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 sent to you as a shareholder of **LANXESS ABS Limited.** If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Shares in the Company, please hand over this Letter of Offer, the accompanying Form of Acceptance-*cum*-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 201/- (RUPEES TWO HUNDRED AND ONE ONLY)
PER FULLY PAID-UP
EQUITY SHARE OF Rs. 10/- (RUPEES TEN ONLY)

Pursuant to Regulation 10 and 12 of the Securities and Exchange Board of India
(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
("Takeover Regulations" / "SEBI (SAST) Regulations)

TO ACQUIRE UP TO

35,17,125 fully paid-up Equity Shares of face value Rs. 10/- each,
representing 20% of the voting share capital **(the "OFFER")**

OF

LANXESS ABS Limited
having its registered office at
6th Floor, ABS Towers, Old Padra Road,
Vadodara - 390 007 Gujarat, India
Tel: +91 265-2355861-63, 2355871-73
Fax: +91 265-2341012, 2355860, 2355950, 2355960

BY

INEOS ABS (Jersey) Limited
having its registered office at
Whiteley Chambers, Don Street,
St Helier, Jersey JE4 9WG
Tel: +44 1534 504 000 **Fax:** +44 1534 504 444

ALONG WITH PERSONS ACTING IN CONCERT (PAC)

INEOS GROUP LIMITED *having its registered office at* Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom **Tel:**+44 2380 287 070 **Fax:** +44 2380 287 069	**INEOS HOLDINGS LIMITED** *having its registered office at* Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom **Tel:**+44 2380 287 070 **Fax:** +44 2380 287 069

ATTENTION:

a) The Offer along with any obligation to make payment for, or purchase the shares tendered and accepted, is subject to the receipt of the approval from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made there under. The Acquirer made an application for the RBI approval on July 16, 2007. RBI by its letter no. FE.CO.FID/2271/10.21.073/2007-08 dated July 27, 2007 has accorded the approval to the Acquirer to acquire the Shares tendered under the Offer.
b) As of the date hereof, other than the above, no statutory approvals are required to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to receipt of such other statutory approvals.
c) In case of delay in the receipt of any statutory approvals, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
d) If there is any upward revision in the Offer Price by the Acquirer prior to or on the last date for revising the Offer Price i.e. Rs. 201, or if the offer is withdrawn, you will be informed by way of another public announcement in the same newspapers where the Public Announcement had appeared. The Acquirer would pay such revised price for all the Shares validly tendered at any time during the Offer and accepted under the Offer.
e) Shareholders who have accepted the Offer by tendering the requisite documents in terms of this Letter of Offer shall have the option to withdraw acceptance tendered by them up to Friday, February 29, 2008, i.e., three (3) working days prior to the date of closure of the Offer viz. Wednesday, March 05, 2008.
f) There has been no competitive bid:
g) The Public Announcement and this Letter of Offer, Form of Acceptance and Form of Withdrawal will also be available on SEBI's website (www.sebi.gov.in) from the date of the Offer, being Friday, February 15, 2008.
h) The Form of Acceptance cum acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.

Manager to the Offer	Registrar to the Offer
SBI Capital Markets Ltd. 202 Maker Tower 'E', Cuffe Parade, Mumbai – 400 005 Tel: (91) – 22 2218 4704 • Fax: (91) – 22 2218 8332 **E-mail:** lanxess.openoffer@sbicaps.com **Contact Person:** Ms. Kavita Tanwani	**Intime Spectrum Registry Limited** C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078. **Tel:** (91)- 22 2596 0320 • **Fax :** (91)-22 2596 0328/29 **Email:** lanxess.openoffer@intimespectrum.com **Contact Person**: Ms Awani Thakkar

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Original Day/date	Revised Day/date
Public Announcement Date	Saturday, June 30, 2007	Saturday, June 30, 2007
Specified Date*	Friday, July 20, 2007	Friday, July 20, 2007
Last date for a competitive bid	Saturday, July 21, 2007	Saturday, July 21, 2007
Date by which Letter of Offer will be dispatched to the Shareholders	Saturday, August 11, 2007	Tuesday, February 12, 2008
Date of opening of the Offer	Wednesday, August 22, 2007	Friday, February 15, 2008
Last date for revising the Offer Price	Thursday, August 30, 2007	Monday, February 25, 2008
Last date for withdrawing acceptance from the Offer	Wednesday, September 05, 2007	Friday, February 29, 2008
Date of closure of the Offer	Monday, September 10, 2007	Wednesday, March 05, 2008
Date of communicating rejection/ acceptance and payment of consideration for accepted Shares	Monday, September 24, 2007	Wednesday, March 19, 2008

* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent. However, all owners (registered or unregistered) of the shares of LANXESS (except the Acquirer and PACs) are eligible to participate in the Offer anytime before the closure of the Offer.

RISK FACTORS

A. Relating to the Offer

i. In the event that either (a) there is any litigation leading to stay on the Offer; or (b) SEBI instructs the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to those shareholders of LANXESS ABS Limited whose shares have been accepted in the Offer as well as the return of those shares of LANXESS ABS Limited not accepted by the Acquirer may be delayed.

ii. The Acquirer makes no assurance with respect to the market price of the shares during / after the Offer.

iii. If the number of shares of LANXESS ABS Limited assented to the Offer exceeds the Offer size, then the Acquirer shall accept Shares of LANXESS ABS Limited assented to the Offer on a proportionate basis in accordance with Regulation 21 (6) of the SEBI (SAST) Regulations.

iv. The tendered Shares will lie to the credit of a designated escrow account until the completion of the Offer formalities. During such period, there may be a fluctuation in the market price of the Shares of LANXESS ABS Limited.

B. Relating to the Acquirer

i. The Acquirer has not conducted any activities or operations from the date of its incorporation i.e. Tuesday, 19 June, 2007, and therefore has not earned any income till the date hereof.

C. Relating to the transaction

The transaction is subject to completion risks as would be applicable to similar transactions.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of LANXESS ABS Limited or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a Shareholder in the Offer. Shareholders of LANXESS ABS Limited are advised to consult their stock broker or investment consultant, if any, for further risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "€" is to the Euro and all references to "£" is to Pound Sterling. Certain financial details contained herein are denominated in Euro and Pound Sterling. Unless otherwise stated, the Rupee equivalent quoted in each case is calculated in ac cordance with the RBI Reference rates as of June 30, 2007 (the date of Public Announcement) being 1 € = Rs. 55.03 (Source: www.rbi.org.in).

Table of Contents

1. DEFINITIONS

Acquirer	INEOS ABS (Jersey) Limited
Acquirers	INEOS ABS (Jersey) Limited, INEOS Group Limited and INEOS Holdings Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Shares of LANXESS ABS Limited (other than the Acquirer, PACs and parties to the SPA) whose name appear on the register of members as on the Specified Date or any time before the closure of the Offer
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance cum Acknowledgement
FY	Financial Year
GBP	The United Kingdom Pound Sterling, the legal currency of the United Kingdom
LANXESS	Lanxess ABS Limited
Letter of Offer / LoO	This Letter of Offer dated February 08, 2008
Manager/ Manager to the Offer	SBI Capital Markets Limited
Mn	Million (Rs. 1 Million = Rs. 10 lacs)
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer or Open Offer	The offer for the acquisition by INEOS ABS (Jersey) Limited of 35,17,125 LANXESS ABS Limited's Shares at a price of Rs. 201/- per LANXESS Share, as set out in this document
Offer Price	Rs. 201/- (Rupees Two hundred and One only) per fully paid-up equity share of LANXESS ABS Limited
PAC / PACs	Person acting in concert with the Acquirer
Target Company/ LANXESS	LANXESS ABS Limited
Public Announcement/ PA	Announcement of the Offer made by the Acquirer on Saturday, June 30, 2007 in all editions of Business Standard, Pratahkal, Jaihind
RBI	Reserve Bank of India
Registrar/ Registrar to the Offer	Intime Spectrum Registry Limited
Regulations/ SEBI (SAST)	Securities & Exchange Board of India (Substantial Acquisition of Shares
Regulations	and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
Share(s) or LANXESS Share(s)	Fully paid-up equity shares of face value of Rs. 10/- each of LANXESS
SPA	Share purchase agreement executed on June 28, 2007 between the Acquirer, INEOS Group Limited, LANXESS India Private Limited, LANXESS Deutschland GmbH, Tash Investments Private Limited, Geetganga Investment Private Limted, Mrs. Uma Agrawal, Mr. Rahul Agrawal, Mr. Vishal Agrawal and Mr. Rakesh Agrawal for purchase of the 1,22,74,429 Shares
Specified Date	Friday, July 20, 2007
Target Company	LANXESS ABS Limited
Transaction	The acquisition of Shares by the Acquirer in terms of the SPA
Voting Capital	Equity share capital comprising 1,75,85,625 shares of LANXESS as on date of the PA (Saturday, June 30, 2007) as obtained from LANXESS

Note : All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the Regulations

2. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT 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 SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF LANXESS ABS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PACs OR THE COMPANY WHOSE SHARES / CONTROL ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, SBI CAPITAL MARKETS LIMITED, HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED JULY 13, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THERETO. 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".

