659,871	1,448		
Long Term commitments - Concern businesses					40,061,855	1,375
Short Term Commitments - Concern businesses					32,607	1
Passive financial demarcation	5,000	0	5,000	0	5,000	0
Total Liabilities	**40,402,938**	**1,540**	**40,424,996**	**1,476**	**40,408,239**	**1,387**

EBITO

PROFIT & LOSS STATEMENT

Income	**2004 CHF**	**2004 INR mn**	**2003 CHF**	**2003 INR mn**	**2002 CHF**	**2002 INR mn**
Business Income						
Holdings Income	959,257	37	1,020,171	37		
Interest from Banks		92	0	31	0	
Financial Income					798,716	27
Other Income					857	0
Loss for the business year					19,385	1
Total Income	**959,349**	**37**	**1,020,203**	**37**	**818,958**	**28**
Expenditure						
Business Expenditure						
Interest on attached companies	565,571	22	598,016	22		
Bank expenses	132	0	166	0		
Revision expenses	5,000	0	5,000	0		
Other expenses GC		18,763	1	31,842	1	
Other expenses	1,298	0	700	0	40,981	1
Taxes		33,153	1	40,576	1	
Taxes on Income & Capital					38,856	1
Interest expenses - Concern busiensses					739,121	25
Total Business Expenses	623,916	24	676,300	25	818,958	28
Annual Profit		335,433	13	343,902	13	
Total Expenditure	**959,349**	**37**	**1,020,203**	**37**	**818,958**	**28**

7.1.3. The Acquirer has complied with the provisions of Chapter II of the Takeover Regulations.

7.1.4. The Board of Directors of the Acquirer as on the date of the Letter of Offer comprises:

Name	Designation	Official Address	Date of appointment	Experience
Dr. H.Wohlmann	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	05.06.2000	General Counsel of Clariant 35 years
Dr. A.Walde	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	05.06.2000	Group Counsel of clariant 20 years

7.1.5. None of the Directors of the Acquirer are on the Board of Directors of CCL.

7.1.6. There are no contingent liabilities on the balance sheet of EBITO.

7.1.7. EBITO earns revenue primarily from dividend payout by CCL. PAT fluctuations mainly depend upon dividend payout by CCL.

7.1.8. Details of acquisition of shares in CCL by EBITO has been detailed in para 2.8

7.2. Accounting Policies:

General information: Clariant Ltd (the "Company") and its consolidated subsidiaries (together the "Group") are a global leader in the field of specialty chemicals. The Group develops, manufactures, distributes and sells a broad range of specialty chemicals which play a key role in its customers' manufacturing and treatment processes or add value to their end products. The Group has manufacturing plants around the world and sells mainly in countries within Europe, the Americas and Asia.

The Company is a limited liability company incorporated and domiciled in Switzerland. The address of its registered office is Rothausstrasse 61, CH-4132 Muttenz, Switzerland. The Company is listed on the Swiss Stock Exchange (SWX).

The consolidated financial statements have been approved for issue by the Board of Directors on 2 March 2005.

Basis of preparation: The consolidated financial statements of the Clariant Group comply with the International Financial Reporting Standards (IFRS) formulated by the International Accounting Standards Board (IASB) and with International Accounting Standards (IAS) and interpretations formulated by its predecessor organization, the Internal Accounting Standards Committee (IASC), as well as with the following significant accounting policies.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and circumstances, actual results may ultimately differ from those estimates.

Changes in accounting policies. There were no significant changes in accounting policies in the periods presented.

International Financial Reporting Standards. There were no revised or new standards or interpretations that became effective from 1 January 2004 that had a significant effect on the Group's financial statements.

In late 2003, the International Accounting Standards Board (IASB) published a revised version of IAS 32 'Financial Instruments: Disclosure and Presentation', a revised version of IAS 39 'Financial Instruments: Recognition and Measurement' and 'Improvements to International Accounting Standards', which makes changes to 14 existing standards. In the first quarter of 2004, the IASB published IFRS 2 'Share-based Payment', IFRS 3 "Business Combinations', IFRS 4 'Insurance Contracts', IFRS 5 'Non current Assets Held for Sale and Discontinued Operations', revised versions of IAS 36 'Impairment of Assets' and IAS 38 'Intangible Assets' and further amendments to IAS 39. The Group will adopt these new and revised standards effective January 1, 2005 and estimates that the most significant effects on the results will come from the implementation of IFRS 2 and IFRS 3.

Scope of consolidation

- **Subsidiaries:** Subsidiaries are those entities in which the Group has an interest of more than one-half of the voting rights or otherwise has the power to govern the financial and operating policies. These entities are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date control is terminated.
- **Investments in associates:** Investments in associates are accounted for by the equity method of accounting. Under this method the Company's share of the post-acquisition profits or losses of associates is recognized in the income statement and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are entities where the Group has between 20% and 50%of the costing rights, or over which the Group has significant influence, but which it does not control.

Principles and method of consolidation: The annual closing date of the individual financial statements is 31 December. The consolidated financial statements are prepared in accordance with the historical cost convention except for the revaluation to market value of certain financial assets and liabilities and applying uniform presentation and valuation principles. The purchase method of accounting is used for acquired businesses.

Inter company income and expenses, including unrealized gross profits from internal Group transactions and inter company receivables and payables, are eliminated. The results of minority interests are separately disclosed in the income statement and balance sheet.

Reclassification: Certain prior year balances have been reclassified to conform with the current year presentation.

Revenue recognition: Sales are recognized when the significant risks and rewards of ownership of the assets have been transferred to a third party and are reported net of sales taxes and rebates. Provisions for rebates to customers are recognized in the same period that the related sales are recorded, based on the contract terms.

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Group. Dividends are recognized when the right to receive payment is established.

Exchange rate differences.

- **Measurement currency:** Items included in the financial statements of each entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the measurement currency"). The consolidated financial statements are presented in Swiss francs, which is the measurement currency of the parent.
- **Transactions and balances:** Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges and net investment hedges.
- **Group companies:** Income statements and cash flows of foreign entities are translated into the Group's presentation currency at sales weighted average exchange rates for the year and their balance sheets are translated at the exchange rates prevailing on 31 December. Exchange rate differences arising on the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments are taken to shareholders' equity. When a foreign entity is sold, such exchange rate differences are recognized in the income statement as part of the gain or loss on sale.

Tangible fixed assets: Tangible fixed assets are valued at historical acquisition or production costs and depreciated on a straight-line basis to the income statement, using the following maximum estimated useful lives in accordance with Group guidelines:

• Buildings	40 years
• Machinery and equipment	16 years
• Furniture, vehicles, computer hardware	5 to 10 years

Financing costs associated with the construction of tangible fixed assets are not capitalized.

Intangible assets: Goodwill, arising when the acquisition cost of an investment is in excess of the fair value of net assets acquired, is capitalized and amortized using the straight-line method over its estimated useful life (a period not exceeding twenty years). Other purchased intangible assets – such as patents, trademarks and other rights – are capitalized at historical cost and amortized on a straight-line basis to the income statement over their estimated useful lives, with a maximum of ten years.

Impairment of assets: Tangible fixed assets and other long-term assets, including goodwill and other intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating unit).

An impairment loss is recognized as an expense in the income statement and is first allocated to the goodwill allocated to the cash generating unit and then to the other assets of the cash generating unit. An impairment loss may be reversed, for assets excluding goodwill, in subsequent periods if and only if there is a change in the estimates used to determine the asset's recoverable amount. Impairment loss for goodwill is not reversed unless in subsequent periods there is a reversal of the effect of a specific external event of an exceptional nature that caused impairment.

Inventories: Purchased goods are valued at acquisition cost, while self-manufactured products are valued at manufacturing costs including related production overhead costs. Inventory held at the balance sheet date is primarily valued at standard cost, which approximates to actual costs on a first in, first out basis. This valuation method is also used for valuing the cost of goods sold in the income statement. Adjustments are made for inventories with a lower market value or which is slow-moving. Unsaleable inventory is fully written off.

Trade accounts receivable: Trade receivables are carried at original invoice amount less provision made for doubtful trade receivables. A provision for doubtful trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

Cash and cash equivalents: Cash and cash equivalents comprise cash on hand, deposits and calls with banks, as well as short-term investment instruments with an initial lifetime of 90 days or less.

Derivative financial instruments and hedging: Under IAS 39, financial instruments are initially recognized in the balance sheet at cost and subsequently remeasured to their fair value. Depending on the type of financial instrument, fair value calculation techniques include, but are not limited to, quoted market value, present value of estimate future cash flows (e.g., interest rate swaps) or corresponding exchange rates at balance sheet date (e.g. forward foreign exchange contracts). The method of recognizing the resulting gain or loss is dependent on whether the derivative contract is designated to hedges a specific risk and qualifies for hedge accounting.

On the date a derivative contract is entered into, Clariant designates certain derivatives as either a) a hedge of the fair value of a recognized asset or liability (fair value hedge), or b) a hedge of a forecasted transaction (cash flow hedge) or firm commitment or c) a hedge of a net investment in a foreign entity.

Changes in the fair value of derivative financial instruments in fair value hedges that are highly effective are recognized in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. Changes in the fair value of derivatives in cash flow hedges are recognized as a hedging reserve in shareholders' equity. Where the forecasted transaction or firm commitment results in the recognition of an asset or liability, the gains and losses previously included in equity are included in the initial measurement of the asset or liability. Otherwise, amounts recorded in equity are transferred to the income statement and classified as revenue or expense in the same period in which the forecasted transaction affects the income statement. Hedges of net investments in foreign entities are accounted for similar to cash flow hedges. Clariant hedges certain net investments in foreign entities with foreign currency borrowings and cross-currency swaps. All foreign exchange gains and losses on translation are recognized in equity and included in cumulative translation differences.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in the equity and is recognized in the income statement when the committed or forecasted transaction is ultimately recognized in the income statement. However, if a forecasted or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately transferred to the income statement.

Certain derivative instruments, while providing effective economic hedges under Clariant policies, do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for cash flow hedge accounting under IAS 39 are recognized immediately in the income statement.

Financial instruments are used in the normal course of business to reduce risk arising from currency translation and interest rate or price movements. Clariant manages and records centrally its cover of various positions arising from existing assets and liabilities as well as future business transactions. To minimize counterparty risk, Clariant enters into financial instruments only with reputable international banks. The result of using financial instruments in Clariant's risk management program is permanently monitored, checked and communicated to Group management.

Lease: Leases under which the Clariant Group assumes substantially all of the risks and benefits of ownership are classified as finance leases. At the inception of lease, a lease asset and a lease liability are recognized at the lower of the fair value of the leased property or the present value of the minimum lease payments. In subsequent periods the leased asset is depreciated on a straight-line basis, like other tangible fixed assets, over the shorter of its estimated useful life or the lease term. The depreciation amount of the asset and the interest amount on the finance lease liability are charged to the income statement.

A lease is classified as an operating lease if the substance of the transaction does not meet any of the requirements of a finance lease. Lease payments under an operating lease are charged to the income statement on a straight-line basis over the lease term.

Current taxes: The taxable profit (loss) of Group companies, on which the reporting period's income taxes payable (recoverable) are calculated using applicable local tax rates, is determined in accordance with the rules established by the taxation authorities of the countries in which they operate. Current taxes for current and prior periods, to the extent they are unpaid, are recognized as liabilities. In case taxes already paid in respect of current and prior periods exceed the tax liability amount of those periods, the exceeding amounts are recognized as assets. Current tax assets and current tax liabilities are offset if there is a legally enforceable right to set off the recognized amounts and if there is the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred taxes: Deferred taxes are calculated using the comprehensive liability method. These result from the temporary differences that arise between the recognition of items in the balance sheets of Group companies used for tax purposes and those prepared for consolidation purposes. An exception is that no deferred tax is calculated for the temporary differences in investments in Group companies and associates, provided that the investor (parent company) is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Furthermore, withholding taxes or other taxes on the eventual distribution of retained earnings of Group companies are only taken into account when a dividend has been planned, since generally the retained earnings are reinvested. Deferred taxes, calculated using applicable local tax rates, are included in long-term assets and long-term liabilities, with any changes during the year recorded in the income statement. Changes in deferred taxes on items that are recognized in equity are recorded in equity.

Equity compensation benefits: Clariant has two equity compensation plans, the Executive Stock Option Plan (ESOP) and the Management Stock Incentive Plan (MSIP), under which specific group of executives and managers are granted a certain number of registered shares in Clariant Ltd or options to buy these shares at a predetermined strike price. The costs related to the granted shares are first determined as fixed amounts denominated in the currency of the subsidiary that grants the shares. Based on the share price at grant date and taking into account the probability that all persons covered by the plan will still be employed at the vesting date, the number of shares is estimated to cover the obligation arising on share-based payments. The costs related to the granted shares are deferred to the vesting period, and are included in personnel expenses and reported in the income statement under the corresponding functions of the related employees. The grant of options has no effect on the income statement. At each balance sheet date, the entity revises its estimates of the number of shares expected to vest. It recognizes the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

Obligations for pensions and similar employee benefits: For defined benefit plans (pension and other post-retirement benefits) the amount to be recognized in the provision is determined using the Projected Unit Credit Method, according to which each period of employee service gives rise to an additional unit of benefit entitlement and such unit is measured separately to build up the final obligation. Actuarial valuation techniques that take into consideration the demographic and financial assumptions are used to determine the carrying value of the net post-employment liability. These valuations are performed by independent actuaries.

