PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF

COLOUR-CHEM LIMITED ("CCL")

This Public Announcement is being issued by HSBC Securities and Capital Markets (India) Private Limited ("HSBC") pursuant to Regulation 10, 12 and other provisions of Chapter III of and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Regulations"). HSBC issued public announcements dated 7 April, 2003 and thereafter addendums to it dated 6 May 2003, 14 September 2004 and 20 September 2004 on behalf of EBITO Chemiebeteiligungen AG ("Acquirer" or "EBITO") and Clariant International Ltd ("CIL") and Clariant AG (collectively referred to as "Persons Acting in Concert" or "PACs") to the shareholders of Colour-Chem Limited to acquire upto 20% of the share capital of Colour-Chem Limited. (the"Offer").

I. Background to the Offer

1.1. Pursuant to the decision of the Hon'ble Supreme Court dated 25 August 2004, 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.

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

1.3. In terms of the Supreme Court Order, dated 25 August 2004, the interest payable to Eligible Shareholders will be computed from 22 March 1998 till the date of despatch of cheques issued in respect of the Offer. Interest payment would include the following:

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

1.3.2. Interest payable from the date of deposit of monies in the Supreme Court of India upto the date of dispatch of cheques to the eligible shareholders.

1.4. 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 equity share to Eligible Shareholders A Plus B minus C ("D")		467.62

1.5. 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 24 February 1998 upto the date of tendering shares in this Offer.

1.6. 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 Members of the Company as on 24 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 Specified Date i.e. Friday, 29 April, 2005
- Shareholder(s) as on any other date as may be necessary to revalidate the continued shareholding for determining eligibility

1.7. 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

1.8. The Acquirers have appointed AF Ferguson and Company, Chartered Accountants to audit the process of determining the eligibility of shareholders as per criteria/methodology outlined in para 1.5 and 1.6 above. AF Ferguson and Company is also the Statutory Auditors of CCL.

1.9. 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 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.

II. Financials of the Acquirer and PACs

2.1 Financials of 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**

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**

2.2 Financials of Clariant International Limited

Annual Financial Statements						
Income Statement	**2004 '000 CHF**	**2004 INR mn**	**2003 '000 CHF**	**2003 INR mn**	**2002 '000 CHF**	**2002 INR mn**
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						
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: 2004 financials of CIL have been internally reviewed but audit is still underway.

III. Justification of Offer Price

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)
**Adjusted for share of par value Rs.10*

IV. Financial Arrangements for the Offer

4.1. 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.

4.2. As mentioned in the Public Announcement dated 20 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.

4.3. 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 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.

4.4. 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.

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

V. Revised Time Schedule for major activities for the Offer

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

VI. Other Disclosures

The adjudication for violation of Section 15 H (ii) of Securities and Exchange Board of India Act, 1992 is spending before the Adjudicating Officer.

Issued by the Manager to the Offer On Behalf of the Acquirer

HSBC

HSBC Securities and Capital Markets (India) Private Limited
52/60 Mahatma Gandhi Road, Fort, Mumbai – 400 001
Tel: 022 2268 1284 / 85 Fax: 022 2263 1984
Contact Name: Aarthi Ramakrishnan • Email: ccloffer@hsbc.co.in

Place : Mumbai
Date : 1st June 2005