3. DETAILS OF THE OFFER

3.1. Background

a. This open offer is being made by INEOS ABS (Jersey) Limited, a company incorporated under the laws of Jersey having its registered office at Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG, being the Acquirer within the meaning of Regulation 2(1)(b) of the Regulations along with INEOS Group Limited and INEOS Holdings Limited each being a company incorporated under the laws of England having their respective registered offices at Hawkslease, Chapel Lane, Lyndhurst, Hampshire, United Kingdom acting as PACs within the meaning of Regulation 2(1)(e) of the Regulations in compliance with Regulations 10 and 12 of the Regulations to the shareholders of the Target Company since there is substantial acquisition of shares/voting rights accompanied with change in control/management.

b. The Acquirer has entered into a Share Purchase Agreement ("SPA") on 28th June 2007 with LANXESS India Private Limited (Address: Kolshet Road, Thane (W) 400 607, Maharashtra, India, Phone: (022) 2531 1234, Fax: (022) 2545 5039) ("LANXESS India"), Mr Rakesh Agrawal (Address: 61 Alkapuri Society, Alkapuri, Vadodara 390 005, India Phone: (0265) 2335060, Fax: (0265) 2355001;), Tash Investments Private Limited (Address: 9th Floor, ABS Towers, Old Padra Road, Vadodara 390 007, India, Phone: (0265) 2321418, Fax: (0265) 2357238), Geetganga Investment Private Limited, Address: 9th Floor, ABS Towers, Old Padra Road, Vadodara 390 007, India, Phone: (0265) 2321418, Fax: (0265) 2357238), Mrs. Uma Agrawal, Mr. Rahul Agrawal (Address: 61 Alkapuri Society, Alkapuri, Vadodara 390 005, India Phone: (0265) 2335060, Fax: (0265) 2355001;), Mr Vishal Agrawal: (Address: 61 Alkapuri Society, Alkapuri, Vadodara 390 005, India, Phone: (0265) 2335060, Fax: (0265) 2355001;), ("RA Seller(s)"). As per stock exchange filings at BSE and NSE, LANXESS India and the RA Sellers (together the "Seller(s)") belong to the promoter group of the Target Company.

The salient features of the SPA are as under:

- The Acquirer has agreed to acquire a maximum of 69.8% of the total issued, subscribed and paid up equity capital of LANXESS aggregating to 1,22,74,429 shares, at a price of Rs. 196.36 per equity share ("LANXESS Price") from LANXESS India and at a price of Rs. 201 per equity share ("RA Price") from the RA Sellers. The total maximum consideration payable in cash for the above transaction is Rs. 2,42,55,69,292 ("Price").
- In addition to the Price, the Acquirer will pay to the RA Sellers a non-compete consideration of Rs.

16,56,32,495 (the “Non-Compete Consideration”) for entering into the non-compete undertaking referred to in the SPA.

- The SPA expressly acknowledges that it is open to the Acquirer to reach agreement with the RA Sellers to acquire less than the number of RA Shares which they have agreed to acquire under the SPA.
- The SPA is not to be acted upon by the Acquirers or the Sellers unless all provisions of the SEBI (SAST) Regulations are complied with by the Acquirer.

The closing under the SPA is conditional on the following conditions:

- the Acquirer having received the approvals, if required, of the Foreign Investment Promotion Board (FIPB) and the RBI for purchasing the Shares to be acquired under the SPA and the Shares tendered in the Public Offer;
- completion of the Acquirer’s obligations under the SEBI (SAST) Regulations in relation to the Open Offer (such completion to be evidenced by the delivery to the Target Company of a certificate of the merchant bankers to the Open Offer under Regulation 23(6) of the SEBI (SAST) Regulations); and
- the Acquirer having received all regulatory approvals required for consummation of the transaction contemplated under the SPA and the Open Offer, including, but not limited to, anti-trust approvals whether Indian or foreign.

c. The Non-Compete Consideration is equivalent to Rs. 50.03 per share and is not in excess of 25% of the Offer Price arrived at as per paragraph 7, below, under the head “Offer Price and Financial Arrangements”.

d. The Acquirer and the PACs have neither acquired nor been allotted any equity shares of the Target Company in the 12 months prior to the date of the Public Announcement (“PA”). As at date of the PA, neither the Acquirer nor the PACs held any equity shares of the Target Company.

e. This Offer is not subject to any minimum level of acceptance. The Acquirer will acquire all the equity shares that would be validly tendered as per the terms of Offer. The Acquirer will acquire all the Shares that are validly tendered as per the terms of the offer, up to the maximum of 35,17,125 equity shares representing 20% of the voting share capital of the Target Company at the Offer Price.

f. The Acquirers and the Target Company have not been prohibited by SEBI from dealing in Securities, in terms of directions issued under Section 11B or any other regulations made under the SEBI Act, 1992. Since the date of the Public Announcement and to the date of this Letter of Offer, the Acquirers have not acquired any shares.

g. This is not a competitive bid.

h. There will be change in the Directors representing Acquirers on the Board of Directors of LANXESS subsequent to the Open Offer. The name(s) of the directors representing the Acquirers are yet to be decided.

3.2. The Offer

a) The Public Announcement dated Saturday, June 30, 2007 was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication	Language	Editions
Business Standard	English	All Editions
Pratahkal	Hindi	All Editions
Jaihind	Gujarati	Gujarati Edition

(The Public Announcement is also available at the SEBI website, www.sebi.gov.in)

b) INEOS Group Limited and INEOS Holdings Limited are acting as “persons acting in concert” in terms of Regulation 2(1)(e) of SEBI (SAST) Regulations. Besides this, there are no other “persons acting in concert” in relation to the Open Offer.

c) There are no partly paid up equity shares or outstanding convertible instruments of the Target Company as on 6th July 2007.

3.3. Object of the Offer and Acquirer's future plans for LANXESS ABS Limited

a) The Offer to the shareholders of the Target Company is being made pursuant to regulations 10 & 12 of the Regulations involving substantial acquisition of Shares or voting rights accompanied with a change in control/ management of the Target Company.

b) The INEOS group is a leading global manufacturer of petrochemicals, specialty chemicals and oil products. LANXESS manufactures various grades of thermoplastic resins styrene copolymers including acrylonitrile butadiene styrene (ABS), Styrene Acrylonitrile (SAN). Both ABS and SAN are general-purpose, high-impact and ignition-resistant resins that meet the application needs across a broad range of market segments such as household, electrical, automotive, packaging and toys. The INEOS group does not currently manufacture ABS or SAN. However, INEOS group manufactures and inter-alia supplies to LANXESS the raw materials required for manufacturing ABS and SAN. Hence, the INEOS group plans to optimally utilize LANXESS' capacity to produce various grades of ABS and SAN.

c) The Acquirer along with its PACs do not have any current plans to dispose of or otherwise encumber any assets of LANXESS in the next two (2) years, except in the ordinary course of business of LANXESS. The Acquirer and the PACs will not dispose off, sell or otherwise encumber any substantial assets of LANXESS except with the prior approval of the shareholders of LANXESS.

4. BACKGROUND OF THE ACQUIRER AND PACS

4.1. INEOS ABS (Jersey) Limited

1. INEOS ABS (Jersey) Limited is a company having its registered office at Whiteley Chambers, Don Street, St Helier, Jersey JE4 9WG (Tel: +44 1534 504 000 Fax: +44 1534 504 444). The company was incorporated on June 19, 2007 under the laws of Jersey.
2. The Acquirer is a direct wholly owned subsidiary of INEOS Group Limited ("IGL") having its registered office at Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom.
3. The issued and paid-up equity share capital of the Acquirer constitutes 2 ordinary equity shares of €1 each aggregating to € 2. The shares of the Acquirer are not listed on any stock exchange.
4. The Acquirer is an investment company and does not have any income generating operations. Since its incorporation, no financial statements of the Acquirer have been prepared.
5. The Board of Directors of INEOS ABS (Jersey) Limited comprised three members as at the date of Public Announcement. Their details are as below:

Name	***Designation and appointment date as director***	***Experience and qualification***	***Residential address***
John Reece	Director 19 June 2007	Joined INEOS Capital as Finance Director in 2000. Mr Reece was previously a partner with PricewaterhouseCoopers where he advised companies in the chemicals industry. He holds an Economics degree from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England & Wales.	Culverley House, The Rise, Brockenhurst, Hampshire, SO42 7SJ, United Kingdom
Andrew Christopher Currie	Director 19 June 2007	Director of INEOS Capital since 1999. Mr Currie serves as Chairman of INEOS Olefins & Polymers USA, INEOS Oligomers and INEOS Enterprises. He was previously Managing Director of Laporte Performance Chemicals, having served as a director of Inspec Group from 1994 until the Laporte acquisition in 1998. Mr Curries spent the first 15 years of his career with BP Chemicals in various technical and business management functions. Mr Currie has a degree in natural sciences from Cambridge University.	Friars Wood, Pilley Hill, Lymington, Hampshire, SO41 5QF, United Kingdom

Graeme Leask	Director 19 June 2007	Mr Leask graduated from Oxford University with a master's degree in Geography. He joined INEOS Phenol in June 2002 as Chief Financial Officer and in 2006 he became Controller for the INEOS Group. Prior to joining INEOS, he was with PricewaterhouseCoopers in the United Kingdom where he advised companies in the chemicals industry, including the INEOS group. During his time with PricewaterhouseCoopers he gained extensive experience of UK and US reporting requirements and spent two years on secondment to their Atlanta, USA office. He qualified as a chartered accountant in 1992.	6 Bellflower Way, Chandlers Ford, Eastleigh, Hampshire, SO53 4HN, United Kingdom

6. As of date, there is no representative of the Acquirer on the Board of Directors of Lanxess ABS Ltd.

7. None of the directors of the Acquirer have acquired any shares of LANXESS during the 12 months prior to the date of the PA.

8. INEOS ABS (Jersey) Limited has not promoted any company in India during the last three years.

9. The provisions of Chapter II of the Regulations are not applicable to the Acquirer as it does not hold any shares in the Target Company.

4.2. INEOS Group Limited

1. INEOS Group Limited ("IGL") is a private limited company having its registered office and its principal place of business at Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom (Tel:+44 2380 287 070 Fax*:* +44 2380 287 069). IGL was incorporated on March 19, 1998, with the name of Jar Group Limited under the laws of England and Wales. The name of the company was changed to INEOS Group Limited on April 7, 1998.

2. IGL is the ultimate holding company of the INEOS group which is a manufacturer of specialty and intermediate chemicals. The INEOS group operates 68 manufacturing facilities in 17 countries worldwide.