The portion of the actuarial gains and losses to be recognized as income or expense is the excess of the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year over the greater of 10% of the present value of the defined benefit obligation at that date and 10% of the fair value of any plan assets at that date, divided by the expected average remaining working lives of the employees participating in the plan.

Contributions to defined contribution plans are recorded in the income statement in the period to which they relate.

Termination benefits are provided for in accordance with the legal requirements of certain countries.

The charges for defined benefit plans, defined contribution plans and termination benefits are included in personnel expenses and reported in the income statement under the corresponding functions of the related employees and in expenses for restructuring and impairment.

Provisions: Provisions are recognized when the Group has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Group created valid expectations on the part of third parties by accepting certain responsibilities. To record such obligations it must be probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognized as a provision is the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the balance sheet date. The long-term provisions are discounted if the impact is material.

Research and development: Research and development expenses are fully charged to the income statement. The Group considers that regulatory and other uncertainties inherent in the development of new key products preclude it from capitalizing development costs. Laboratory buildings and equipment included in tangible fixed assets are depreciated over their estimated useful lives. The reason for this practice is the structure of research and development in the industries that Clariant engages in, making it difficult to demonstrate how singular intangible assets will generate probable future economic benefits.

Financial assets: Minority investments, other than associated companies, are initially recorded at the cost on the date of the transactions and subsequently carried at fair value. Exchange rate gains and losses on loans are recorded in the income statement. Originated loans are carried at amortized cost, less any allowances for uncollectible amounts. All other financial assets are carried at fair value, and changes in the fair value of these financial assets are recognized directly in the income statement. All purchases and sales of financial assets are recognized on settlement date, which is the date that Clariant settles the transaction.

Financial liabilities: Financial debts are recognized as soon as the proceeds are received, less any transaction costs incurred. Financial debts are subsequently stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

Segment reporting: Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that are subject to risks and returns that are different from those operating in other economic environments. The Group designates business segments as its primary reportable segments and geographical segments as its secondary reportable segments.

Segment revenue is revenue reported in the company's income statement that is directly attributable to a segment and the relevant portion of the company income that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments.

Segment expense is an expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis, including expenses relating to sales to external customers and expenses relating to transactions with other segments.

Intersegment sales are determined on an arms-length basis. Income and expenses relating to Corporate include the cost of Group headquarters and those of corporate coordination functions in major countries. In addition, Corporate includes certain items of income and expense which are not directly attributable to specific divisions. Usually no allocation of corporate items is made to the divisions.

Division and business unit net operating assets consist primarily of tangible fixed assets, intangible assets, inventories and receivables less operating liabilities. Corporate assets and liabilities principally consist of net liquidity (cash, cash equivalents and other short-term financial assets less financial debts), and deferred and current taxes.

Treasury shares: Treasury shares are deducted from equity at their par value of CHF 5 per share. Differences between this amount and the amount paid for acquiring, or received for disposing of, treasury shares are recorded in retained earnings.

Dividend distribution: Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statement in the period in which the dividends are approved by the Company's shareholders.

EBITO is a 100% subsidiary of Clariant International Limited.

7.3. The Persons Acting in Concert: CAG and CIL

7.3.1. CAG, a company registered under the laws of Switzerland with its registered office at Rothausstrasse 61, CH-4132 Muttenz/Switzerland, is the ultimate holding company of the CAG group. Until 1995 CAG was the Specialty Chemicals division of the former Sandoz. After completing an initial public offering on SWX Swiss Exchange in June 1995, CAG acquired the specialty chemicals business of Hoechst in 1997. Clariant is a global leader in the field of specialty chemicals. Clariant, which is represented on five continents with over 100 group companies, employs about 25,000 people. CAG was formed out of the demerger of Sandoz's specialty chemicals business. In 1997 the merger with Hoechst was effected resulting in the formation of CAG as we know it today

7.3.2. The consolidated sales, consolidated gross profit and net income of CAG for the year ended 31st December 2004 were CHF 8530 million (Rs.325,078 million),CHF 2707 million (Rs.103,164) and CHF 150 million (Rs.5,716 million) respectively. The paid in value of equity shares of CAG is CHF 1,151 million (Rs.43,865 million) divided into 230,160,000 shares with a nominal value of CHF 5 (Rs.191) each. The consolidated net worth was CHF 2,202 million (Rs.83,918 million), and the weighted average earning per share was CHF 0.71 (Rs.27.06).

7.3.3. The shares of CAG are listed on the SWX Swiss Stock Exchange and the closing price was CHF 18.35 on 31 st December 2004.

7.3.4. CAG currently does not hold any shares in CCL and therefore the provisions of Chapter II of the Takeover Regulations are not applicable.

7.3.5. The Board of Directors of CAG as on the date of the Letter of Offer comprises:

Name	Designation	Official Address	Date of Appointment	Experience and Qualifications
R. Raeber	Chairman	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	31.05.2002	Executive Board of Nestle SA in Vevey Switzerland Graduated from Cantonal Commerce College in Zurich
T. Reis	Vice Chairman	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	27.04.2004	Worked with IBM till 1997 after which he moved to Swisscom where he held the post of CEO in 1998 and 1999 Studied business in Lucerne, Paris and London
R. Loesser	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	22.05.2000	Economist. He was CFO of Sandoz Corporation in the US and CFO of Clariant International Ltd till 2001
P. Isler	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	27.04.2004	Partner with law firm Niederer, Kraft & Frey since 1981 Studied law at University of Zurich and Harvard
K. Neukirchen	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	27.04.2004	Served as Chief Executive of several German corporations most recently at Metallgesellschaft (now MG Technologies) a specialty chemicals, building technology and machinery group Studied physics and economics
D. Seebach	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	16.07.2001	Professor of Organic Chemistry at the Federal Institute of Technology Zurich from 1977 to 2003 Post doctoral fellow at Harvard University
Dr. K. Jenny	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	07.04.2005	Banking with Credit Suisse. Member of the Board of Baloise Insurance and of Maus Freres

None of the Directors of CAG are on the Board of Directors of CCL.

7.3.6. CIL was incorporated on 25th October 1989 and is a wholly owned subsidiary of CAG and its shares are not listed on any exchange. Under Swiss law, CIL is not required to publish any financial statements hence none have been disclosed.

The financial of CIL are as follows:

Annual Financial Statements

	2004 000'CHF	2004 INR mn	2003 000'CHF	2003 INR mn	2002 000'CHF	2002 INR mn
Income Statement						
Total income	413,129	15,744	419,467	15,311	461,765	15,852
Total expenses	-503,320	-19,182	-454,047	-16,573	-529,228	-18,168
Profit before tax	**-90,191**	**-3,437**	**-34,580**	**-1,262**	**-67,463**	**-2,316**
Tax expense	110	4	-2,180	-80	881	30
Profit after tax	**-90,081**	**-3,433**	**-36,760**	**-1,342**	**-66,582**	**-2,286**

Balance sheet

	2004 000'CHF	2004 INR mn	2003 000'CHF	2003 INR mn	2002 000'CHF	2002 INR mn
Share capital	100	4	100	4	100	3
Reserves	118,043	4,499	175,148	6,393	144,669	4,966
Long-term liabilities	883,143	33,657	940,294	34,321	915,054	31,414
Short-term liabilities	65,757	2,506	80,958	2,955	48,119	1,652
Total liabilities	**1,067,043**	**40,665**	**1,196,500**	**43,672**	**1,107,942**	**38,036**
Long-term assets	694,019	26,449	760,007	27,740	743,994	25,541
Short-term assets	373,024	14,216	436,493	15,932	363,948	12,494
Total assets	**1,067,043**	**40,665**	**1,196,500**	**43,672**	**1,107,942**	**38,036**

Note : Financial for the year 2004 has been reviewed but audit process not yet completed.

7.3.7. The Board of Directors of CIL as on the date of the Letter of Offer comprises;

Name	Designation	Official Address	Date of Appointment	Experience and Qualifications
R. Loesser	President	Rothausstrasse 61, CH-4132, Muttenz/Switzerland	27.03.2003	Economist. He was CFO of Sandoz Corporation in the US and CFO of Clariant International Ltd till 2001
F. Note	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	12.07.2002	CFO Clariant Group since 2001 Studied applied economics and business administration in France
D. Von Bertrab	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	26.08.2002	Head of Masterbatches division at Clariant. Studied business administration in Switzerland
W. Kindler	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	26.08.2002	Head of Group Controlling Clariant
Dr. H.Wohlmann	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	04.12.1997	General counsel of Clariant Studied law at University of Zurich, Switzerland

None of the Directors of CIL are on the Board of Directors of CCL.

CIL has a controlling equity stake in Clariant (India) Limited. Clariant (India) Limited is 51% subsidiary of CIL with its registered office at Paville House, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. Clariant (India) Limited has a paid up capital of Rs. 119.25 million divided into 11.925 million shares of Rs.10/- each. The net sales of Clariant (India) Limited for the nine months ended 31st December 2004 was Rs.2,542 million and Profit after Tax was Rs. 142 million. The consolidated networth of Clariant (India) Limited was Rs. 1042 million. The shares of Clariant (India) Limited are listed on the BSE and the NSE. Clariant (India) Limited was quoted at Rs.270.45 per share on 28th April 2005 on the BSE. BTP is a wholly owned subsidiary of BTP plc, a Clariant Group company. BTP was incorporated on 24th June 1992 with its registered office on 2nd Floor, Kences Towers, 1, Ramakrisha Street, Chennai 600 017. The company is engaged in the business of manufacture and sale of leather chemicals, construction chemicals, biocides and specialty chemicals.

7.3.8. Clariant (India) Limited and BTP (India) Private Limited (“BTP”) are deemed to be persons acting in concert under the Takeover Regulations. Neither Clariant (India) Limited nor BTP (India) Private Limited holds any shares in CCL.

7.4. Summarised consolidated financial statements of CAG group

CAG is the ultimate holding company of the Clariant group and its financial statements as presented below incorporate the consolidated results of its subsidiaries as per International Accounting Standards.

7.4.1. Income Statement

Profit & Loss statement (million)	**Dec 31, 2002 CHF**	**Dec 31, 2002 Rs.**	**Dec 31, 2003 CHF**	**Dec 31, 2003 Rs.**	**Dec 31, 2004 CHF**	**Dec 31, 2004 Rs.**
Net revenues	9,330	320,252	8,516	310,834	8,530	325,078
Cost of sales	(6,275)	(215,389)	(5,787)	(211,226)	(5,823)	(221,914)
Gross profit	3,055	104,863	2,729	99,609	2,707	103,164
Marketing and distribution	(1,380)	(47,369)	(1,292)	(47,158)	(1,262)	(48,095)
Research and development	(352)	(12,082)	(308)	(11,242)	(274)	(10,442)
General and administrative	(669)	(22,963)	(547)	(19,966)	(564)	(21,494)
Restructuring and impairment costs, net of divestment gains	(19)	(652)	(21)	(767)	(73)	(2,782)
Amortization of goodwill	(873)	(29,966)	(31)	(1,132)	(30)	(1,143)
Operating Income	(238)	(8,169)	530	19,345	504	19,208
Income from associates and joint ventures	36	1,236	29	1,059	26	991
Financial expense, net	(248)	(8,513)	(275)	(10,038)	(233)	(8,880)
Income before taxes and minority interests	(450)	(15,446)	284	10,366	297	11,319
Income tax expense	(189)	(6,487)	(111)	(4,052)	(140)	(5,335)
Income before minority interests	(639)	(21,934)	173	6,315	157	5,984
Minority interests	(9)	(309)	(12)	(438)	(7)	(267)
Net income	(648)	(22,243)	161	5,877	150	5,717

7.4.2 Balance Sheet

Balance Sheet (million)	Dec 31, 2002 CHF	Dec 31, 2002 Rs.	Dec 31, 2003 CHF	Dec 31, 2003 Rs.	Dec 31, 2004 CHF	Dec 31, 2004 Rs.
ASSETS						
Total Current assets	4199	144,131	4,066	148,409	4,359	166,121
Tangible Fixed Assets	3055	104,863	2,776	101,324	2,440	92,988
ntangible assets	489	16,785	451	16,462	405	15,435
Investments in associates and joint ventures and other financial assets	412	14,142	419	15,294	322	12,271
Deferred tax assets	395	13,558	291	10,622	279	10,633
Total Assets	8550	293,479	8,003	292,110	7,805	297,448
LIABILITIES AND EQUITY						
Total short term liabilities	3,006	103,181	2,866	104,609	2,614	99,619
Financial debts	3102	106,476	2,620	95,630	1,723	65,664
Deferred tax liabilities	583	20,011	384	14,016	373	14,215
Provisions and other long term liabilities	882	30,275	893	32,595	837	31,898
Total long term liabilities	4567	156,762	3,897	142,241	2,933	111,777
Total liabilities	7573	259,943	6,763	246,850	5,547	211,396
Minority interests	63	2,162	64	2,336	56	2,134
Total equity	914	31,373	1,176	42,924	2,202	83,918
Total liabilities and equity	8550	293,479	8,003	292,110	7,805	297,448

7.4.3. Other Financial Data

Other Financial Data	Dec 31, 2002 CHF	Dec 31, 2002 Rs.	Dec 31, 2003 CHF	Dec 31, 2003 Rs.	Dec 31, 2004 CHF	Dec 31, 2004 Rs.
RONW	NM	-	13.7%	-	6.8%	-
Book Value per Share	6.11	222.92	7.66	279.74	9.57	364.61
Earnings/(Loss) per share	(4.30)	(147.60)	0.93	33.95	0.71	27.06
Dividend per share	-	-	0.18	6.57	0.25	9.53

7.5. Reasons for rise/ fall in PAT in relevant years to be disclosed 2003 to 2004:

Group Sale: Sales from continuing operations in 2004 were 6% higher in local currency terms and 5 % higher in Swiss francs. Growth on a like-for like basis was 7% in local currency and 6% in Swiss francs.