3. IGL has various businesses which are active in the production, distribution, sales and marketing of intermediate and specialty chemicals.

4. IGL is a private company. The shares of IGL are not listed on any stock exchange. IGL is entirely owned by management and employees. The particulars of shareholders holding 5% or more of the equity share capital of IGL as at the date of the PA are given below:

Shareholder	No. of Shares	Percentage Shareholding
James Arthur Ratcliffe (director)	61,256,250	57.6%
John Reece (director)	11,026,710	10.4%
Andrew Christopher Currie (director)	11,026,710	10.4%
Halifax EES Trustees International Limited	10,825,146	10.2%

5. The Board of Directors of IGL comprised six members as at the date of Public Announcement. Their details are as below:

Name	*Designation and appointment date as director*	*Experience and qualification*	*Residential address*
John Reece	Director 19/05/2001	Joined INEOS Capital as Finance Director in 2000. Mr Reece was previously a partner with PricewaterhouseCoopers where he advised companies in the chemicals industry. He holds an Economics degree from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England & Wales.	Culverley House, The Rise, Brockenhurst, Hampshire, SO42 7SJ, United Kingdom
Thomas Patrick Crotty	Director 01/01/2007	Chairman of INEOS ChlorVinyls and INEOS Fluor. After working for ICI in various roles in polymers and speciality chemicals businesses, Mr Crotty became Managing Director of Fluorchemicals in 1996 and CEO of INEOS Fluor in 2001. In 2003 he was appointed CEO of INEOS Chlor and also became Chairman of the INEOS Fluor business. Mr Crotty has 27 years experience in the petrochemical business.	Sunny Bank Cottage, School Lane, Bunbury, Cheshire, CW6 9NE, United Kingdom
Andrew Christopher Currie	Director 19/06/2001	Director of INEOS Capital since 1999. Mr Currie serves as Chairman of INEOS Olefins & Polymers USA, INEOS Oligomers and INEOS Enterprises. He was previously Managing Director of Laporte Performance Chemicals, having served as a director of Inspec Group from 1994 until the Laporte acquisition in 1998. Mr Currie spent the first 15 years of his career with BP Chemicals in various technical and business management functions. Mr Currie has a degree in natural sciences from Cambridge University.	Friars Wood, Pilley Hill, Lymington, Hampshire, SO415QF, United Kingdom
James William Dawson	Director 07/11/2005	Non-Executive Director of INEOS Capital. Mr Dawson is a former director of Shell International Chemicals and has significant experience in the refining industry. He has a First degree in Chemistry and D.Phil from Oxford	Altamira, Priory Road, Sunningdale, Ascot, Berkshire, SL5 9RH, United Kingdom
Calum Grigor MacLean	Director 01/01/2007	Chairman of INEOS Styrenics and CEO of INEOS Refining. Mr MacLean was an original member of the INEOS MBO in 1998 and has operated as CEO or Commercial Director within various INEOS businesses (Oxide, Acrylics, Chlor, EVC and Polyolefins) and is a past Chairman of the INEOS Enterprises and Films & Compounds businesses. Mr MacLean started his career at BP Chemicals before joining Inspec.	Whitemoors, Broadlands Road, Brockenhurst, Hampshire, SO42 7SX, United Kingdom
James Arthur Ratcliffe	Director 19/03/1998	Director and the Chairman of INEOS Group Holdings and the Chairman of INEOS Capital since 1998. Mr Ratcliffe, who has 32 years experience in the chemicals industry, is experienced in managing buyouts of chemicals companies. In 1992 he led the successful buyout of Inspec Group plc. In 1998 he left Inspec to lead the acquisition of INEOS plc (now INEOS Oxide) from Inspec. Mr Ratcliffe started his career with Exxon Chemicals where he completed his MBA at London Business School before moving to Courtaulds. From Courtaulds he joined Advent International and then Inspec.	Greatfield, Bucklers Hard, Beaulieu, Brokenhurst, Hants, SO42 7XE, United Kingdom

6. As of date, there is no representative of IGL on the Board of Directors of Lanxess ABS Ltd.

7. None of the directors of the IGL have acquired any shares of LANXESS during the 12 months prior to the date of this PA.

8. IGL has not promoted any company in India during the last three years.

9. The provisions of Chapter II of SEBI (SAST) Regulations are not applicable to IGL as it does not hold any shares in the Target Company.

10. **IGL's Financials:**

IGL's audited consolidated financial statements for the years ended 31st December 2006, 2005 and 2004 are as set out below:

Consolidated Income Statement	31-Dec-06 Audited		31-Dec-05 Audited		31-Dec-04 Audited	
	Euro mn	Rs Lakhs	Euro mn	Rs Lakhs	Euro mn	Rs Lakhs
Income from operations	26587.4	14,631,000.00	4958.2	2,728,500.00	3396.1	1,868,900.00
Other Income	0.0	0.0	0.0	0.00	0.0	0.00
Total Income	26587.4	14,631,000.00	4958.2	2,728,500.00	3396.1	1,868,900.00
Total Expenditure	-24914	(13,710,200.00)	-4552.2	(2,505,100.00)	-3047.8	(1,677,200.00)
Profit Before Depreciation, Interest and Tax	1673.4	920,900.00	406.0	223,400.00	348.3	191,700.00
Depreciation	-751.3	(413,400.00)	-106.4	(58,600.00)	-79.0	(43,500.00)
Net financing charge	-727.7	(400,500.00)	-122.6	(67,500.00)	-57.4	(31,600.00)
Profit Before Tax	194.4	107,000.00	177.0	97,400.00	211.9	116,600.00
Provision for Tax	-79.4	(43,700.00)	-89.5	(49,300.00)	-41.1	(22,600.00)
Profit After Tax	115.0	63,300.00	87.5	48,200.00	170.8	94,000.00

Consolidated Balance Sheet	31-Dec-06 Audited		31-Dec-05 Audited		31-Dec-04 Audited	
	Euro mn	Rs Lakhs	Euro mn	Rs Lakhs	Euro mn	Rs Lakhs
Sources of funds						
Paid up share capital	0.2	100.00	0.2	100.00	0.2	100.00
Reserves and Surplus (excluding revaluation reserves)	331.1	182,200.00	291.9	160,600.00	167.6	92,200.00
Net worth	331.3	182,300.00	292.1	160,700.00	167.8*	92,300.00
Secured loans	8898.3	4,896,700.00	9002.3	4,954,000.00	771.2	424,400.00
Unsecured loans	2.8	1,500.00	1.3	700.00	1.1	600.00
Provisions	371.6	204,500.00	272.7	150,100.00	14.7	8,100.00
Pension liabilities	374.6	206,100.00	278.5	153,300.00	72.2	39,700.00
Other post retirement benefit liabilities	32.4	17,800.00	46.8	25,800.00	4.6	2,500.00
Minority interests	13.8	7,600.00	0.00	0.00	0.0	0.00
Total Sources of Funds	10024.8	5,516,600.00	9893.7	5,444,500.00	1031.6	567,700.00

Consolidated Balance Sheet	31-Dec-06 Audited		31-Dec-05 Audited		31-Dec-04 Audited	
	Euro mn	Rs Lakhs	Euro mn	Rs Lakhs	Euro mn	Rs Lakhs
Uses of funds						
Net fixed assets	7147.3	3,933,200.00	6403.6	3,523,900.00	632.6	348,100.00
Investments	113	62,200.00	72.4	39,800.00	5.1	2,800.00
Net current assets	2557.8	1,407,600.00	3172.8	1,746,000.00	381.8	210,100.00
Total miscellaneous expenditure not written off	206.7	113,700.00	244.9	134,800.00	12.1	6,700.00
Total Uses of Funds	10024.8	5,516,600.00	9893.7	5,444,500.00	1031.6	567,700.00

* The networth of IGL in the year ended December 31, 2004 is lesser than the PAT for the same year. This is on account of the following adjustments made subsequent to PAT to arrive at the recognized gains to be transferred to the Reserves.

1) Currency translation differences - This amount was deducted from PAT
2) Actuarial loss recognized on pension schemes: This amount was deducted from PAT
3) Deferred tax arising on losses in pension scheme: This amount was added to PAT.
4) Gain on sales of shares by ESOP trust: This amount was added to PAT.

Other financial data	31-Dec-06 Audited	31-Dec-05 Audited	31-Dec-04 Audited
Dividend (%) (of Nominal Value)	46400%	0%	19850%
Earnings Per Share *Note (i)*	1.39 Euro (equivalent to Rs. 76.72)	1.49 Euro (equivalent to Rs. 82.22)	2.92 Euro (equivalent to Rs. 160.72)
Return on Net worth *Note (ii)*	34.71%	29.96%	101.79%
Book Value Per Share *Note (iii)*	3.11 Euro (equivalent to Rs. 171.14)	4.99 Euro (equivalent to Rs. 274.6)	2.87 Euro (equivalent to Rs. 158)

Notes: (i) Profit/(loss) for the year attributable to equity shareholders divided by the number of equity shares outstanding at the date of the balance sheet; (ii) Profit/(loss) after tax divided by IGL's total equity shareholders; (iii) Total equity divided by the number of equity shares outstanding at the date of the balance sheet;

11. **Reason for rise/fall in income and profitability**

2006 compared with 2005

Income from operations for 2006 saw an exponential growth of 436.2% and profit after tax grew by 31.4%. This surmounting growth was due to both inorganic and organic growth. Some of the key reasons:

- IGL acquired Innovene in Dec 2005 and Ineos Chlor and Ineos Vinyl in July 2006. The major surge in the IGL's consolidated income was due to the inclusion of Innovene's income in the consolidated financials.
- Both the refinery and petrochemicals market experienced favourable supply and demand environment, as a result of robust demand from end-use sectors and limited capacity growth. Global petrochemical market has experienced strong levels of growth over recent years and is forecast to continue to outstrip global GDP growth over the medium term. IGL's continued growing its profitability and cash flows by reducing costs in acquired businesses, increasing its focus on high margin products, leveraging its existing resources to expand sales and keeping the overall management structure of the Group simple and decentralized.