Strong volume growth in 2004 amounted to 10% increase (of which 8% from continuing operations), compared with the prior year, offsetting the 2% decline in average prices.

An improvement in the pricing climate was observed in the second half of the year, with several Businesses managing to increase prices. All divisions-with the exception of Life Science Chemicals – increased sales in local currencies.

Gross margin: Compared with the previous year, the gross margin increased slightly in 2004. This was driven mainly by strong volume growth, which also resulted in better capacity utilization. Additionally, production infrastructure costs were reduced during the year. These positive factors offset lower selling prices, higher raw material costs and a one-time devaluation of inventories related to a fire at Lancaster Synthesis in the UK.

Marketing and distribution costs: These costs as a percentage of sales decreased from 15.5% to 15.0% year on year. The main factor in this trend was a decline in warehousing costs in absolute terms.

Administration and general overheads: In 2004 this item increased both in absolute terms and as a percentage of sales from 6.6% to 6.7%. The main reason for this trend was non-recurring costs related to the Transformation Program – for example IT and consultant costs – incurred during the whole year.

Restructuring expenses and impairments: Expenditures of CHF 136 million in 2004 included mainly activities in Europe, in particular Germany (closure of the AZO Pigment facility in Knapsack), UK (restructuring of leather manufacturing at Selby, downsizing of the biocide operations at Oswald-twistle and of LSC activities at Sandycroft) and Switzerland (restructuring activities affecting the TLP Division).

Book gain on disposals: The gain of CHF 63 million in 2004 steam from the sale of the Electronic Materials business unit and book losses related to the sale of the minority stake in SF-Chem. It also includes the disposal of the Emulsion operations in Japan and of the worldwide business of Lancaster Synthesis.

Financial net result: The result improved mainly owing to higher interest income as a result of increased average liquidity and to lower interest expenses resulting from the reduction in financial debt in 2004.

Average gross financial debt was cut from CHF 4.0 billion in 2003 to CHF 3.2 billion in 2004.

Exchange rate losses amounted to CHF 32.2 million in the fourth quarter 2004 and were mainly related to operations. Exchange rate losses for the full year 2004 amounted to CHF 75.5 million.

Tax expenses: The high tax rate can be explained by two effects: On the one hand it was influenced by the large proportion of profits generated in countries with high tax rates. On the other hand, current restructuring costs generated losses for which as a precaution no tax credits were capitalized.

Net income: This came to CHF 150 million in 2004, compared with CHF-161 million the previous year.

Balance Sheet :

Total assets fell from CHF 8,003 million in 2003 to CHF 7,805 million in 2004. Several factors contributed to this development. First, disposal of businesses brought about a substantial reduction in fixed assets, inventories and, to a lesser extent, accounts receivable.

Furthermore, strict management of operating capital was enforced. This was especially evident in net current asset, where, despite growth in sales of continuing operations, a reduction in trade receivables and inventories was achieved. In addition, capital expenditure was again kept to a minimum and was considerably below depreciation of fixed assets.

Net operating assets, which declined to CHF 3,348 million at year-end from CHF 4,145 million one year ago, reflect these effects.

Gearing – net financial debt as a ratio of equity capital including minorities – declined from 234% in 2003 TO 48% in 2004. This development resulted mainly from the capital increase that took place in April 2004 which bolstered the group's equity with an additional CHF 877 million. The improvement was further supported by the disposal of subsidiaries and shareholdings in associated companies, which generated a cash flow in the amount of CHF 385 million.

The calculation of gearing includes financial debts, cash and cash equivalents and in addition short-term financial deposits with a maturity of more than 90 days. These are reported under "Other short-term assets" and amounted to CHF 87 million at the end of 2004.

After factoring out the disposals, net current assets (defined as inventories plus accounts receivable and liabilities from sales and services) decreased slightly despite an increase in sales from continuing activities.

Even though the current economic conditions make it difficult to enforce tight payment terms on customers, trade receivables were reduced even more than the previous year. Inventories also saw a decrease, which is a result of the efforts undertaken to streamline the group's activities.

In the course of normal business, affiliated companies of CAG may be involved in administrative proceedings and in litigation as a result of which claims are being made against them.

There have been no earlier acquisitions in CCL by CAG.

7.6. Significant Accounting Policies for the Clariant Group have been disclosed above

7.7. Status of Corporate Governance

Clariant's principles and regulations on corporate governance are set out in the Articles of Association of Clariant Ltd and in the organizational and group regulations of the Clariant Group. The Board of Directors reviews these documents regularly and adapts them to new conditions if necessary. The Articles of Association of Clariant AG can be viewed on the Internet at www.governance.clariant.com.

Corporate governance reporting is in compliance with the guidelines of SWX Swiss Exchange.

Professional management and control

In accordance with the law and the Articles of Association, the Board of Directors is the supreme management body of the group. It consists of the Chairman, one or several Vice Chairmen, and the other members. In accordance with the Articles of Association, the number of members must be at least six and no more than ten. The Chairman and the Vice Chairman/ Chairmen together constitute the Executive Committee of the Board of Directors. The Board of Directors analyzes current and future market opportunities and risks in order to define Clariant's corporate vision as well as its business, organizational and financial strategies. As the supreme control body, it monitors the Board of Management's implementation of its targets.

Effective committees

The Board of Directors (BoD) meets at least once a quarter. The members of the Board of Management may attend the meetings of the Board of Directors for the purpose of imparting information, as may other employees or third parties. The committees report on their activities and results to the Board of Directors. They prepare the business of the Board of Directors in their respective areas but do not usually have any decision-making authority.

The Board of Directors currently has four committees: the Strategy Committee, the Appointments and Compensation Committee, the Audit Committee, IT, Technology and Innovation Committee.

The Executive Committee: The Executive Committee prepares the meetings of the Board of Directors. The EC meets as needed but at least before each meeting of the Board of directors When matters cannot be postponed, it passes resolutions for which the Board of directors is responsible provided it is deemed inopportune or impossible to convene an extraordinary meeting of the Board of Directors.

The Strategy Committee: The members of the committee prepare the strategy discussions and make recommendations to the Board of Directors, in particular on strategic projects, financial transactions, funding and deployment of funds, organizational and management structure, and investments.

The Appointments and Compensation Committee: Together with the Chairman, the committee draws up principles for the selection of candidates for the Board of Directors, for the election and reelection of members of the Board of Directors, and for their compensation. It considers the proposals of the CEO concerning suitable candidates for the positions of Division Head, other member of the Management Board, function head and Head of major subsidiaries. It also approves the employment contracts for these positions and the employment contract with the CEO.

The Audit Committee: The committee reviews the activities of the external auditors, their collaboration with the internal auditors, and organizational adequacy. It also reviews the performance, compensation and independence of the external auditors. Furthermore, the committee assesses the efficacy of the internal audit system and internal risk management and reviews compliance with standards in the company.

IT, Technology and Innovation Committee: The committee assesses the innovative activities of the group and recommends measures to stimulate Research and Development.

Regular information

Clariant pursues an active communication policy that is adapted to the relevant situation. The form and content of the information are geared to the needs of the relevant target groups. The Corporate Communications and Investor Relations Departments report directly to the CEO and CFO respectively. On basic matters of general corporate policy, Corporate Communications receives its guidelines from the Executive Committee.

Compensation for acting members of governing bodies

Total compensation for members of the Board of Directors and the Board of Management amounted to CHF 5.9 million (8.3 million). This includes cash compensation of CHF 5.1 million (6) and expenses for pension schemes of CHF 0.8 (2.3).

7.8. Pending Litigation

CAG is from time to time, involved in various claims and lawsuits incidental to the ordinary operations of its business. It is currently not involved in any legal, regulatory or arbitration proceedings which are likely to have a material adverse effect on its financial position.

As part of acquiring most of the assets of Hoechst's specialty chemicals business in 1997, the Clariant Group acquired 50.1% o the stock of Colour-Chem Limited in India. This has resulted in triggering the provisions of the Takeover Regulations. The Hon'ble Supreme Court of India has passed an order on 25th August,2004 clarifying the rate of interest, dividend setoff and the Eligible Shareholders to whom interest shall be payable. The review Petition against the aforesaid order of the Supreme court was also dismissed on 15th March, 2005.

7.9. Name and other details of General Counsel: Dr. H. Wohlmann

7.10. Relevant details of any merger/ demerger, spin off during the last 3 years involving the acquirer

Change in name since incorporation/ listing and dates thereof

In August 2003 Clariant announced its intention to sell the activities of Cellulose Ethers , Part of the Functional Chemicals Division , and Electronic Materials, part of the Life Science & Electronic Chemicals Division. Both activities were subsequently reported as discontinuing activities. In addition to the disposal of the discontinuing operation , Electronic materials, there were various other disposals of subsidiaries and associated companies in 2004 ;

On 30September, 2004 , the activities of Lancaster synthesis Ltd. in the UK and the US , belonging to the former Life Science & Electronic Chemical Division , were sold.

On 30September, 2004 Clariant sold the investment in SF -Chem.

On 30September, 2004 Clariant sold the subsidiary Clariant Polymers , Japan , belonging to the Textile , Leather & paper Chemical Division.

7.11. Shareholding Structure

Shares in Clariant Ltd are listed on SWX Swiss Exchange as registered shares with the symbol CLN. They form part of the Swiss Market Index SMI. The free float of Clariant Ltd shares is 100 percent ,which is entirely in the investors' interests. The largest shareholder is Artisan Partners Ltd Partnership, based in Milwaukee, Wilsconsin, USA. As at December 31, 2004, the company held 10.1 percent of Clariant stock. It is controlled by the general partner, Artisan Investment Corporation.

7.12. CAG's other Indian interests

CAG has the following direct and indirect wholly owned subsidiaries in India:

7.12.1. Clariant (India) Limited

Clariant (India) Limited was originally incorporated as a company under Indian Companies Act, 1913 on 2nd January 1947 in the name of Sandoz Products Limited. The name was later changed to Sandoz (India) Limited. in accordance with the order of the High Court, Mumbai pursuant to a scheme of demerger of pharma and agro business in 1995. The name of the company was changed to its present name of Clariant (India) Limited on 26th March 1996. The company is engaged in the business of manufacture, marketing and trading of dyes and intermediates, specialty chemicals and master batches.

Financial Statements (Rs. Million)	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	Dec 31, 2004
	12 months	**12 months**	**12 months**	**12 months**
Net Sales	3,006.1	3,188.8	3,167.5	2542.0
Total Income	3,083.0	3,290.7	3,282.4	2589.7
PBDIT	336.0	337.6	347.7	265.5
Depreciation	(33.8)	(35.2)	(52.6)	(44.3)
Interest-Net	0.9	1.9	10.3	(1.4)
PBT	303.1	304.3	305.4	219.8
PAT	205.5	195.8	208.5	141.9
Sources of Funds				
Share Capital	119.3	119.3	119.3	119.3
Net Worth	845.8	907.1	967.6	1042.1
Borrowings	63.7	58.1	88.5	107.5
	909.5	965.2	1,056.1	1149.6
Application of Funds				
Net Fixed Assets	163.1	186.3	248.4	238.0
Investments	372.3	499.6	550.2	595.8
Net Current Assets	359.3	256.3	236.2	291.9
Deferred Tax Assets	14.7	23.0	21.3	23.9
	909.5	965.2	1,056.1	1149.6
Earnings Per share in Rs.	16.8	16.4	17.5	*11.9
Dividend per share	7.0	10.0	11.0	6.0
Book Value per Share in Rs.	70.9	76.1	81.1	87.4
Return on Net Worth	23.7%	21.6%	21.5%	*13.6%

* Not annualised

7.12.2. **BTP (India)Private Limited.**

BTP is a wholly owned subsidiary of BTP plc, a Clariant Group company. BTP was incorporated on 24th June 1992 with its registered office on 2nd Floor, Kences Towers, 1, Ramakrisha Street, Chennai 600 017. The company is engaged in the business of manufacture and sale of leather chemicals, construction chemicals, industrial preservatives and specialty chemicals.

Financial Statements (Rs. Million)	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	Dec 31, 2004
Sales	400.8	480.6	583.0	375.1
PBDIT	54.4	100.2	135.2	82.8
Depreciation	(19.9)	(29.4)	(26.2)	(16.7)
Interest	(1.5)	(1.5)	(1.3)	(1.3)
Profit/(Loss) before tax	32.9	69.4	107.7	64.9
Profit/(Loss) after tax	32.9	64.1	79.9	47.3
Sources of Funds				
Share Capital	380.0	380.0	380.0	380.0
Reserves (Net of accumulated losses)	(9.9)	54.1	99.8	147.1
Borrowings	57.7	66.5	85.8	60.0
	427.7	500.6	565.6	587.1
Application of Funds				
Net Fixed Assets	208.1	183.6	171.9	175.4
Net Current Assets	219.6	317.0	393.7	411.7
	427.7	500.6	565.6	587.1
Other Financial Data				
Earnings/(Loss) Per share in Rs.	0.9	1.7	2.1	* 1.2
Dividend per share in Rs.	Nil	Nil	40	Nil
Book Value per share in Rs.	9.7	11.4	12.6	13.9
Return on Net Worth	8.9%	14.8%	16.7%	* 9.0%

*- Not annualised

8. Background of CCL and its subsidiaries

8.1. CCL – History and Background

8.1.1. CCL is a company incorporated in India on 27th December 1956 under the Companies Act, 1956. CCL has its Registered Office at Ravindra Annexe, 194 Churchgate Reclamation, Mumbai - 400020. CCL was incorporated to manufacture, as a measure of import substitution, organic pigments for textile printing in India.

8.1.2. CCL's main business lines are classified under two segments, viz. (1) Intermediates and Colours and (2) Specialty Chemicals. CCL caters to a wide range of industries from paints, printing inks, plastics, rubber, agro-chemicals, pharmaceuticals, textile, leather, construction, detergents, personal care, metalworking, oilfields etc. through products manufactured at its sites or sourced from its principals and affiliates. CCL has its Regional Offices at Ahmedabad, Chennai, Kolkata and New Delhi.

8.1.3. The manufacturing facilities of the Company are located at Mumbai-Agra Road, Balkum, Thane 400 608 and 113/114 MIDC Industrial Estate, A.V.P.O Dhatav, Taluka Roha, Dist. Raigad 402 116 both in the State of Maharashtra.

8.1.4. Although CCL believes that it has complied with the applicable provisions of Chapter II of the Takeover Regulations, by way of abundant caution it has made filings dated March 27, 2003 under the SEBI Regularisation Scheme, 2002 for non compliance with Regulations 6 and 8 of the Takeover Regulations. CCL has vide its letter dated 17th August 2004 consented to pay an amount of Rs 150,000 as penalty under Section 15A of the SEBI Act and has also agreed to a consent order being passed by an Adjudicating Officer.

8.1.5. The Shares are listed on BSE and NSE. The Company has confirmed that it has complied with all the provisions of the listing agreement entered into with BSE/NSE and no punitive action has been initiated by BSE/NSE against it.

8.1.6. CCL has a 56.1% stake in VDCL. VDCL is a company incorporated in India in April, 1977 under the Companies Act, 1956. VDCL is engaged in the business of manufacturing all classes of dyestuffs, intermediates and chemicals, both organic and inorganic, and other by-products. The shares of VDCL are listed on the BSE and Madras Stock Exchange.

8.1.7. CCL has a wholly owned subsidiary Kundalika Investments Limited ("KIL"). KIL is a company incorporated in India on 27th May, 1982 under the Companies Act, 1956. KIL is engaged in the business of investments and leasing.

8.2. Share Capital Structure of CCL

8.2.1. The issued equity share capital of CCL as on the date of the Public Announcement was Rs. 116.5 million, comprising 11,650,000 shares. Accordingly, the Offer is for up to 2,330,000 fully paid-up equity shares of Rs. 10/- each representing 20% of the present voting capital of CCL.

8.2.2. The share capital structure of the Company as on the date of the First Public Announcement was:

Paid-up equity shares of the Company	No of Shares/ voting rights	% of Shares/ voting rights
Fully paid-up equity shares	11,650,000	100%
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	11,650,000	100%
Total voting rights in the Company	11,650,000	100%

Build up of capital structure of CCL

Date of Allotment	Number of Bonus shares of Rs. 100 each	Ratio	Paid-up capital after Bonus issue
1959	65,00,000		
Further issue of capital on 13.04.1959	35,000		1,00,00,000
11.10.1961	25,000	1:5 (Rights)	1,25,00,000
28.12.1966	50,000	2:5	1,75,00,000
22.01.1970	1,00,000	4:7	2,75,00,000
26.02.1974	1,37,500	1:2	4,12,50,000
03.031977	1,54,687	3:8	5,67,18,700
22.11.1979	2,26,874	2:5	7,94,06,100
22.07.1993	2,02,139	1:5 (Rights)	11,65,00,000

8.2.3. There are no outstanding convertible instruments (warrants/fully convertible debentures/partly convertible debentures) of the Company.

8.3. The Board of Directors of the Company

8.3.1. The Board of Directors of the Company as on the date of the Public Announcement comprised:

Name	Designation	Address	Qualifications and Experience	Date of Appointment
P. Lindner	Chairman	Clariant VmbH, Emerging Markets, D-65840, Sulzbach, Germany	Diploma in Industrial Business Over 35 years	25.10.2001
K.J. Bharucha	Vice Chairman & Managing Director	A/3, Amalfi, L.D. Ruparel Marg, Mumbai 400 006	A.C.A., F.C.A., (England & Wales) Over 38 years	1.9.1991
R.A. Shah	Director	Panorama, 203, Walkeshwar Road, Mumbai 400 006	Solicitor 50 years	3.8.1976
K.R.V. Subrahmanian	Director	8, Rushilla, 17-C, Carmichael Road, Mumbai 400 026.	B.A. (Hons.) 50 years	1.5.1978
H.K. Bilpodiwala	Director	6C, Crystal, Altamount Road, Mumbai 400 026	FCA Over 50 years	31.3.1983
P.R. Rastogi	Director	2, Blooming Heights, 4, Pali Hill, Bandra, Mumbai 400 05	M.Sc. (Tech.) Over 32 years	20.11.1997

8.3.2. In accordance with Regulation 22(9)of the Takeover Regulations, Mr.P.Lindner (appointed to the Board of CCL on 25th October 2001) and Mr. P.R. Rastogi (appointed to the Board of CCL on 20th November 1997) have themselves and have not participated in any matters concerning or relating to the Offer (including any preparatory steps leading to the Offer).

8.3.3. The Company has confirmed that none of the Directors of the Company have been prohibited from dealing in securities in terms of Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

8.4. Summarised financial statements of the Company

8.4.1. Profit & Loss Statement

Profit & Loss statement (Rs. Million)	**Mar 31, 2002** **12 months**	**Mar 31, 2003** **12 months**	**Mar 31, 2004** **12 months**	**December 31, 2004** **9 months**
Net Sales	3101.6	3,607.5	3,846.0	2841.8
Other income	139.4	164.2	847.3	215.5
Total Income	3,241.0	3,771.7	4,693.3	3057.3
Total expenditure	(2,907.1)	(3,387.4)	(4,285.1)	(2745.4)
Profit before interest, depreciation & tax	333.9	384.3	408.2	311.9
Interest	(60.9)	(40.6)	(28.2)	(26.2)
Depreciation	(131.4)	(129.0)	(130.5)	(85.6)
Profit before tax	141.6	214.7	249.5	200.1
Provision for tax	(51.0)	(65.0)	86.2	(96.8)
Profit after tax	90.6	149.7	335.7	103.3
Excess/(Short) provision for tax in respect of previous years	2.3	1.3	-	(4.6)

8.4.2. **Balance Sheet**

Balance Sheet (Rs. Million)	**Mar 31, 2002 12 months**	**Mar 31, 2003 12 months**	**Mar 31, 2004 12 months**	**December 31, 2004 9 months**
Source of Funds				
Paid-up equity share capital	116.5	116.5	116.5	116.5
Reserves & surplus	1200.6	1,272.7	1,529.6	1628.2
Net worth	1317.1	1,389.2	1,646.1	1744.7
Secured loans	160.1	33.7	55.7	102.6
Unsecured loans				
Deferred Tax Liability	313.9	202.7	54.7	350.0
	138.9	107.4	-	-
Total Liabilities	612.9	343.8	110.4	452.6
Total Liabilities and Shareholders Equity	1,930.0	1,733.0	1,756.5	2197.3
Application of Funds				
Net Fixed assets (incl. Capital WIP)	862.9	804.7	737.7	830.6
Investments	85.0	85.0	204.5	483.6
Net current assets	982.1	843.3	741.5	848.2
Deferred tax assets	-	-	72.8	34.9
Total Assets	1,930.0	1,733.0	1,756.5	2197.3

8.4.3. **Other Financial Data**

	Mar 31, 2002	**Mar 31, 2003**	**Mar 31, 2004**	**December 31, 2004**
Earnings per share (Rs.)	7.8	12.9	28.8	* 8.4
Dividend per share (Rs.)	5.0	6.0	6.0	-
Return on net worth (%)	6.9%	10.8%	20.4%	* 5.9%
Book value per share (Rs.)	113.1	119.2	141.3	149.7

*- Not annualised

8.5. Contingent liabilities not provided for as on 31st December 2004:

Liability	Amount (Rs mn)
In respect of income tax matters decided against the Company, in respect of which the Company is in further appeal	28.8
In respect of sales tax matters	9.4
Others	0.7

8.6. Reasons for rise/ fall in PAT in relevant years to be disclosed:

2004 compared with 2003.:

Sales turnover increased on account of growth in CCL's "Intermediate and Colours" business segment. Operating margins declined to 5.92% from 6.77% in the previous year mainly due to increase in input costs and constant pressure on price realizations. Optimum utilisation of capital has ensured lower cost of capital and an improved return on investment.

The only earlier acquisition in CCL has been by EBITO which is disclosed in para 2.8

8.7. Status of corporate governance

8.7.1. Board Committees

The requirement that a Director shall not be a member of more than 10 committees and Chairman of more than 5 committees has been complied with while constituting the Committees of Directors.

a. Audit Committee

This Committee was formed in January 2001 and comprises three independent Directors, Mr. H. K. Bilpodiwala, Mr. R. A. Shah and Mr. K. R. V. Subramanian. Mr. H. K. Bilpodiwala is the Chairman of the Committee. The Vice-Chairman & Managing Director, CFO & Company Secretary along with the Statutory Auditors, the Internal Auditors and Cost auditors are invitees to these meetings. Mr. H. K. Bilpodiwala being a practicing Chartered Accountant, is a Director/ Member with extensive financial and accounting knowledge. The quorum for the Committee meeting is two Directors.

The Committee had four meetings on 25th May 2004 (prior to the finalization of accounts for the year ended 31st March 2004) , 23rd July 2004, 28th October 2004, 24th January 2005 during the year 2004-2005 and there was no time gap of six months or more between any two meetings. Mr. K.R.V. Subrahmanian did not attend the meeting held on 28th October, 2004.

The Committee's powers and role are as stipulated in Clause 49 of the Listing Agreement and under Section 292A of the Companies Act, 1956.

b. Remuneration Committee

The Company does not have a Remuneration Committee. The remuneration payable to the Vice- Chairman & Managing Director and the Non-Executive Directors is approved by the Board of Directors within the overall limits fixed by the members of the Company at the general meetings.

Remuneration to Directors for the year 2003-2004 Audited

(Rupees in lakhs)

Name	**Salary**	**Commission**	**Benefits incl. Contribution to Funds**	**Sitting Fees**	**Total**
Mr K .J. Bharucha	34.20	25.00	25.11	-	84.31
Dr. R. Sergio	17.40	8.70	9.70	35.80	
Non-Executive Directors	-	5.25	-	1.50	6.75

(a) Sitting fees paid to Non-Executive Directors for attending Board and Committee meetings.

(b) Commission of Rs. 33.70lakhs for the Vice-Chairman & Managing Director and a sum of Rs. 5.25 lakhs for the Non-Executive Directors has been provided in the accounts for the year 2003-2004.

The Company has paid professional fees amounting to Rs. 2,09,993/- to M/s. Sharp & Tannan, Chartered Accountants in which Mr. H. K. Bilpodiwala was interested as a Partner and Rs. 1,72,664/- to M/s. Crawford Bayley & Co., Solicitors in which Mr. R. A. Shah is interested as a Partner. The payment of such fees is not considered material enough to affect the independence of Mr. H. K. Bilpodiwala and Mr. R. A. Shah.

The Vice-Chairman & Managing Director has a service contract of five years with the Company commencing from 1st October 2000 with a notice period of six months by either party.