2005 compared with 2004

Income from operations for 2005 saw a nominal growth of 46%. However, IGL's profit after tax was

48.8% lower than that in 2004. Some of the key reasons mentioned below:

- IGL closed its Halothane plant and its zeolite plant at Joliet. The closure resulted in some severance and restructuring charges together with the write off of tangible assets attributable to the business.
- Immediately following the acquisition of Innovene, IGL terminated certain outsourced service contracts that were no longer considered necessary and incurred some terminated penalties as a result of this.
- Increased depreciation due to acquisitions.
- Significant increase in net interest payable due to higher levels of borrowings and the exceptional write-off of unamortized debt issue costs.

12. **Significant Accounting policies of IGL as per the audited financial statements for 2005 and 2006:**

i. Basis of accounting

The financial statements were prepared on a going concern basis under the historical cost convention and in accordance with Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been consistently applied, are set out below.

ii. Basis of consolidation

The financial statements represent a consolidation of the Company and its subsidiary undertakings (the "Group") as at the balance sheet date. All intercompany transactions are eliminated, including any intercompany profits included in the Group which were not realised at the balance sheet date. Subsidiaries acquired during the year are included in the consolidated financial statements from the effective date of acquisition. Subsidiaries disposed of during the year are included in the consolidated financial statements up to the effective date of disposal.

iii. Associates and joint ventures

Associated undertakings are companies in which the Group has a participating interest (usually from 20% to 50%) which is held for the long term and over whose operating and financial policies it exercises a significant influence. Joint ventures are undertakings in which the Group has a long term interest and over which it exercises joint control. The consolidated profit and loss account includes the Group's shares of profits less losses of associated undertakings and of joint ventures. The consolidated balance sheet includes interests in associated undertakings and joint ventures at the value of the Group's share of the net assets of those undertakings. Disclosure of joint ventures' turnover and operating profit has not been made on the grounds of materiality.

iv. Turnover

Turnover represents the invoiced value of products sold or services provided to third parties net of sales discounts and value added taxes.

The pricing for products sold is determined by market prices (market contracts and arrangements) or is linked by a formula to published raw material prices plus an agreed additional amount (formula contracts). Revenue is recognised when the goods are either dispatched or delivered depending on the relevant delivery terms, when the prices are determinable and when collectability is considered probable.

Services provided to third parties include administrative and operational services provided to other chemical companies with units on our sites and services under tolling arrangements. Under tolling arrangements, customers pay for or provide raw materials to be converted into a certain specified product, for which the Group charges a toll fee. The Group only recognises the toll fee as revenue earned under such arrangements upon shipment of the converted product to the customer. For all other services, revenue is recognised upon completion of the service provided.

v. Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated to write down the cost of the relevant assets to their estimated residual values in equal annual installments over their expected useful lives. The rates used are as follows:

Land	:	Nil
Freehold buildings	:	2.5 - 10%
Plant, machinery and equipment	:	2.5 - 33%
Assets in the course of construction	:	Nil

Reviews are made annually of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear.

All tangible fixed assets are reviewed for impairment when there are indications that carrying values may not be fully recoverable.

vi. Intangible fixed assets

Goodwill represents the excess of cost of acquisitions of subsidiary undertakings and businesses over the fair value attributed to their net assets. Goodwill is capitalised as an intangible fixed asset and amortised through the profit and loss account on a straight line basis over its estimated useful economic life up to a maximum of 20 years. Negative goodwill is amortised over the periods in which the non-monetary assets of acquisitions made are recovered, whether through depreciation or sale. The Group is amortising negative goodwill over periods of 5 to 15 years.

For pre-existing non-compete agreements and licenses acquired in connection with an acquisition, the fair value of these separable intangible assets is capitalised and amortised over the period of the agreement.

All intangible fixed assets are reviewed for impairment when there are indications that carrying value may not be fully recoverable.

vii. Investments

Fixed asset investments are stated at cost less provision for any impairment. All investments are reviewed for impairment when there are indications that the carrying value may not be fully recoverable.

viii. Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes an appropriate proportion of relevant production overheads and is attributed to stocks on a first in, first out (“FIFO”) basis.

ix. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

x. Deferred finance costs

Costs associated with raising finance are deducted from the gross proceeds in the balance sheet and amortised over the term of the relevant financing at a constant rate on the carrying amount.

xi. Research and development expenditure

Research and development expenditure is written off to the profit and loss account in the year incurred.

xii. Foreign currencies

The functional currency of INEOS Group Limited is the local currency of its principal operating environment. The Group's primary products are sold in an international commodities market which is priced and invoiced primarily in Euros; therefore the Euro is the Group's functional currency.

Transactions are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies in the balance sheet are translated at the closing rate for the period. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

Assets and liabilities of overseas subsidiaries are translated into Euros at the rates of exchange ruling at the balance sheet date. Trading results of overseas subsidiaries and associating undertakings have been translated at the average exchange rate for the relevant accounting period. Exchange differences arising on consolidation of overseas subsidiaries and associates, and on matching foreign currency loans, are taken to reserves.

To the extent they are not accounted for as a hedge, exchange differences on long-term monetary items outstanding at the balance sheet date are dealt with in the profit and loss account. This treatment is required by SSAP 20 in order to give a true and fair view of the Group's results. Compliance with SSAP 20 overrides schedule 4 paragraph 12 of the Companies Act 1985 which states that only profits realised at the balance sheet date should be included in the profit and loss account. The effect of the currency retranslation is disclosed in Note 6.

xiii. Pension and other post retirement benefits

Employees of the Group participate in a number of funded defined benefit pension plans. The Group pays contributions to the plans on behalf of the employees. The Group operates a number of unfunded defined benefit pension schemes. The Group also provides unfunded early retirement benefits and long service awards.

The Group provides health care insurance to eligible retired employees and their dependents. These benefits relate mainly to employees in the United States and Belgium.

Pension and other post retirement scheme assets are measured using market values. Pension and other post retirement scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

xiv. Grants

Capital grants are treated as deferred income which is then credited to the profit and loss account in installments over the expected useful economic life of the related asset on a basis consistent with the depreciation policies.

xv. Environmental liabilities

The Group is exposed to environmental liabilities relating to its past operations, principally in respect of soil and groundwater remediation costs. Provision for these costs is made when expenditure on remedial work is probable and the cost can be estimated within a reasonable range of possible outcomes.

xvi. Restructuring provisions

Estimated costs to be incurred in connection with restructuring measures are provided for when the Company has a constructive obligation, which is generally the announcement date. The announcement date is the date at which the plan is announced in sufficient detail to enable employees to estimate the redundancy payments to which they are entitled.

xvii. Leases

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the annuity method. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

xviii. Financial instruments

Amounts payable or receivable in respect of interest rate cap, floor and swap agreements are recognised in the interest payable charge on an accruals basis. The interest differential amounts due to/from the counterparty on such agreements are accrued until settlement date and are recognised as an adjustment to interest expense.

xix. Emission trading scheme

The Group is a member of the UK Government Emissions Trading Scheme. The Scheme encourages companies to reduce carbon emissions by offering financial incentives if they achieve their annual reduction targets. If a company reduces emissions beyond their target then the government also allows the surplus to be traded in the form of emissions permits.

The incentive money due from the UK Government is recognised in the profit and loss account once the reduction targets have been met. The emissions permits allocated by the Government are at nil cost. The Group recognises the revenue from such permits upon their sale to third parties.

xx. Employee share ownership plan

The Group operates an Employee Share Ownership Plan ("ESOP") in separately administered trusts. The assets of the ESOP mainly comprise of either shares in the Company or investments made with any surplus made from the sale of those shares to the employees. Assets of the trusts are held as investments in the Group balance sheet. The carrying value of shares in the Company held by the trusts is included as part of Group shareholders equity. Gains or losses arising on transactions in the shares of the Company are recognised as a movement in the Group profit and loss reserve. Investment income and administrative expenses of the trusts are recognised in the Group profit and loss account in the period to which they relate. Dividend income arising on shares in the Company held by the trusts are excluded in arriving at profit before tax and deducted from the aggregate of dividends paid and proposed.

4.3. INEOS Holdings Limited ("IHL")

1. IHL is a private limited company having its registered office and its principal place of business at Hawkslease, Chapel Lane, Lyndhurst, Hampshire SO43 7FG, United Kingdom (Tel: +44 2380 287 070 Fax*:* +44 2380 287 069). IHL was incorporated on May 14, 2001.
2. IHL is an indirect wholly owned subsidiary of IGL. It is an intermediate holding company of the INEOS Group. The principal activity of the Company is to finance the INEOS group's acquisitions and act as a holding company.
3. The shares of IHL are not listed on any stock exchange.
4. The Board of Directors of IHL comprised four members as at the date of Public Announcement. Their details are as below:

Name	***Designation and appointmen t date as director***	***Experience and qualification***	***Residential address***
Andrew Christopher Currie	Director 18/05/2001	Director of INEOS Capital since 1999. Mr Currie serves as Chairman of INEOS Olefins & Polymers USA, INEOS Oligomers and INEOS Enterprises. He was previously Managing Director of Laporte Performance Chemicals, having served as a director of Inspec Group from 1994 until the Laporte acquisition in 1998. Mr Currie spent the first 15 years of his career with BP Chemicals in various technical and business management functions. Mr Currie has a degree in natural sciences from Cambridge University.	Friars Wood, Pilley Hill, Lymington, Hampshire, SO41 5QF, United Kingdom