The Company has no Stock Option Scheme for any of its Directors.

c. Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee was formed in January 2001 and consists of two Directors, Mr. K. R. V. Subramanian, a Non-Executive Independent Director as the Chairman and Mr. K. J. Bharucha as a member of the Committee. This Committee met on 23rd March 2005 during the year under review.

A summary of various complaints received and attended to by the Company during the year is given below:

Name of the Complaint	**Number of complaints**	**Total pending complaints**
Non-receipt of share certificates – (a) duly transferred, (b) on sub-division of face value, (c) for various other reasons, (d) demat rejection	4	Nil
Letters from SEBI / Stock Exchange	1	Nil

8.8. Pending litigations:

There are no material litigations pending against CCL other than claims classified as contingent liabilities which have been disclosed above.

8.9. Mr. Sunil K. Nayak CFO & Company Secretary is the compliance officer of CCL.

8.10. There are no outstanding convertible instruments or partly paid up shares in CCL.

8.11. There has been no punitive action taken against CCL by any of the Stock Exchanges on which it is listed

8.12. There has been no merger/ demerger, spin off during the last 3 years involving CCL.

8.13. There has been no change in name since incorporation/ listing and dates thereof.

8.14. The adjudication for violation of 15H (ii) is pending before the Adjudicating Officer.

8.15. VDCL

8.15.1. VDCL has its Registered Office at Kudikadu, Cuddalore 607005. VDCL was promoted by the Tamilnadu Industrial Development Corporation (TIDCO) in association with the Tamilnadu Handloom Weavers Co-operative Society (Co-optex). Colour-Chem joined as a co-promoter in 1982. In May 1990, TIDCO and Co-optex disinvested their shareholdings in VDCL (except for 1000 shares retained by TIDCO) in favour of Colour-Chem, increasing its share to 50.96%. As a result, VDCL became a subsidiary of CCL.

8.15.2. VDCL was originally promoted to manufacture naphthols. In 1985, as a part of its diversification, VDCL commenced production of fast-colour bases, aided by Colour-Chem. The next major project was the production of chloranil, an important dye-intermediate, chiefly for export. VDCL also started trading operations in 1987.

8.15.3. The shares of VDCL are listed on the BSE and Madras Stock Exchange ("MSE"). The share price of VDCL on the BSE on 28th April, 2005 was Rs. 47.75.

8.15.4. The subscribed and paid-up share capital of VDCL is Rs. 49.3 million comprising 4,931,658 fully paid-up equity shares of Rs. 10/- each. There are no partly paid-up shares of VDCL.

8.15.5. The Board of Directors of VDCL comprised the following persons

Name	Designation	Correspondence Address
Mr. K.J Bharucha	Chairman	A/3, Amalfi, L.D. Ruparel Marg, Mumbai 400 006
Dr. G.S. Laddha	Director	39, Second Main Road, Kasturibhai Nagar, Adyar, Chennai 600 020
Dr. M. Santappa	Director	73, Third Main Road, Kasturibhai Nagar, Adyar, Chennai 600 086
Mr. R. Ramakrishnan	Director	“Kanya” 59, Pois Gardens, Cathedral Road, Chennai 600 086
Dr. G.G. Patkar	Director	121, Tarangan-I Pokharan Road No. 1 Off- Eastern Express Highway, Thane (West) 400606
Mr. P. Lindner	Director	Clariant VmbH, 65795, Hattersheim, Germany

8.15.6. **Profit and Loss Statement**

Profit & Loss statement (Rs. Million)	**Mar 31, 2002 12 months**	**Mar 31, 2003 12 months**	**Mar 31, 2004 12 months**	**December 31, 2004 9 months**
Sales	413.6	504.9	500.7	376.6
Other income	42.3	52.4	40.1	22.0
Total Income	455.9	557.3	540.8	398.6
Total expenditure	(399.0)	(487.4)	(497.1)	(352.1)
Profit before interest, depreciation & tax	56.9	69.9	43.7	46.5
Interest	(10.3)	(6.8)	(2.4)	(2.5)
Depreciation	(30.6)	(32.6)	(32.6)	(24.6)
Profit before tax	16.0	30.5	8.7	19.4
Provision for tax	(2.5)	(7.7)	(1.4)	(6.6)
Profit after tax	13.5	22.8	7.3	12.8

8.15.7. **Balance Sheet**

Balance Sheet (Rs. Million)	**Mar 31, 2002 12 months**	**Mar 31, 2003 12 months**	**Mar 31, 2004 12 months**	**December 31, 2004 9 months**
Source of Funds				
Paid-up equity share capital	49.3	49.3	49.3	49.3
Reserves & surplus	228.1	237.0	238.7	251.5
Net worth	277.4	286.3	288.0	300.8
Secured loans	103.8	52.5	46.1	56.0
Unsecured loans	-	-	-	-
Deferred Tax Liability	-	39.0	36.3	33.3
Total Liabilities	103.8	91.5	82.4	89.3
Total Liabilities and Shareholders Equity	381.2	377.8	370.4	390.1
Application of Funds				
Net Fixed assets (incl. Capital WIP)	248.1	231.7	217.6	201.6
Investments	2.2	2.2	1.2	-
Net current assets	160.1	142.1	151.6	171.0
Deferred tax assets and Misc Expenditure not written off	(29.2)	1.8	-	17.5
Total Assets	**381.2**	**377.8**	**370.4**	**390.1**

8.15.8. **Other Financial Data**

	Mar 31, 2002 12 months	**Mar 31, 2003 12 months**	**Mar 31, 2004 12 months**	**December 31, 2004 9 months**
Earnings per share (Rs.)	2.7	4.6	1.5	* 2.59
Dividend per share (Rs.)	2.0	2.5	1.0	-
Return on net worth (%)	4.9%	8.0%	2.5%	* 4.3%
Book value per share (Rs.)	56.2	58.1	58.4	61.0

* *Not Annualised*

8.16. Kundalika Investments Limited (KIL)

8.16.1. KIL has its Registered Office at Ravindra Annexe, 194, Churchgate Reclamation, Mumbai 400 020 . KIL is a wholly owned unlisted subsidiary of CCL

8.16.2. KIL is a company engaged in financial investments and leasing.

8.16.3. The subscribed and paid-up share capital of KIL is Rs. 2.5 million comprising 250,000 fully paid-up equity shares of Rs. 10/- each.

8.16.4. The Board of Directors of KIL comprised the following persons:

Name	Designation	Correspondence Address
Dr. G.G. Patkar	Director	121, Tarangan-I Pokharan Road No. 1 Off- Eastern Express Highway, Thane (West) 400606.
Mr. S.C Sachdev	Director	A/13 Aashit Apartments, Hira Buwa Gawde Marg, Juhu Koliwada, Juhu, Mumbai 400 049
Mr. P. V. Kalawar	Director	D-3, Sukur Gardan, Dhokali Naka, Kolshet Road. Thane(West) 400607

8.16.5. **Financial Statements of KIL**

Profit & Loss statement (Rs. Million)	**Mar 31, 2002**	**Mar 31, 2003**	**Mar 31, 2004**	**December 31, 2004**
	12 months	**12 months**	**12 months**	**9 months**
Total Income	12.1	12.8	13.4	13.1
PBT	5.7	5.9	6.1	4.1
PAT	3.5	3.6	3.8	2.5
Sources of Funds				
Share Capital	2.5	2.5	2.5	2.5
Reserves & Surplus	12.7	14.4	15.8	18.8
Net Worth	15.2	16.9	18.3	21.3
Borrowings	9.9	12.4	5.3	16.4
Deferred Tax (net)	1.4	1.5	1.1	0.9
	26.5	30.8	24.7	38.6
Application of Funds				
Net Fixed Assets	25.6	29.1	25.5	34.5
Investments	0.2	0.2	0.2	0.2
Net Current Assets	0.7	1.5	(1.0)	3.9
	26.5	30.8	24.7	38.6
Other financial data				
Earnings per share in Rs.	14.0	14.0	14.0	*10
Book Value per share in Rs.	60.9	67.8	73.2	85.1
Return on Net Worth	23.0%	21.3%	20.8%	* 11.7%

* Not Annualised

8.17. Pre and post-Offer shareholding pattern of Colour-Chem Limited (Target Company)

Shareholder Category	**Shareholding/Voting rights prior to agreement/acquisition and Offer (as on Date) (A)**		**Shares/Voting rights agreed to be acquired which triggered off Takeover Regulations (B)**		**Shares/Voting rights to be acquired in the Offer (assuming full acceptances by Eligible Shareholders) (C)**		**Shareholder/Voting rights after the acquisition and Offer (A+B+C)**	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Acquirer/PAC								
a) EBITO as Acquirer	5,837,080	50.10%	-	-	2,330,000	20.00%	8,167,080	70.10%
b) CAG as PAC	-	-	-	-	-	-	-	-
c) CIL as PAC	-	-	-	-	-	-	-	-
Total (a+b+c)	5,837,080	50.10%	-	-	2,330,000	20.00%	8,167,080	70.10%
2. Institutional Investors (UTI, GIC, National Insurance Co., New India Assurance Co.)	2259279	19.40	-	-	-	-		
3. Others	3553641	30.50	-	-	(2,330,000)	(20)%	3,482,920	29.90%
TOTAL (1 to 3)	**11,650,000**	**100.00%**	**-**	**-**	**-**	**-**	**11,650,000**	**100.00%**

Total number of public shareholders is 12,604

Note : The above figures are based on information provided in CCL's MIS Report

9. VDCL Open Offer

9.1. As a consequence of the SEBI order dated 16th October 2002 and events described in the background in para 2 above, the provisions of Regulation 10, 12 and other applicable provisions of the Takeover Regulations are attracted in respect of acquisition of control over CCL and in respect of indirect acquisition of VDCL. Hence, EBITO along with CCL has made an open offer for 20% of the outstanding share capital of VDCL vide Public Announcement dated 18th April, 2003. Further, simultaneously with the CCL Open Offer, CCL is also proceeding with the VDCL Open Offer

10. Option in terms of Regulation 21(3)

If the public offer results in public shareholding being reduced to 10% or less of the voting capital of the company, the Acquirer would delist the Company in compliance with the SEBI (Delisting of Securities) Guidelines, 2003.

11. Offer Price and Financial Arrangements

11.1. Justification of Offer Price

11.1.1. The Shares are listed on BSE and NSE. Based on available information, the Shares are frequently traded on BSE and are infrequently traded on NSE within the meaning of Regulation 20(5) of the Takeover Regulations.

11.1.2. The annualized trading turnover during the preceding six months ending November 20, 1997 on the Stock Exchanges is as follows:

Name of Stock Exchange	Total No. of Shares traded during the 26 weeks ending November 20, 1997	Total No. of Listed Shares	Annualised trading turnover (as % to total listed Shares)
BSE	435,709	11,650,000	7.48%
NSE	136,545	11,650,000	2.34%

(Source: Derived from data available from the official website of BSE – www.bseindia.com)

11.1.3. The annualised trading turnover during the preceding six months ending October 2002 on BSE, being the exchange where the Shares are most frequently traded, was greater than 5% of the total number of Shares.

11.1.4. The weekly high and low of the closing prices of the Shares on BSE, during the 26-week period ending 20th November 1997 (being the last trading day prior to the 21st November, 1997), are given below:

26 weeks High/Low of Closing Price

Week No	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	29-May-97	310.0	302.5	306.3	1,118
2	5-Jun-97	310.0	295.0	302.5	9,675
3	12-Jun-97	307.5	307.5	307.5	269
4	19-Jun-97	290.5	280.0	285.3	179,535
5	26-Jun-97	319.8	302.5	311.2	3,266
6	3-Jul-97	315.4	306.0	310.7	1,386
7	10-Jul-97	370.0	308.0	339.0	3,195
8	17-Jul-97	360.5	357.5	359.0	41,087
9	24-Jul-97	354.8	345.5	350.1	26,476
10	31-Jul-97	358.1	354.0	356.1	29,015
11	7-Aug-97	365.0	341.5	353.3	3,445
12	14-Aug-97	359.9	335.0	347.5	124,866
13	21-Aug-97	328.0	327.5	327.8	1,209
14	28-Aug-97	337.5	329.1	333.3	656
15	4-Sep-97	339.9	325.5	332.7	1,876
16	11-Sep-97	334.9	326.8	330.8	508
17	18-Sep-97	330.1	322.5	326.3	1,057
18	25-Sep-97	322.4	320.0	321.2	695
19	2-Oct-97	323.9	310.0	317.0	657
20	9-Oct-97	310.0	300.0	305.0	906
21	16-Oct-97	307.4	300.0	303.7	905
22	23-Oct-97	300.0	300.0	300.0	597
23	30-Oct-97	300.0	300.0	300.0	259
24	6-Nov-97	295.2	295.0	295.1	298
25	13-Nov-97	291.1	271.5	281.3	426
26	20-Nov-97	266.0	248.6	257.3	2,327
Average price of 26 weeks 317.68					

(Source: Derived from data available from the official website of BSE – www.bseindia.com)

11.1.5. The daily high and low of the prices of the Shares on BSE, during the 2-week period ending 20 November 1997 (being the last trading day prior to the 21st November, 1997), are given below:

2 weeks Daily High/Low

Day No	Dates	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	7 Nov, 97	293.1	291.1	292.1	159
2	10Nov, 97	290.0	290.0	290.0	49
3	12 Nov, 97	280.0	280.0	280.0	109
4	13 Nov, 97	272.5	262.1	267.3	109
5	14Nov, 97	275.0	266.0	270.5	549
6	18 Nov, 97	266.0	248.0	257.0	179
7	20 Nov, 97	262.5	245.0	253.8	1,599

Average of 2 weeks 272.96

(Source : Derived from data available from the official website of BSE – www.bseindia.com)

11.1.6. As per Clause 20 of the Takeover Regulations, the following facts were taken into account in determining the Offer Price:

A. Negotiated price under any share purchase agreement	- NA
B. Highest price paid by the Acquirer/the PACs for acquisition including public or rights issues or preferential issue in the 26 weeks prior to the Public Announcement	- NA
C. Average of weekly high and low in terms of regulation 20 (4) (c)	Rs. 317.7
D. Price paid for preferential allotment any time during the 12-month period up to the date of closure of the Offer	- NA
E. Other Parameters:	
Period ended	**March 31, 1997**
12 months	
Return on Net Worth (%)	23.14%
Book Value per Share (Rs.)	96.88
Earning per Share (Rs.)	20.09
Price to Earnings Ratio (based on the Offer Price)	15.83
Chemicals Industry Price Earning Multiple	14.7x

(Source: Capital Market Vol XIX/13 August-September 2004)

11.1.7. In view of the above, the Offer Price in terms of Regulation 20 of the Takeover Regulations is justified.

11.1.8. If the Acquirer or either of the PACs acquires Shares after the date of Public Announcement and up to seven working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisitions shall be payable for all acceptances received under this Offer as per Regulation 20(7) of the Takeover Regulations.

11.2. **Financial Arrangements**

11.2.1. The Acquirer has made firm financial arrangements to meet its obligations in full under the Offer. For this purpose, the Acquirer intends to utilise internal resources.

11.2.2. As mentioned in the Public Announcement dated 20th September, 2004, the Acquirer has deposited an amount of Rs. 1,115 million with the Supreme Court Registry. As per the Supreme Court Order the interest accruing thereupon shall enure to the benefit of Eligible Shareholders whose shares are accepted. The Acquirer shall apply to the Hon'ble Supreme Court for necessary directions.

11.2.3. The total fund requirement for the Offer is estimated at Rs.1,013.6 million (Rupees One thousand and thirteen million six hundred thousand only), assuming full acceptance of the Offer (including payment of interest at the rate of 10% per annum upto the date of deposit with the UCO Bank, Supreme Court Compound, New Delhi[1] as per the orders of the Hon'ble Supreme Court after setting off dividend to Eligible Shareholders). In accordance with the provisions of the Takeover Regulations, the Acquirer has created an escrow in the form of a bank guarantee of Rs 268.89 million issued by Citibank N.A., Bandra Kurla Complex, Mumbai in favour of the Manager to the Offer which is valid until August 31, 2005. Further, the Acquirer has deposited a sum of USD 285,000 with Citibank N.A., London which amount is in excess of 1% of the total consideration. The Acquirer has marked a lien thereon in favour of the Manager to the Offer.

11.2.4. The Acquirer has empowered the Manager to the Offer to realize the value of the bank guarantee and will empower the Manager to the Offer to realise the value of the account with Citibank N.A., London.

11.2.5. The Manager to the Offer has satisfied itself about the Acquirer's ability to implement the Offer in accordance with the Takeover Regulations.

11.2.6. There is no non compete agreement.

12. Terms and Conditions of the Offer

Shareholders who wish to accept the Offer should tender their Shares and should submit documents in accordance with the procedure specified in Para 13 of this Letter of Offer and in the Form of Acceptance cum Acknowledgement.

12.1. Shareholders who can accept the Offer

The Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed on or before to all shareholders of the Company whose names appear in the Register of Members of CCL, and to the beneficial owners of the Shares whose names appear on the records of the respective DPs, in each case at the close of business hours on (the “Specified Date”). Accidental omission to dispatch this Letter of Offer, non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.

12.2. Statutory Approvals

12.2.1. The Offer is subject to the approval of the FIPB which has been received.

12.2.2. Besides the above, to the best of the knowledge of the Acquirer, no other approvals are required to acquire the Shares tendered pursuant to this Offer. However the Offer will be subject to all statutory approvals as may be applicable.

12.2.3. Subject to the receipt of statutory approvals, the Acquirer shall complete all procedures relating to the Offer including payment of consideration within a period of 15 days from the Offer Closing Date to those shareholders whose share certificates and/or other documents are found valid and in order and are approved for acquisition by the Acquirer. In case of delay due to the non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non-receipt of approvals was not due to the willful default or negligence of the Acquirer, grant an extension for the purpose of the completion of the Offer, subject to the Acquirer paying to the shareholders interest as may be specified by SEBI for the delay beyond 15 days.

12.3. Shareholders outside India

This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.

13. Procedure for Acceptance and Settlement

13.1. Tendering of Documents

Subject to Para 12 above, shareholders who wish to accept this Offer and submit their shares can deliver the relevant documents in the manner detailed below to the Registrar to the Offer – Sharepro Services Private Limited , Satam Estate, 3rd Floor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400099 by registered post at the applicant’s risk on or before the Offer Closing Date in accordance with the procedures as specified in this Letter of Offer and the Form of Acceptance cum Acknowledgement. The relevant documents can also be hand delivered from 10.00 am to 3.00 p.m. on all working days to the following collection centres:

Collection Centres	Address	Mode of Delivery	Phone Fax Nos.	Contact Person
Mumbai	Sharepro Services (India) Pvt. Ltd 912 Raheja Centre Free Press Journal Marg, Nariman Point, Mumbai 400021	By Hand Delivery	(022) 2282 5163 (022) 2288 5168 (022) 2282 5169 (022) 2282 5484 (Fax)	Ms Mazrine Wadia Mr. Ramesh Babu
Mumbai	Sharepro Services (India) Pvt. Ltd Satam Estate, 3rd Floor Cardinal Gracious Road, Above Bank of Baroda, Chakala Andheri (E), Mumbai 400099	By Hand Delivery/ Registered Post	(022) 2821 5168 (022) 2821 5169 (022) 2837 5646 (Fax) (022) 2839 2259 (Fax)	Mrs. Indira Karkera Mr. Ramachandran
New Delhi	Sharepro Services (India) Pvt. Ltd C/o Skypak Financial Sec. Pvt Ltd., Satyam Hotel Building, 10, Qutub Road, Ram Nagar, Pahar Ganj, New Delhi - 110055	By Hand Delivery	(011) 2362 1147 (011) 2353 8459 (011) 3097 4421	Mr. Sammer Gupta Mr. Mahip Kulshreshtha
Chennai	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt. Ltd., Upper Ground Floor, ‘C’, Mount Chambers, 758, Mount Road, Chennai - 600002	By Hand Delivery	(044) 2851 8069 (044) 2858 5435 (044) 2466 2448	Mr. Saajan J. Mr. K. Devanandan
Kolkata	Sharepro Services (India) Pvt. Ltd C/o Skypak Financial Sec. Pvt. Ltd., 5A Orient Row, Ground Floor Kolkata - 700017.	By Hand Delivery	(033) 2283 4390	Mr Amiangshu Das Ms. Pritha Banerjee
Pune	Skypak Financial Sec. Pvt. Ltd., 118/4, Gokul Nagar, S.V. Nagar, Opp IDBI Bank, Above Hotel Niranjan, FC Road, Pune - 411005	By Hand Delivery	(020) 2552 0687 (020) 2553 5277	Mr. Sakharam Gogawle
Ahmedabad	Skypak Financial Sec. Pvt. Ltd., Nagindas Chambers, Lower Ground Floor, Ashram Road, Ahmedabad - 380014	By Hand Delivery	(079) 7542153 (079) 7542072 (Fax)	Mr. Rajiv Vasa

13.2. **Holders of Shares in physical form should enclose:**

13.2.1. Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein by all shareholders whose names appear on the share certificates.

13.2.2. Original Share Certificate(s) in respect of the shares they wish to tender in open offer

13.2.3. Valid share transfer deed(s) duly signed by all registered shareholders as transferors in the same order as per specimen signatures registered with the Company. A share transfer deed is enclosed along with this Letter of Offer for the shareholders holding Shares in physical form.

13.2.4. Any other documents in support of their eligibility for interest payment

13.3. **Holders of Shares in dematerialised form should enclose:**

13.3.1. Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein by all beneficial owners as per the records of the relevant DP's.

13.3.2. A photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode duly acknowledged by their respective DP's in favour of the Depository Account.

13.3.3. Beneficial owners having their beneficiary account in CDSL have to use an inter–depository delivery instruction slip for the purpose of transferring their Shares to the Depository Account with NSDL.

13.3.4. Any other documents in support of their eligibility for interest payment

Details of the Depository Escrow Account titled "Sharepro Account for Colour-Chem open offer" are given below:

Depository Participant Name	:	HDFC Bank Ltd.
DP ID Number	:	IN 301549
Beneficiary Client ID	:	18648268

13.4. **Unregistered shareholders should enclose:**

13.4.1. Form of Acceptance-cum-Acknowledgment duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.

13.4.2. Original Share Certificate(s).

13.4.3. Valid share transfer deed(s) duly executed by the transferor(s).

13.4.4. Original contract note/s issued by the broker through whom the shares were acquired.

13.4.5. Any other documents in support of their eligibility for interest payment

No indemnity is required from the unregistered shareholders.

13.5. **Unregistered shareholders who have tendered their Shares for registration should enclose:**

13.5.1. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.

13.5.2. Copy of the letter for transfer of Shares sent to CCL/Registrars & Transfer Agents of CCL.

13.5.3. Share transfer deed(s) duly executed by the unregistered shareholder

13.5.4. Any other documents in support of their eligibility for interest payment

Change of Name: Those Eligible Shareholders who have changed their names at any time between 24th February, 1998 till the date of closure of the offer, are advised to submit along with the Form of Acceptance cum Acknowledgement submit the evidence of change of name, to enable the Registrars, to determine the eligibility of such shareholders to receive interest.

Transmission: Those shareholders who have acquired title to the shares either by transmission or through operation of law and are advised to submit along with the Form of Acceptance cum Acknowledgement documentary evidence in support of their Eligibility, to enable the Registrars, to determine the eligibility of such shareholders to receive interest.

Transposition: Those Eligible Shareholders who are joint holders of shares and have transposed their names i.e. changed the order in which their names are recorded in the Share Certificates or in the record maintained by the Depository transposed at any time between 24th February, 1998 till the date of closure of the offer, should along with the Form of Acceptance cum Acknowledgement submit a declaration mentioning the date on which such transposition took place, to enable the Registrars, to determine the eligibility of such shareholders to receive interest.

13.6. **Non-Resident shareholders**

Non-Resident shareholders should also enclose a copy of any permission received from RBI in relation to the Shares held by them in CCL 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/Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder.

13.7. The documents mentioned above should be sent only to the Registrar to the Offer at the above collection centres and NOT to the Acquirer, the PAC, the Company or the Manager to the Offer.

13.8. Procedure for acceptance of the Offer by shareholders who do not receive the Letter of Offer

13.8.1. In case of non-receipt of the Letter of Offer, shareholders may obtain a copy of the same by writing to the Registrar to the Offer or to the collection centres stated above clearly marking the envelope "Clariant-Open Offer". Alternatively, the shareholders may send their acceptance on plain paper to the Registrar to the Offer stating their name, address, folio number, distinctive number, number of Shares held, number of Shares tendered along with the documents mentioned above to the Registrar to the Offer on or before the Offer Closing Date.

13.8.2. In case of non-receipt of the Letter of Offer by beneficial owners, such beneficial owners can make an application to the Registrar to the Offer on plain paper stating their name, address, number of Shares held, number of Shares tendered, bank particulars, DP name, DP ID and beneficiary account number and send the same to the Registrar to the Offer on or before the Offer Closing Date along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode duly acknowledged by their respective DPs in favour of the Depository Escrow Account. All beneficial holders maintaining an account with NSDL are requested to obtain, complete and submit an additional inter-depository slip together with the instructions to their respective DPs.

13.8.3. Shareholders whose names do not appear on the Register of Members of the Company on the Specified Date are also eligible to participate in this Offer. Unregistered owners can send their acceptance in writing to the Registrar to the Offer on plain paper stating the name, address, number of Shares held, number of Shares offered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract note/s issued by the broker through whom they acquired their Shares. No indemnity is required from unregistered owners.

13.8.4. Shareholders (subject to Note 7 and 8 on the cover page) can download the Form of Acceptance cum Acknowledgement placed on the SEBI web site (http://www.sebi.gov.in) and send in their acceptance by completing the same.