Graeme Leask	Director 13/02/2003	Mr Leask graduated from Oxford University with a masters degree in Geography. He joined INEOS Phenol in June 2002 as Chief Financial Officer and in 2006 he became Controller for the INEOS Group. Prior to joining INEOS, he was with PricewaterhouseCoopers in the United Kingdom where he advised companies in the chemicals industry, including the INEOS group. During his time with PricewaterhouseCoopers he gained extensive experience of UK and US reporting requirements and spent two years on secondment to their Atlanta, USA office. He qualified as a chartered accountant in 1992.	6 Bellflower Way, Chandlers Ford, Eastleigh, Hampshire, SO53 4HN, United Kingdom
Mark Mitchell	Director 01/01/2007	Mr Mitchell joined INEOS Capital as Financial Controller in January 2001 and was appointed Group Treasurer in 2003. He was previously a Senior Manager with PricewaterhouseCoopers advising banks and companies on UK and international assignments in a range of sectors. He is a Fellow of the Institute of Chartered Accountants in England & Wales.	Chapel Gate, Palm Hall Close, Winchester, Hampshire, SO23 OJL, United Kingdom
John Reece	Director 14/05/2001	Joined INEOS Capital as Finance Director in 2000. Mr Reece was previously a partner with PricewaterhouseCoopers where he advised companies in the chemicals industry. He holds an Economics degree from Cambridge University and is a Fellow of the Institute of Chartered Accountants in England & Wales.	Culverley House, The Rise, Brockenhurst, Hampshire, SO42 7SJ, United Kingdom

5. As of date, there is no representative of IHL on the Board of Directors of Lanxess ABS Ltd.
6. None of the directors of IHL have acquired any shares of LANXESS during the 12 months prior to the date of the PA.
7. IHL has not promoted any company in India during the last three years.
8. The provisions of Chapter II of SEBI (SAST) Regulations are not applicable to IHL as it does not hold any shares in the Target Company.
9. **IHL's Financials:**

Consolidated Income Statement	**31-Dec-06 Audited**		**31-Dec-05 Audited**		**31-Dec-04 Audited**	
	Euro mn	**Rs. lakhs**	**Euro mn**	**Rs lakhs**	**Euro mn**	**Rs lakhs**
Income from operations	189	104,000.00	50.7	27,900.00	55.4	30,500.00
Other Income	0	0	0	0	0	0
Total Income	189	104,000.00	50.7	27,900.00	55.4	30,500.00
Total Expenditure	66.3	36,500.00	14.2	7,800.00	9.4	5,200.00
Profit Before Depreciation, Interest and Tax	122.7	67,500.00	36.5	20,100.00	46	25,300.00
Depreciation	0	0	0	0	0	0
Interest	-293.3	(161,400.00)	-51.5	(28,300.00)	18.3	10,100.00
Profit Before Tax	-170.6	(93,900.00)	-15	(8,200.00)	64.3	35,400.00
Provision for Tax	94.4	51,900.00	10.4	5,700.00	-5.8	(3,200.00)
Profit After Tax	-76.2	(41,900.00)	-4.6	(2,500.00)	58.5	32,200.00

Consolidated Balance Sheet	31-Dec-06 Audited		31-Dec-05 Audited		31-Dec-04 Audited	
	Euro mn	Rs. lakhs	Euro mn	Rs. lakhs	Euro mn	Rs. lakhs
Sources of funds						
Paid up share capital	17.7	9,700.00	17.7	9,700.00	17.7	9,700.00
Reserves and Surplus (excluding revaluation reserves)	-187.6	(103,200.00)	13.4	7,400.00	18.2	10,000.00
Net worth	-169.9	(93,500.00)	31.1	17,100.00	35.9	19,800.00
Secured loans	4053.8	2,230,800.00	9115.8	5,016,400.00	876.7	482,400.00
Unsecured loans	4576	2,518,200.00	0	0	0	0
Provisions	0	0	0	0	0	0
Pension liabilities	0	0	0	0	0	0
Other post retirement benefit liabilities	0	0	0	0	0	0
Minority interests	0	0	0	0	0	0
Total Sources of Funds	8459.9	4,655,500.00	9146.9	5,033,500.00	912.6	502,200.00
Uses of funds						
Net fixed assets	0	0	0.1	100.00	0.2	100.00
Investments	6906.1	3,800,400.00	5438.3	2,992,700.00	252	138,700.00
Net current assets	1350.51	743,200.00	3463.7	1,906,100.00	648.3	356,800.00
Total miscellaneous expenditure not written off	203.3	111,900.00	244.9	134,800.00	12.1	6,700.00
Total Uses of Funds	8459.9	4,655,500.00	9147	5,033,600.00	912.6	502,200.00

Other financial data	31-Dec-06 Audited	31-Dec-05 Audited	31-Dec-04 Audited
Dividend (%) (of Nominal Value)	706%	0%	224%
Earnings Per Share *Note (i)*	-6.63 Euro (equivalent to Rs. -364.85)	-0.4 Euro (equivalent to Rs. -22.01)	5.09 Euro (equivalent to Rs. 280.1)
Return on Net worth *Note (ii)*	-44.85%	-14.70%	162.95%
Book Value Per Share *Note (iii)*	-14.77 Euro (equivalent to Rs. -812.79)	2.72 Euro (equivalent to Rs. 149.7)	3.12 Euro (Equivalent to Rs. 171.7)

Notes: (i) Profit/(loss) for the year attributable to equity shareholders divided by the number of equity shares outstanding at the date of the balance sheet; (ii) Profit/(loss) after tax divided by IGL's total equity shareholders; (iii) Total equity divided by the number of equity shares outstanding at the date of the balance sheet;

10. **Reason for rise/fall in income and profitability**

2006 compared with 2005

Total income increased by € 138.3 million, approximately 272.8%, whilst profit after tax decreased by € 67.0 million. Some of the main reasons for the movements are as follows:

- Income from group undertakings increased by €125.0 million, reflecting the receipt of dividend income from subsidiaries in 2006.
- Total expenditure increased € 52.1 million in 2006as a result of the acquisitions completed towards the end of 2005.
- There was an overall increase in net interest costs in 2006 as a result of the increased level of debt in the Company to fund the purchase of the former Innovene business at the end of 2005.
- The Company wrote off € 67.7million of unamortised debt issue costs as a result of the refinancing that occurred during 2006.

2005 compared with 2004

Total income for 2005 reduced by 8.5% while profit after tax reduced by 107.9%. Some of the key reasons mentioned below:

- Income from group undertakings for 2005 reduced by € 46.0 mn due to no dividend being received from investments in subsidiaries in 2005. This was substantially offset by an increase in other income from charges for services to group undertakings.
- Administrative expenses also increased because of the acquisitions completed in 2005.
- Group incurred an expense of € 52.2 mn compared to € 3.7 mn in 2004 due to exchange losses on foreign currency loan balances and significantly lower exchange gains on cash balances.
- Company also wrote off € 9.1 mn unamortized debt issue costs as a result of refinancing.

11. **Significant Accounting policies of IGL as per the audited financial statements for FY 2005-2006**

i. *Accounting Convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

ii. *Tangible fixed assets*

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated to write down the cost of the relevant assets to their estimated residual values in equal annual installments over their expected useful lives. The rates used are as follows:

Fixtures and fittings : 20%

iii. *Investments*

Investments held as fixed assets are stated at cost less provision for impairment.

iv. *Deferred finance costs*

Costs associated with raising finance are deducted from the gross proceeds in the balance sheet and amortised over the term of the relevant financing at a constant rate on the carrying amount.

v. *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax assets and liabilities which have been recognised have not been discounted.

vi. *Foreign currencies*

Transactions are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the closing rate for the period. All translation gains or losses on the settlement of monetary assets and liabilities are included in the determination of profit for the year.

Exchange differences on long-term monetary items outstanding at the balance sheet date are dealt with in the profit and loss account. This treatment is required by SSAP 20 in order to give a true and fair view of the Group's results. Compliance with SSAP 20 overrides schedule 4 paragraphs 12 of the Companies Act 1985 which states that only profits realised at the balance sheet date should be included in the profit and loss account. The effect of the currency retranslation is disclosed in Note 2.

vii. Financial instruments

Amounts payable or receivable in respect of interest rate cap, floor and swap agreements are recognised in the interest payable charge on an accruals basis. The interest differential amounts due to/from the counterparty on such agreements are accrued until settlement date and are recognised as an adjustment to interest expense.

5. DISCLOSURE IN TERMS OF REGULATION 21

The minimum public shareholding required in terms of Clause 40A of the listing agreement for continuous listing of the Equity Shares of LANXESS is 25% of the total issued equity share capital. In case the total shareholding of the Acquirer along with the PACs upon acquisition pursuant to this Offer, assuming full acceptance, results in the public shareholding in the Target Company being reduced below the minimum level required as per the listing agreement, the Acquirer shall take necessary steps to facilitate compliance of the Target Company with the relevant provisions thereof within the stipulated time.

The Acquirer has confirmed and undertaken that it does not have any present intention to delist the equity shares of the Target Company from the stock exchanges where they are currently listed (namely, the Bombay Stock Exchange and the National Stock Exchange of India).

6. BACKGROUND OF LANXESS ABS LIMITED ("LANXESS")

1. The Target Company was originally incorporated as ABS Plastics Limited in India on December 7, 1973. The name was changed to ABS Industries Limited on August 6, 1992 and to Bayer ABS Limited on July 1, 1997. The name was further changed to its current name, LANXESS ABS Limited, on April 29, 2005. The registered office of the Target Company is located at 6th Floor, ABS Towers, Old Padra Road, Vadodara - 390 007 Gujarat, India **Tel:** +91 265-2355861-63, 2355871-73 **Fax:** +91 265-2341012, 2355860, 2355950, 2355960. (Source: Information provided by the LANXESS, Annual Reports of LANXESS).
2. LANXESS ABS Limited is a manufacturer of Acrylonitrile Butadiene Styrene (ABS) and Styrene Acrylonytrile (SAN) in India. ABS and SAN are versatile engineering thermoplastic material and their impact resistant and other properties have widespread applications in manufacture of house wares, medical equipment and in industries such as the electronics, automotive, telecom and others. LANXESS has manufacturing plants at Nandesari , Moxi & Katol near Vadodara in Gujarat State (Source: Information provided by LANXESS).
3. LANXESS's equity shares are listed on various stock exchanges as under:

Stock Exchange	Date of Listing
Bombay Stock Exchange Limited	14th October, 1977
National Stock Exchange	29th March 1995

4. As of March 31, 2007, the paid up share capital of the Target Company consists of 17,585,625 fully paid up equity shares of Rs. 10/- each aggregating Rs. 175,856,250. (Source: Information provided by LANXESS, Annual Report of the LANXESS for FY07). The share capital structure of LANXESS is as follows:

Fully paid up equity shares	No. of shares/voting rights	% of shares/voting rights
Fully paid up equity shares	17585625	100
Partly paid up equity shares	NIL	NIL
Total paid up equity shares	17585625	100
Total voting rights	17585625	100

5. Build-up of the current capital structure of LANXESS since inception is as under:

Date of allotment	Details of shares		Cumulative paid up capital(Rs.)	Mode of Allotment	Identification of Allottees	Status of Compliance
	No	%				
Between 1973 and 1988	17,00,000	9.67	1,70,00,000	Subscribers to memorandum of association	Promoters	Complied with all applicable provisions
1989	19,69,550	11.20	366,95,500	Rights Issue (1:1)	Public Shareholders	Complied with all applicable provisions
1990	36,69,550	20.87	733,91,000	Bonus Issue (1:1)	Public Shareholders	Complied with all applicable provisions
1992	18,32,900	10.42	9,17,20,000	Rights Issue (2:1)	Public Shareholders	Complied with all applicable provisions
1993	18,30,700*	10.41	11,00,27,000	Rights Issue (2:1)	Public Shareholders	Complied with all applicable provisions
1994	2,300*	0.01	11,00,50,000	Rights Issue (2:1)	Public Shareholders	Complied with all applicable provisions
1995	625**	0	11,00,56,250	Rights Issue (2:1)	Public Shareholders	Complied with all applicable provisions
1995	10,00,000	5.69	12,00,56,250	Equity Warrant Conversion	Promoters	Complied with all applicable provisions
1996	55,80,000	31.73	17,58,56,250	Preferential Equity Issue	Preferential Equity Issued to Bayer Industries Limited	Complied with all applicable provisions

***** Shares issued to the delayed applicants of the Rights Issue.

** 625 shares were allotted against pending rights issue application after complying with the due procedure.

6. There are no equity-linked instruments, which are outstanding in LANXESS as of date of PA No person, directly or indirectly, is entitled to subscribe to or be allotted any equity shares in LANXESS, by virtue of any agreement / option / right.

7. LANXESS Shares are listed on BSE and NSE. LANXESS Shares are most frequently traded on BSE and NSE in terms of regulation 20 (5) of the Regulations. As on June 29, 2007 the closing price of the shares of LANXESS on BSE and NSE was Rs. 205.5 and Rs. 202.5per share and the market capitalization of LANXESS was Rs. 36,000 lakhs.

8. LANXESS has confirmed that it has not been prohibited by SEBI from dealing in securities in terms of section 11B of the Securities and Exchange Board of India Act, 1992, as amended.

9. The Board of Directors of LANXESS, as of the date of the Public Announcement, is as under:

Name	Designation and appointment date as director	Experience and qualification	Residential address
Dr. Hans J Kogelnik	Chairman 28.4.2004	Dr. Hans-Joachim Kogelnik, Chairman of LANXESS ABS Ltd., is a doctorate in organic chemistry. He joined Bayer in 1985 as a development chemist within the Polyurethane Business Group. In 1988, he was transferred to the United States where he was responsible for several technical management positions within the Polyurethane Division of Bayer Corporation. He returned to Leverkusen in 1995 as General Manager of the Polyurethane Business Group Integral Skin & Elastomeres. Later he accepted the additional responsibility for the Global Polyol Product Management. In 1999, he was again transferred to Bayer Corporation where he became Executive Vice President and President of the Polyurethane Division. After the acquisition of the Lyondell Polyol Business in 2000, he led the Global Supply Chain Function and later also the Global Strategic Marketing of the Polyurethane Business Group. In 2002, he became the Global Head of the Polyurethane Manufacturing. With the formation of Bayer Polymers in 2003, he was responsible to build up the Global Polymers Innovation Organisation. With the carve out of the Bayer Chemical Businesses and parts of the Polymer Businesses into the LANXESS Organisation in October 2003, he is responsible for the LANXESS Business Unit Styrenic Resins (today Lustran Polymers).	Offenbach Str. 16, Bergisch, Gladbach, Germany - 51467
Mr. R S Agrawal	Managing Director 7.12.1973	He is a first generation technocrat entrepreneur since inception of the company and at present is the Managing Director of LANXESS ABS Limited, Vadodara. He is a Post Graduate in Chemical Engineering from the Stevens Institute of Technology, New Jersey, USA.He introduced Engineering Thermoplastics in India in the year 1976 by putting up ABS Plastics Ltd. and has made pioneer efforts in developing the market of ABS and SAN resins, the first of engineering thermoplastics to be produced in the country, which has grown many folds. Mr. Agrawal has also promoted M/s. Shiva Pharmachem Pvt Ltd, a company manufacturing specialty chemicals near Vadodara.	61- Alkapuri Soc., Alkapuri, Vadodara - 390005
Mr. S M Kulkarni	Director 8.2.2005	He is a bachelor in Engineering from University of Pune and is also a fellow of the Institute of Engineers India, Institute of Management, U.K. and Institute of Directors, U.K. He currently acts as corporate and business advisor to several Indian and international companies. He has had a distinguished international career spanning over 40 years as head of major Indian and multinational companies in wide ranging areas of businesses from information technology to Biotechnology, financial services to venture funds, industrial products to specialty chemicals, construction to property development. He is associated with several educational institutions such as Vidyaprathishthan - Baramati and University of Pune’s School of Management. He is involved with several NGO’s in the city and also acts as a trustee of various research centers, charitable trusts and hospital councils.	161 A, Twin Towers, 6 Veer Savarkar Marg, Prabhadevi, Mumbai – 400 025

Name	Designation and appointment date as director	Experience and qualification	Residential address
Mr. K R V Subrahmanian	Director 15.6.2001	He holds Honours Degree-Economics, Management Education from Urwick Management Centre. He was associated with Voltas Ltd.-a Tata Company and its affiliates for over a Decade and for over 26 years with Colour-Chem Ltd. which was a Bayer/Hoechst joint venture with Indian partners and he has the vast experience in Chemical Industry. Mr. Subrahmanian was the President of ICMA, Bombay Chamber of Commerce & Industry, Indo German Chamber of Commerce & Industry. Mr. Subrahmanian was also the Dy. Chairman of ASSOCHAM and Chairman of ASSOCHAM's Expert Committee, ASSOCHAM's representative on the Advisory committee on the Primary Markets of the SEBI.	8 Rushilla, 17- C Carmichael Road, Mumbai - 400026.
Mr. Venkatesh Sankaran	Director 8.2.2005	Currently, he is the Chief Financial Officer of LANXESS India Private Limited. He is a graduate in commerce and a Fellow member of the Institute of Chartered Accountants of India. He has an all round experience of over 20 years working in various industries. After a stint of 5 years in Mumbai, in 1990 he took up an international assignment as Financial Controller, in a Trading and Manufacturing Company in Muscat and then Sultanate of Oman for 7 years. Later he joined Monsanto India Ltd., an American Multinational, as Business Controller for 3 years and then moved on as Financial Controller for 4 years. In July 2003, he joined Bayer India Ltd., as Head of Controlling for the erstwhile BPO business in India.	10/58-59 Savitha, Chedda Nagar, Chembur, Mumbai - 400 089
Dr. Joerg Strassburger	Managing Director 10.3.2005	He is a Doctorate in Chemistry and started his career 12 years ago in the Bayer subsidiary Wolff Walsrode in Marketing of Cellulose ethers. For 4 years, he worked as Head of Marketing & Sales for Wolff Walsrode in France. He then became Strategy Consultant in the Strategic Planning of Bayer AG. Dr. Joerg Strassburger is the Managing Director of LANXESS India Private Limited. Before joining LANXESS, he was Head of Strategic Planning at Bayer Material Science.	Flats No. 402 – 403 Sea Shell Co-Op. Hsg Society, 167-1, Green Field, Juhu Beach, Mumbai – 400 049
Mr. Vishal R Agrawal	Director 23.3.2001	Mr. Vishal Agrawal is a Chemical Engineer and is presently the Managing Director on the Board of M/s. Shivapharmachem Private Limited, a company manufacturing specialty chemicals near Vadodara.	61- Alkapuri Soc., Alkapuri, Vadodara - 390005
Mr. Jal R Patel	Director 29.12.2005	He is Bachelor of Commerce, Associate member of Institute of Chartered Accountants of India and Institute of Company Secretaries of India. He was associated with the German FAG group of Bearing companies for 30 years and more and also handled various managerial functions. In 1977, he took over as Managing Director of FAG Bearings Ltd. Subsequently, he was promoted as Vice Chairman and Managing Director before retiring in 2000. His area of expertise includes Finance, Accounts and Administration and possesses professional experience of more than 42 years. He is also actively involved with various social and welfare associations and federations as well as various trusts.	3, Green Park, Tandalja Road, Vadodara - 390020

10. LANXESS's Board comprises eight Directors of which three are non executive independent directors, four are non executive directors and one is a Whole Time Director. The Board of Directors meet at regular intervals and all major business decisions are taken after due deliberations and with unanimity of opinion. As of date, there is no representative of the Acquirer/PAC on the Board of Directors of LANXESS.