13.8.5. In case the number of shares tendered for sale by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportional basis as per Regulation 21 (6) of the Takeover Regulations in consultation with HSBC, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner. Unaccepted shares/ documents shall be returned by Registered Post to the shareholders

13.9. **Payment of Consideration**

The payment of consideration to those shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Acquirer will be paid by way of a crossed account payee cheque/demand draft/pay order. Such payment will be dispatched together with the intimation regarding the acquisition (in part or full) to the shareholders by registered post or by ordinary post as the case may be (*), at the shareholder's sole risk.

(*) Dispatches involving payment of a value in excess of Rs.1,500/- will be made by registered post. All other dispatches will be made by ordinary post.

All cheques/demand drafts/pay orders will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide their bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the cheque/demand draft/pay orders.

If the acquirer is unable to make the payment to the shareholders who have accepted the Offer before the said period of fifteen days due to non-receipt of requisite statutory approvals, SEBI may grant extension of time for the purpose, subject to the acquirer agreeing to pay interest to the shareholders for the period beyond fifteen days as may be specified by SEBI.

13.10. **Rejected or Withdrawn Shares**

The intimation regarding rejection of the Shares tendered by the shareholders in acceptance of this Offer and Share certificates for rejected Shares and/or Shares withdrawn, will be dispatched to the shareholders by registered post at the shareholder's sole risk. Shares held in dematerialised form to the extent not acquired and/or withdrawn will be credited back to their beneficiary account with their respective DPs as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

13.11. **Other terms**

13.11.1. The Registrar to the Offer will hold in trust the share certificates and the transfer deed(s) or Shares lying in credit of the Depository Escrow Account, until the Acquirer completes its obligations under the Offer in the terms of the Takeover Regulations.

13.11.2. In terms of Regulation 22(5A) of the Takeover Regulations, shareholders shall have the option to withdraw acceptances tendered up to the three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before 22nd June, 2005.

The withdrawal option can also be exercised by making an application on plain paper along with the following details:

- In case of physical Shares: name, address, distinctive numbers, folio number, number of shares tendered/ withdrawn.
- In case of dematerialised Shares: name, address, number of Shares tendered, DP name, DP ID, beneficiary account number, photocopy of the delivery instructions in "Off Market" mode duly acknowledged by the DP.
- In either case: a copy of the acknowledgement received from the Registrar to the Offer upon tendering of the Shares.

13.11.3. Should the Acquirer decide to revise the Offer Price upward, such upward revision will be made in terms of Regulation 26 of the Takeover Regulations not later than Thursday, 16th June, 2005 i.e. 7 (seven) working days prior to the Offer Closing Date. If the Offer Price is revised upward, such revised price will be payable to all shareholders who have accepted this Offer and submitted their Shares at any time during the tenure of the Offer to the extent their Shares are approved for acceptance by the Acquirer. Any such revision will be announced in the same newspapers in which the Public Announcement appeared.

13.11.4. The instructions, authorisations and provisions contained in the Form of Acceptance cum Acknowledgement constitute an integral part of the terms of this Offer.

13.11.5. The acceptance of the Offer is entirely at the discretion of the shareholders.

13.11.6. The Acquirer and the PACs will not be responsible in any manner for any loss of share certificate(s) and offer acceptance documents during transit and the shareholders are advised to safeguard their interest adequately in this regard.

13.11.7. The Acquirer reserves the right to withdraw the Offer as per Regulation 27 of the Takeover Regulations. In the event of such withdrawal, the same would be notified in the form of a public announcement in the same newspapers where the Public Announcement appeared.

13.11.8. The marketable lot of shares of CCL is 1 share.

14. Documents for Inspection

The following documents are regarded as material documents and are available for inspection at the office of HSBC Securities and Capital Markets (India) Private Limited, 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001 from 10.30 am to 3.00 pm on any day except Saturdays, Sundays, and Public/Bank Holidays until the Offer Closing Date:

14.1. Certificate of Incorporation and Memorandum and Articles of Incorporation of the Acquirer.

14.2. Audited annual reports of CAG for the years ending 31 December 2002, 2003 and 2004 and audited annual reports of CCL for the years ending 31 March 2002, 2003 and 2004.

14.3. Copy of the letter dated 3rd April, 2003 from Citibank N.A., Zurich confirming the amount kept in the escrow account and the lien in favour of the Manager to the Offer.

14.4. Copy of the Bank Guarantee Bank Guarantee # 5524261509 dated 15th April, 2005 for Rs. 268.89 million issued by Citibank NA, Citibank Center, Plot No C 61, Bandra Kurla Complex, Bandra East, Mumbai – 400051 favouring the Manager to the Offer.

14.5. Copy of the Public Announcements dated 7th April, 2003, 6th May, 2003, 14th September 2004 and 20th September, 2004.

14.6. Copy of the letter dated October 12, 2004 and may 24, 2005 from SEBI in terms of proviso to Regulation 18(2) of the Takeover Regulations.

14.7. Copies of the applications made to the FIPB and the RBI, the FIPB approval and, in case the approval from RBI is received prior to the Offer Closing Date, the approval.

14.8. Copy of the agreement between the Acquirer and HDFC Bank., as the Depository Participant for opening the Depository Escrow Account for the purpose of the Offer.

14.9. Copy of SEBI Order, SAT Order, Supreme Court Order dated 25th August, 2004 and 15th March, 2005

14.10. Copy of Public Announcements for VDCL dated 18th April, 2003 and 6th May, 2003

15. Declaration by the Acquirer and Persons Acting in Concert

The Directors of the Acquirer accept full responsibility for the information contained in this Letter of Offer. The Acquirer and the PACs are jointly and severally liable for ensuring compliance with, and fulfillment of, their obligations under the Takeover Regulations.

The information relating to CCL has been obtained from publicly available information or from the Company. This Letter of Offer has been signed by persons duly and legally authorized by the Acquirer and PACs.

For **EBITO, CAG and CIL**

Place : Mumbai

Date : 31st May, 2005

Encl. : Form of Acceptance cum Acknowledgement and Form of Withdrawal

ANNEXURE I

1. The Acquirer: EBITO, PACs - Clariant International Limited (CIL) ., Clariant AG (CAG)

1.1. Name and Address of the Acquirer and PAC

The Acquirer is a company registered under the laws of Switzerland with its registered office at Rothausstrasse 61, CH-4132 Muttenz/Switzerland. CAG and CIL, are companies registered under the laws of Switzerland with its registered office at Rothausstrasse 61, CH-4132 Muttenz/Switzerland.

1.2. Relationship between Acquirer and PACs

The Acquirer is a wholly owned subsidiary of CIL which is a wholly owned subsidiary of CAG.

1.3. Salient features of an agreement, if any,

Acquisition is pursuant to an indirect acquisition of control overseas

1.4. History and Areas of Operation

The Acquirer was incorporated on 5^{th} June 2000 by Hoechst with a 51% equity stake and CIL holding the balance 49%. In October 2000, the shares held by Hoechst in CCL were transferred to the Acquirer. The Acquirer, being a subsidiary of Hoechst, the transfer was effected under Regulation 3(1)(e)(i) of the Takeover Regulations. In February 2001, due to the capital restructuring of the Acquirer, it became a 100% subsidiary of CIL. Its shares are not listed on any stock exchange. The paid-up equity capital of the Acquirer is CHF 202,000 (Rs 7.37 million) divided into 202 shares of nominal value of CHF 1000 (Rs. 36,500) each. The Acquirer has earned revenue from the dividend income on the shares of CCL held by it. The shares of the Acquirer are not listed on any stock exchange. The Revenues for the year ended 31st December 2003 were CHF 1,020,202.7 (Rs.37.2 million) and profits were CHF 343,902.4 (Rs. 12.55 million).

1.5. Identity of Promoters of Acquirer/PAC

EBITO is 100% owned by CIL which is in turn 100% owned by CAG which is a widely held public Company

1.6. Compliance of Chapter II Provisions of the Takeover regulations

The Acquirer and PACs have complied with the provisions of Chapter II of the Takeover Regulations. Although CCL believes that it has complied with the applicable provisions of Chapter II of the Takeover Regulations, by way of abundant caution it has made filings dated March 27, 2003 under the SEBI Regularisation Scheme, 2002 for non compliance with Regulations 6 and 8 of the Takeover Regulations.

1.7. Shareholding Pattern of the Acquirer/PAC

Entity	Parent	%Holding
EBITO	CIL	100%
CIL	CAG	100%
CAG	Widely held	N.a.

1.8. Board of Directors of Acquirer/PAC

The Board of Directors of the Acquirer as on the date of the Letter of Offer comprises:

Name	Designation	Official Address	Experience	Date of Appointment
Dr. H.Wohlmann	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	General counsel of Clariant. 35 years	05.06.2000
Dr. A.Walde	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	Group Counsel of Clariant 20 years	05.06.2000

The Board of Directors of CIL as on the date of the Letter of Offer comprises;

Name	Designation	Official Address	Date of Appointment	Experience
R. Loesser	President	Rothausstrasse 61, CH-4132, Muttenz/Switzerland	27.03.2003	Economist. He was CFO of Sandoz Corporation in the US and CFO of Clariant International Ltd till 2001
F. Note	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	12.07.2002	CFO Clariant Group since 2001 Studied applied economics and business administration in France

Name	Designation	Official Address	Date of Appointment	Experience
D. Von Bertrab	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	26.08.2002	Head of Masterbatches division at Clariant. Studied business administration in Switzerland
W. Kindler	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	26.08.2002	Head of Group Controlling Clariant
Dr. H.Wohlmann	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	04.12.1997	General counsel of Clariant. Studied law at University of Zurich, Switzerland

The Board of Directors of CAG as on the date of the Letter of Offer comprises:

Name	Designation	Official Address	Date of Appointment	Experience
R. Raeber	Chairman	Rothausstrasse 61, CH-4132	31.05.2002 Muttenz/Switzerland	Executive Board oard of Nestle SA Switzerland, Graduated from Cantonal Commerce college in Zurich
R. Loesser	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	22.05.2000	Economist and was CFO of Sandoz and CFO of Clariant International Ltd. till 2001.
P. Isler	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	27.04.2004	Partner with law Firm Niederer, Kraft & Frey since 1981. Studied at Law university of Zurich and Harvard.
T. Reis	Vice Chairman	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	27.04.2004	Worked with IBM till 1997 and with Swisscom as CEO 1998-1999
K. Neukirchen	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	27.04.2004	Served as Chief Executive of Several German Corporations (MG Technologies)
D. Seebach	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	16.07.2001	Professor of Organic Chemestry at the federal Institute of Technology Zurich 1977-2003
Dr. K. Jenny	Director	Rothausstrasse 61, CH-4132 Muttenz/Switzerland	07.04.2005	Banking with Credit Suisse. Member of the Board of Baloise Insurance and of Maus Freres

1.9. Listing Details of Acquirer/PAC

The Acquirer and CIL are not listed companies. CAG has a total paid up capital of 1,151 million CHF comprising 230,160,000 shares of 5 CHF each and is listed on Swiss stock exchange.

1.10. **Financials of CAG**

1.10.1. **Profit and Loss Statement**

Profit & Loss statement (million)	**Dec 31, 2002 CHF**	**Dec 31, 2002 Rs.**	**Dec 31, 2003 CHF**	**Dec 31, 2003 Rs.**	**Dec 31, 2004 CHF**	**Dec 31, 2004 Rs.**
Net revenues	9,330	320,252	8,516	310,834	8,530	325,078
Cost of sales	(6,275)	(215,389)	(5,787)	(211,226)	(5,823)	(221,914)
Gross profit	3,055	104,863	2,729	99,609	2,707	103,164
Marketing and distribution	(1,380)	(47,369)	(1,292)	(47,158)	(1,262)	(48,095)
Research and development	(352)	(12,082)	(308)	(11,242)	(274)	(10,442)
General and administrative	(669)	(22,963)	(547)	(19,966)	(564)	(21,494)
Restructuring and impairment costs, net of divestment gains	(19)	(652)	(21)	(767)	(73)	(2,782)
Amortization of goodwill	(873)	(29,966)	(31)	(1,132)	(30)	(1,143)
Operating Income	(238)	(8,169)	530	19,345	504	19,208
Income from associates and joint ventures	36	1,236	29	1,059	26	991
Financial expense, net	(248)	(8,513)	(275)	(10,038)	(233)	(8,880)
Income before taxes and minority interests	(450)	(15,446)	284	10,366	297	11,319
Income tax expense	(189)	(6,487)	(111)	(4,052)	(140)	(5,335)
Income before minority interests	(639)	(21,934)	173	6,315	157	5,984
Minority interests	(9)	(309)	(12)	(438)	(7)	(267)
Net income	(648)	(22,243)	161	5,877	150	5,717