11. There have been no mergers, demergers and / or spin-offs involving LANXESS during the last three years.

12. **The financials of LANXESS are as follows:**

Data for FY06, FY05 and FY04 are based on audited financials of LANXESS certified by the auditors:

Consolidated Income Statement	**31-Dec-06 Audited**	**31-Dec-05 Audited**	**31-Dec-04 Audited**
	Rs. lakhs	**Rs. lakhs**	**Rs. lakhs**
Income from operations	49,100.00	40,900.00	40,900.00
Other Income	600.00	(1,000.00)	3,700.00
Total Income	49,700.00	39,900.00	44,600.00
Total Expenditure	44,200.00	36,000.00	37,100.00
Profit Before Depreciation, Interest and Tax	5,500.00	3,900.00	7,500.00
Depreciation	1,300.00	1,300.00	1,200.00
Net financing charge			
Profit Before Tax	4,200.00	2,600.00	6,300.00
Provision for Tax	1,500.00	1,000.00	2,400.00
Profit After Tax	2,700.00	1,600.00	3,900.00

Consolidated Balance Sheet	**31-Dec-06 Audited Rs. lakhs**	**31-Dec-05 Audited Rs. lakhs**	**31-Dec-04 Audited Rs. lakhs**
Sources of funds			
Paid up share capital	1,800.00	1,800.00	1,800.00
Reserves and Surplus (excluding revaluation reserves)	17,100.00	15,000.00	13,900.00
Net worth	18,900.00	16,800.00	15,700.00
Secured loans	-	-	-
Unsecured loans	-	-	-
Minority interests	-	-	-
Total Sources of Funds	18,900.00	16,800.00	15,700.00
	-	-	-
Uses of funds	-	-	-
Net fixed assets	15,300.00	15,600.00	14,800.00
Investments	200.00	-	-
Net current assets	6,400.00	4,200.00	3,900.00
Total miscellaneous expenditure not written off	(3,000.00)	(3,000.00)	(3,100.00)
Total Uses of Funds	18,900.00	16,800.00	15,600.00

Other financial data	31-Dec-06	31-Dec-05	31-Dec-04
	Audited	**Audited**	**Audited**
Dividend (%) (of Nominal Value)	30%	25%	105%
Earnings Per Share (Rs.) (Note (i))	15.40	9.26	22.08
Return on Net worth (Note (ii))	16.12%	10.39%	27.97%
Book Value Per Share (Rs.) (Note (iii))	107.48	95.50	89.10

Notes: (i) Profit/(loss) for the year attributable to equity shareholders divided by the number of equity shares outstanding at the date of the balance sheet; (ii) Profit/(loss) after tax divided by LANXESS's total equity shareholders; (iii) Total equity divided by the number of equity shares outstanding at the date of the balance sheet;

13. **Reason for rise/fall in income and profitability**

2006 compared with 2005

The net sales of the company for the year 2006 increased to Rs 49,100 lakhs from Rs. 40,900 lakhs. in 2005, registering a growth of 20%. The operating profit of the Company grew by 41% from Rs. 3,900 lakhs to Rs. 5,500 lakhs and the net profit increased by 68.75% from Rs. 1,600 lakhs to Rs 2,700 lakhs. The Earning per share (EPS) increased from Rs. 9.26 to Rs. 15.40. Some of the key reasons for this change:

- Company was able to participate in all the growth areas appearing on the market demand front, maintaining its high standard of quality, service and competitive prices. Company has a significant presence in the automobile industry, particularly two wheelers, which continue to grow more than 25%. Similarly, the consumer durables, IT and Electronics industries which are growing robustly and where the products of your company are consumed widely, are expected to contribute to higher sales growth as well.
- During the year, crude prices continued to be extremely volatile influencing the prices of basic raw materials, however, company could still increase its sales volume and significantly improve margin on the sales. This was largely responsible for the significant growth in the cash margins and resulting increase in the net profit of the company.

2005 compared with 2004

The net sales of the company for the year 2005 remained same as compared to the year 2004 at Rs 40,900 lakhs. The operating profit of the Company reduced by 48% from Rs. 7,500 lakhs to Rs. 3,900 lakhs and the net profit reduced by 59% from Rs. 3,900 lakhs to Rs 1,600 lakhs The Earning per share (EPS) reduced from Rs. 22.08 in 2004 to Rs. 9.26 in 2005. Some of the key reasons for this change:

- During the year, realization of margins was under pressure. Crude prices were extremely volatile influencing the prices of the basic raw materials. Prevailing uncertainties on the prices created a situation where the increase in the cost of inputs could not be fully passed on to the end user industry resulting in lower margins.
- Further, between May to July there was a prolonged shut down of the company's SAN plant because of expansion activities taken up which limited supply of feed stock to the ABS plant. Again, there were heavy rains in and around Vadodara and Mumbai in the month of July which disrupted key areas of operations for a short while. All these factors contributed to lower performance.
- The finance bill-2006 was neutral in overall impact. While duties on the finished products decreased by 5%, thereby forcing the Company to make the products more competitive, there was also a reduction of duty on its prime raw material (Styrene) by 3% (i.e. from 5% to 2%) and also many auxiliary chemicals from 15% to 12.5%. This, to some extent, offset the advantage arising out of reduction in duties of imported finished products.

14. Pre and post Offer share holding pattern of LANXESS is as follows:

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and offer as of December 31, 2007		Shares /voting rights agreed to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and offer*	
	(A)		(B)		(C)		=(A)+(B)+(C)	
	No.	%	No.	%	No.	%	No.	%
(1) <u>Promoter Group</u>								
(a) Acquirers	0	0.00%	12274429	69.80%	3517125	20.00%	15791554	89.80 %
(b) Parties to agreement, if any								
1. LANXESS India Pvt. Ltd.	8963564	50.97%	-8963564	-50.97%			0	0.00%
2. Tash Investment Pvt Ltd	2598030	14.77%	-2598030	-14.77%			0	0.00%
3. Rakesh S Agrawal	303540	1.73%	-303540	-1.73%			0	0.00%
4. Vishal R Agrawal	168600	0.96%	-168600	-0.96%			0	0.00%
5. Rahul R Agrawal	113100	0.64%	-113100	-0.64%			0	0.00%
6. Umadevi R Agrawal	14000	0.08%	-14000	-0.08%			0	0.00%
7. Geetaganaga Leasing & Finance Pvt Ltd	113595	0.65%	-113595	-0.65%			0	0.00%
(c) Promoters other than (b) above								
1. Madhu Kedia#	5050	0.03%	-	-			-	-
2. Madhavi R Agrawal	24760	0.14%	-	-			-	-
<u>Total Promoters 1 (a+b+c)</u>	**12304239**	**69.97%**	**0**	**0.00%**	**3517125**	**20.00%**	**15791554**	**89.80%**
<u>(2) Non-Promoters Group</u>								
(a) Financial Institutions/ Banks	19125	0.11%	**0**	**0.00%**	**-3517125**	**-20.00%**	**1794071**	**10.20%**
(b) Mutual Funds/ UTI	516156	2.94%						
(c) FIIs	1322104	7.52%						
(d) Insurance Companies	550	0.00%						
(e) NRIs/ OCBs	75686	0.43%						
(f) Bodies Corporate	664265	3.78%						
(f) Individuals	2667610	15.17%						
(g) Clearing Members	15890	0.09%						
<u>Total Non-Promoters 2 (a+b+c+d+e+f)</u>	**5281386**	**30.03%**						
<u>GRAND TOTAL (1+2)</u>	**17585625**	**100.00%**	**0**	**0.00%**	**0**	**0.00%**	**17585625**	**100.00 %**

* Share holding / voting rights after the acquisition and offer are on assumption that the RA Sellers sell all their Shares and the public shareholders tender their shares.

#Note:

- Madhu Kedia and Madhavi Agrawal are not party to the Indian share purchase agreement entered into between RA sellers and buyers;
- They would not continue as promoters;
- Nothing prevents them from tendering the shares (whole or in part) in the open offer.

15. As on December 31, 2007 there are 8,412 public shareholders (including 103 NRIs holding 75,686 equity shares and no OCBs as shareholders) holding 52,81,386 shares of LANXESS.
16. LANXESS is in compliance with the listing agreement entered with the stock exchanges as on date. LANXESS has confirmed vide their letter dated 06 July 2007 that it is in compliance with the Corpo-

rate Governance requirements under Clause 49 of the Listing Agreement with Stock Exchanges. There has not been any punitive action by the stock exchanges against LANXESS or no litigation has been initiated or is pending by or against LANXESS by the stock exchanges.

17. The Company has complied with the provisions of Chapter II of SEBI (SAST) Regulations within the time specified in the SEBI (SAST) Regulations except in the case of shareholding of Bayer Industries Private Limited (now acquired by Lanxess India Private Limited), where there was a delay, of 32 days delay for disclosure under Regulation 8 (3) for FY 1999-2000; 153 days delay for disclosure under Regulation 8 (3) for FY 2000-2001 and 60 days delay for disclosure under Regulation 8 (3) for FY for FY 2001-2002. SEBI may initiate action against default for aforementioned non-compliance with provisions of Chapter II of the Regulations. The Target Company has filed an application for condonation of delay in compliance under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with SEBI vide their letter dated November 07, 2007.