1.10.2. **Balance Sheet**

Balance Sheet (millions)	**Dec 31, 2002 CHF**	**Dec 31, 2002 Rs.**	**Dec 31, 2003 CHF**	**Dec 31, 2003 Rs.**	**Dec 31, 2004 CHF**	**Dec 31, 2004 Rs.**
ASSETS						
Total Current assets	4199	144,131	4,066	148,409	4,359	166,121
Tangible Fixed Assets	3055	104,863	2,776	101,324	2,440	92,988
Intangible assets	489	16,785	451	16,462	405	15,435
Investments in associates and joint ventures and other financial assets	412	14,142	419	15,294	322	12,271
Deferred tax assets	395	13,558	291	10,622	279	10,633
Total Assets	8550	293,479	8,003	292,110	7,805	297,448
LIABILITIES AND EQUITY						
Total short term liabilities	3,006	103,181	2,866	104,609	2,614	99,619
Financial debts	3102	106,476	2,620	95,630	1,723	65,664
Deferred tax liabilities	583	20,011	384	14,016	373	14,215
Provisions and other long term liabilities	882	30,275	893	32,595	837	31,898
Total long term liabilities	4567	156,762	3,897	142,241	2,933	111,777
Total liabilities	7573	259,943	6,763	246,850	5,547	211,396
Minority interests	63	2,162	64	2,336	56	2,134
Total equity	914	31,373	1,176	42,924	2,202	83,918
Total liabilities and equity	8550	293,479	8,003	292,110	7,805	297,448

1.10.3. **Other Financial Data**

Other financial data	Dec 31, 2002 CHF	Dec 31, 2002 Rs.	Dec 31, 2003 CHF	Dec 31, 2003 Rs.	Dec 31, 2004 CHF	Dec 31, 2004 Rs.
Earnings/(Loss) per share	(4.30)	(147.60)	0.93	33.95	0.71	27.06
Dividend per share	-	-	0.18	6.57	0.25	9.53

2. The following are details of companies promoted by the Acquirer and PACs in India

2.1. **Clariant (India) Limited**

2.1.1. Clariant (India) Limited was originally incorporated as a company under Indian Companies Act, 1913 on 2nd January 1947 in the name of Sandoz Products Limited. The name was later changed to Sandoz (India) Limited in accordance with the order of the High Court, Mumbai pursuant to a scheme of demerger of pharma and agro business in 1995. The name of the company was changed to its present name of Clariant (India) Limited on 26th March 1996.

2.1.2. Clariant (India) Limited is 51% subsidiary of CIL with its registered office at Paville House, Off Veer Savarkar Marg, Prabhadevi, Mumbai - 400025.

2.1.3. Clariant (India) Limited has a paid up capital of Rs. 119.25 million divided into 11.925 million shares of Rs.10/- each. The shares of Clariant (India) Limited are listed on the BSE and the NSE. Clariant (India) Limited was quoted at Rs.270.45 per share on 28th April, 2005 on the BSE.

2.1.4. **Financial Statements of Clariant (India) Limited**

Financial Statements (Rs. Million)	Mar 31, 2002 12 months	Mar 31, 2003 12 months	Mar 31, 2004 12 months	Dec 31, 2004 9 months
Net Sales	3,006.1	3,188.8	3,167.5	2542.0
Total Income	3,083.0	3,290.7	3,282.4	2589.7
PBDIT	336.0	337.6	347.7	265.5
Depreciation	(33.8)	(35.2)	(52.6)	(44.3)
Interest-Net	0.9	1.9	10.3	(1.4)
PBT	303.1	304.3	305.4	219.8
PAT	205.5	195.8	208.5	141.9
Sources of Funds				
Share Capital	119.3	119.3	119.3	119.3
Net Worth	845.8	907.1	967.6	1042.1
Borrowings	63.7	58.1	88.5	107.5
909.5	965.2	1,056.1	1149.6	
Application of Funds				
Net Fixed Assets	163.1	186.3	248.4	238.0
Investments	372.3	499.6	550.2	595.8
Net Current Assets	359.3	256.3	236.2	291.9
Deferred Tax Assets	14.7	23.0	21.3	23.9
	909.5	965.2	1,056.1	1149.6
Earnings Per share in Rs.	16.8	16.4	17.5	11.9
Dividend per share	7.0	10.0	11.0	6.0
Book Value per Share in Rs.	70.9	76.1	81.1	87.4
Return on Net Worth	23.7%	21.6%	21.5%	13.6%

2.2. **BTP (India) Private Limited.**

2.2.1. BTP is a wholly owned subsidiary of BTP plc, a Clariant Group company. BTP was incorporated on 24th June 1992 with its registered office on 2nd Floor, Kences Towers, 1, Ramakrisha Street, Chennai 600 017.

2.2.2. The company is engaged in the business of specialty fine chemicals, leather chemicals and industrial preservatives.

2.2.3. **Financial Statements**

Financial Statements (Rs. Million)	Mar 31, 2002	Mar 31, 2003	Mar 31, 2004	December 31, 2004
Sales	400.8	480.6	583.0	375.1
PBDIT	54.4	100.2	135.2	82.8
Depreciation	(19.9)	(29.4)	(26.2)	(16.7)
Interest	(1.5)	(1.5)	(1.3)	(1.3)
Profit/(Loss) before tax	32.9	69.4	107.7	64.9
Profit/(Loss) after tax	32.9	64.1	79.9	47.3
Sources of Funds				
Share Capital	380.0	380.0	380.0	380.0
Reserves (Net of accumulated losses)	(9.9)	54.1	99.8	147.1
Borrowings	57.7	66.5	85.8	60.0
	427.7	500.6	565.6	587.1
Application of Funds				
Net Fixed Assets	208.1	183.6	171.9	175.4
Net Current Assets	219.6	317.0	393.7	411.7
	427.7	500.6	565.6	587.1
Other Financial Data				
Earnings/(Loss) Per share in Rs.	0.9	1.7	2.1	* 1.2
Dividend per share in Rs.	Nil	Nil	40	Nil
Book Value per share in Rs.	9.7	11.4	12.6	13.9
Return on Net Worth	8.9%	14.8%	16.7%	* 9.0%

* *Not Annualised*

2.3. Disclosure in terms of Regulation 16 (ix) of the Takeover Regulations

There are no plans to sell, dispose of or otherwise encumber any assets of the Company in the next two years, except to the extent required (i) for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of the Company or (ii) in the ordinary course of business of the Company. Further, the Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Company, except with the prior approval of the shareholders of the Company in accordance with the Articles of Association of the Company. It will be the responsibility of the Board of Directors of the Company to make appropriate decisions in these matters in accordance with the requirements of the business. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

3. Option in terms of Regulation 21(3)

Not applicable

4. Additional Disclosures in terms of Regulation 20(2)

Not applicable

FORM OF WITHDRAWAL

OFFER OPENS ON	**8th June 2005**
LAST DATE OF WITHDRAWAL	**22nd June 2005**
OFFER CLOSES ON	**27th June, 2005**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this form with enclosures to the Registrar to the Offer at its address given overleaf)

From :

Name : Status : Resident / Non-resident
Full Address

Tel No. Fax No. E-mail:

To,

Sharepro Services (India) Pvt. Ltd.,
Satam Estate, 3 rd Floor,Cardinal Gracious Road,
Above Bank of Baroda, Chakala, Andheri (E),
Mumbai - 400 099.
Tel : (022) 28215168 / 28215169; Fax : (022) 28375646
Contact Name : Mrs. Indira Karkera / Mr. Ramachandran
E-mail : sharepro@vsnl.com

Dear Sir,

Re : Open Offer to acquire up to 2,330,000 fully paid-up equity shares of Rs. 10/- each of CCL at price of Rs. 318 per Share

I/We refer to the Letter of Offer dated 31st May, 2005 constituting an offer to acquire the Shares held by me/us in CCL.

I/We hereby consent to unconditionally and irrevocably withdraw my/our Shares from the Offer and I/We further authorize the Acquirer to return to me/us, the tendered equity share certificate(s)/ shares 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 at any of the collection centers mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. 22nd June, 2005.

I/We note that the Acquirer/ Manager to the Offer/ Registrar to the Offer shall not be liable for any postal delay/ loss in transit of the Shares held in physical form and also for the non receipt of Shares held in the demateralised form in the Depository 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) and Shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depository from time to time.

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions mentioned therein.

The particulars of the tendered Share(s) that we wish to withdraw are detailed below:

Ledger Folio No. ____________ No. of Share Certificate(s) _____________ No. of Shares ________________

Sr.No.	Ledger Folio No.	Certificate No.	Distinctive Nos.	No. of Shares
1				
2				
3				
4				
5				
(In case the space provided is inadequate, please attach a separate sheet with details.) **Total No. of Equity Shares**				

I/We hold Shares in dematerialised form, and had done an off-market transaction for crediting the shares to the “Sharepro Account for Colour-Chem open offer” as per the following particulars :

DP Name – HDFC Bank Ltd. DP ID – IN 301549 Client ID – 18648268

Please find enclosed a photocopy of the Depository Delivery Instruction(s) (TIFD) duly acknowledged by the Depository Participant. The particulars of the account from which my/our Shares have been tendered are as detailed below.

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I/ We confirm that the particulars given above are true and correct.

In case of dematerialized shares, I/We confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

	1st Shareholder	2nd Shareholder	3rd Shareholder
Full Name			
PAN/GIR No. alloted under Income Tax Act 1961			
Signature			

Note: In case of joint holdings, all shareholders must sign. A body corporate must affix its company stamp.

Place:
Date :

In order to avoid fraudulent encashment of cheque/demand draft/pay order in transit, the applicants are requested to provide details of bank account of the sole/first shareholder and the crossed account payee cheque/demand draft/pay order will be drawn accordingly.

Name of Bank	Branch Address	Type of Account	Account Number

Collection Centres	Address	Mode of Delivery	Phone Fax Nos.	Contact Person
Mumbai	Sharepro Services (India) Pvt. Ltd 912 Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400021	By Hand Delivery	(022) 2282 5163 (022) 2288 5168 (022) 2282 5169 (022) 2282 5484 (Fax)	Ms Mazrine Wadia Mr. Ramesh Babu
Mumbai	Sharepro Services (India) Pvt. Ltd Satam Estate, 3rd Floor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400099	By Hand Delivery/ Registered Post	(022) 2821 5168 (022) 2821 5169 (022) 2837 5646 (Fax) (022) 2839 2259 (Fax)	Mrs. Indira Karkera Mr. Ramachandran
New Delhi	Sharepro Services (India) Pvt. Ltd C/o Skypak Financial Sec. Pvt Ltd., Satyam Hotel Building, 10, Qutub Road, Ram Nagar, Pahar Ganj, New Delhi - 110055	By Hand Delivery	(011) 2362 1147 (011) 2353 8459 (011) 3097 4421	Mr. Sammer Gupta Mr. Mahip Kulshreshtha
Chennai	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt. Ltd., Upper Ground Floor, 'C', Mount Chambers, 758, Mount Road, Chennai - 600002	By Hand Delivery	(044) 2851 8069 (044) 2858 5435 (044) 2466 2448	Mr. Saajan J. Mr. K. Devanandan
Kolkata	Sharepro Services (India) Pvt. Ltd C/o Skypak Financial Sec. Pvt. Ltd., 5A Orient Row, Ground Floor, Kolkata - 700017.	By Hand Delivery	(033) 2283 4390	Mr Amiangshu Das Ms. Pritha Banerjee
Pune	Skypak Financial Sec. Pvt. Ltd., 118/4, Gokul Nagar, S.V. Nagar, Opp IDBI Bank, Above Hotel Niranjan, FC Road, Pune - 411005	By Hand Delivery	(020) 2552 0687 (020) 2553 5277	Mr. Sakharam Gogawle
Ahmedabad	Skypak Financial Sec. Pvt. Ltd., Nagindas Chambers, Lower Ground Floor, Ashram Road, Ahmedabad - 380014	By Hand Delivery	(079) 7542153 (079) 7542072 (Fax)	Mr. Rajiv Vasa

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Acknowledgement Receipt

For the Acquirer
C/o. Sharepro Services (India) Pvt. Ltd.
Satam Estate, 3rd Floor, Cardinal Gracious Road, Above Bank of Baroda
Chakala, Andheri (E), Mumbai 400099
Tel: (022) 28215168/ 2821 5169, Fax : (022) 28375646
Contact Person : Mrs. Indira Karkera / Mr. Ramachandran
E-mail: sharepro@vsnl.com

Received from Mr./Ms./M/s ______________________________

Form of Withdrawal for CCL Offer as per details below:-

Folio No. ____________________No. of Certificates Enclosed ____________________Certificate No. __________________________

Total No. of Shares Enclosed _____________________Copy of Delivery Instruction to DP__________________________

(Delete whichever is not applicable)

Date of Receipt: ______________

Stamp of collection center: Signature of Official:

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All future correspondence if any should be addressed to Registrar to the Offer at the following address:

Sharepro Services (India) Pvt. Ltd.
Satam Estate, 3rd Floor, Cardinal Gracious Road,
Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400099
Tel: (022) 28215168/ 2821 5169, Fax : (022) 28375646
Contact Person : Mrs. Indira Karkera / Mr. Ramachandran
E-mail: sharepro@vsnl.com