18. Pending Litigations: The following is the list of material litigation by and against the Company as on 30th June 2007:

A: Tax Disputes

1	Dispute with regard to Central Sales tax demand raised by sales tax authority which is challenged by the Company. The relevant Tax authority is the Commissioner of Sales Tax (Appeals). The amount in dispute is Rs. 5,739,000. The relevant year is 2001. The matter is regularly coming up for hearing.
2	Dispute in regard to valuation of SAN material used captively. It relates to Excise Duty. The relevant Tax authority is CESTAT- Mumbai. The amount in dispute is Rs. 31,344,000. The dispute relates to the year 2004. The matter is regularly coming up for hearing.
3	Dispute regarding use of process waste in production and claiming credit for MODVAT on the same at a particular rate. It relates to Excise Duty and is pending before CESTAT- Mumbai. The amount in dispute is Rs. 1,031,000. The dispute relates to the period from February 1999 to September 2000. The matter is regularly coming up for hearing.
4	Dispute regarding denial of MODVAT credit in respect of certain capital goods. It relates to Excise Duty and is pending before the Deputy Commissioner Appeals –Vadodara. The amount in dispute is Rs. 49,000. The dispute relates to the year 1996. The matter is regularly coming up for hearing.
5	Dispute relating to Excise duty on Freight. It is pending before CESTAT-Mumbai. The amount in dispute is Rs. 432,000. The relevant year is 2003. The matter is regularly coming up for hearing.
6	The dispute regards disallowances made for certain commission paid. It relates to Income Tax and is pending before the Income Tax Appellate Tribunal. The amount in dispute is Rs. 473,000. The matter is regularly coming up for hearing.
7	The dispute regards a disallowance of depreciation on technical know-how fees, forex fluctuation capitalised in fixed assets and certain processing charges. It relates to Income Tax and is pending before the Commissioner of Income Tax (Appeals)/Assessing Officer. The amount in dispute is Rs. 5,443,000. The relevant years are 1991 -1992, 1992 - 1993, and 1993 - 1994. The matter is referred back by the Tribunal to the Assessing Officer to re look into the matter.
8	Income Tax dispute regarding a disallowance mainly in regard to Inter corporate deposits written off. The matter is pending before the Income Tax Appellate Tribunal. The amount in dispute is Rs. 17,595,000. The relevant years are 2001 - 2002. The matter is yet to be heard by the authority.
9	Disallowance in regard to Lease rent and Provision for leave encashment relating to Income Tax. The matter is pending before the Commissioner of Income Tax (Appeals). The amount in dispute is Rs. 649,000. The matter relates to the years 2003 - 2004 and is yet to be heard by the authority.

B: Other Litigation:

1.	LANXESS ABS Limited Vs. GSL(I) Limited : (Claim for Rs.20 million cheque bounced on account of repayment of ICD by the defaulting company u/s 138 of NI Act) Rs. 20 million inter corporate deposit repayment cheque issued by the Company had bounced. Financial impact has already been reflected through accounting treatment in past years. Money when received can be income for that given year. The defaulting company has several litigations pending in Gujarat High Court under BIFR/winding up petitions.
2.	Bharat Heavy Electricals Limited Vs. LANXESS ABS Limited : The wind mills installed in the initial years showed considerable deficiency in services compared to what was promised when the wind mill orders were placed. The Company had sought compensation for loss of power generation for 35 wind mills installed. In order to negotiate compensation for the deficiency and part performance of contract, Company did not pay Rs.18.14 million, a claim made by BHEL for the equipment purchase price.
3.	LANXESS ABS Limited Vs. Bharat Heavy Electricals Limited : In view of the considerable deficiency in services of operation of 35 wind mills, the company arrived at an estimation of loss of potential power generation and claim of compensation arising out of the part performance of the contract by BHEL. Subject matter is pending in the court. Approximate claim amount is Rs.80 million.
4.	LANXESS ABS Limited Vs. National Education Films Limited : In 1978, the company had entered into an agreement to purchase office premises at Nariman Point, Mumbai. The seller company was paid full and final consideration in terms of the agreement to sell but did not fulfil the promise to execute the sale agreement so as to pass on the legal title unto the name of the company and hence the suit was filed before the Bombay High Court which is pending since 1981.
5.	United Storage Tanks and Terminals Limited (USTTL) Vs. LANXESS ABS Limited : USTTL offers storage facilities at Kandla for the use of which the company had a long term agreement. The company has been paying rent and standard charges right through the contractual period. As a consequence of the 26th January 2001 earthquake at Kandla, the port authorities prohibited the storage of chemicals like butadiene indefinitely. The company has taken the position that the contract has got frustrated and consequently the parties are no longer bound by it. USSTTL claims damages for premature termination of the storage agreement. The claimed damages are calculated on the basis of idle capacity and other operating charges for the perceived period of the agreement. The company has accrued for the minimum possible amount of liability as contingent liability in the books. At present the arbitration proceedings are on.

19. Compliance Officer :

Suryakant Madhusudan Vaishnav
Company Secretary & Vice President (Legal)
Lanxess ABS Limited
6th Floor, ABS Towers, Old Padra Road,
Vadodara - 390 007 Gujarat, India
Tel: +91 265-2355861-63, 2355871-73
Fax: +91 265 2341012
Email: suryakant.vaishnav@lanxess.com

20. The change in shareholding of the promoters of LANXESS, as and when it happened, is shown below:

Name of the transferor	Name of the transferee	Date of transfer	No. and % of shares transferred	Status of Compliance
Bayer Industries Private Limited	LANXESS India Private Limited	September 22, 2004	89,63,564 equity shares representing 50.97% of the paid-up capital of LANXESS	Complied

21. **Significant Accounting policies of LANXESS as per the audited financial statements for 2005 and 2006:**

i. *Accounting Convention*

The financial statements are prepared under historical cost convention on an accrual basis and comply with the accounting standards issued by the Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956.

ii. *Fixed Assets & Depreciation*

a) Fixed Assets are stated at cost less accumulated depreciation. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the asset to the condition for its intended use. Interest on loans taken for procurement of specific assets accrued up to the date of acquisition/installation of the said assets is capitalised.

b) Depreciation for the year has been provided on all the fixed assets (except in the case of leasehold land which is being amortised over the period of the lease) on the Straight Line Method at the rates specified as per Schedule XIV of the Companies Act, 1956.

iii. *Investments*

Investments, being long term, are stated at cost, less permanent diminution in value, if any. Dividend income is accounted when the right to receive is established.

iv. *Inventories*

Inventories are valued at the lower of cost and net realizable values, which are determined as follows:

a) Raw Materials, Packing Materials, Stores and Spares are valued at weighted average cost after taking credit for CENVAT, wherever applicable.

b) Work in process and Material in transit are valued at cost.

c) Finished goods and traded goods are valued at lower of cost and net realizable value.

d) Customs Duty and Excise Duty as the case may be, are included in the cost of finished products, traded goods and raw materials lying in stock.

v. *Revenue recognition*

The Company recognizes sales at the point of dispatch of goods to the customers. Sales are net of Sales Tax, Excise Duty and returns. Revenue in respect of Duty Draw back, Insurance and other claims is recognised only when these claims are accepted.

vi. *Research and Development*

Capital expenditure on Research and Development is treated in the same manner as Fixed Assets. The Revenue expenditure on Research and Development is charged off as an expense in the year in which it is incurred.

vii. *Foreign Currency Transactions*

The transactions in Foreign Currencies are accounted at the exchange rate prevailing on the date of transactions. Any exchange gains or losses arising on the restatement of Foreign Currency Assets/ Liabilities at the year end rates are accounted for in the Profit and Loss Account, except those relating to the acquisition of fixed assets which are adjusted to the cost of the assets.

viii. Taxes on Income

Current Tax: Provision for Income Tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred Tax Provision: Deferred tax is recognised, on timing differences, being the difference between the taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

ix. Retirement Benefits

a) In respect of Gratuity, the Company's contributions to the Group Gratuity-Cum-Life Insurance Policy of Life Insurance Corporation of India (LIC) are charged against revenue.

b) Company's Contributions to Provident Fund and Superannuation Fund are being charged to revenue.

x. Government Grants

Grants from Government relating to fixed assets are shown as a deduction from the gross value of fixed assets.

xi. Provision and Contingent Liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

xii. Impairment of Asset

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of asset or the recoverable amount of cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(Source: 34th Annual report Jan-Dec 2006 and publicly available data)

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1. Justification of offer price

1. The Shares of LANXESS are listed on the BSE and the NSE. The Shares of the company are frequently traded on the BSE and NSE.

2. The Acquirers have made a Public Announcement on Saturday, June 30, 2007. The annualized trading turnover during the period December 01, 2006 to May 31 2007, the six calendar months prior to the month of PA date i.e. Saturday, June 30, 2007 (the month in which Public Announcement was made), is as follows:

Name of Stock Exchange	**Total no. of LANXESS Shares traded during the 6 calendar months prior to the month in which PA was made**	**Total no. of listed LANXESS Shares**	**Annualised trading turnover (in terms of % to total listed shares)**
BSE	1737731	17585625	19.76%
NSE	1173539	17585625	13.41%

3. As the annualized trading turnover (by number of Shares) on BSE and NSE is more than 5% of the total number of listed Shares of LANXESS, the Shares of LANXESS are deemed to be frequently traded as per the explanation to regulation 20(5) of the Regulations.

4. The Offer Price of Rs. 201/- per equity share is justified in terms of regulation 20 of the Regulations as it is equal to the highest of the following:

i.	**Negotiated Price** RA Price LANXESS Price	 Rs. 201.00 Rs. 196.36
ii.	Highest Price paid by Acquirer for any acquisition (including by way of allotment in a public or rights or preferential issue) during the 26-weeks prior to the date of the Public Announcement	Not Applicable
iii.	The average of the weekly high and low of the closing prices of shares of LANXESS on BSE, where it is most frequently traded, during the 26 weeks period preceding the date of the Public Announcement*.	Rs. 162.14
iv.	The average of the daily high and low of the shares of the LANXESS on BSE, where it is most frequently traded, during the 2 weeks period preceding the date of the Public Announcement.	Rs. 173.61

* As per Explanation (i) to Regulation 20(11), the market price may be adjusted for quotations, if any, on cum-dividend basis during the same period. In the current situation, the board of directors of the Target Company in its meeting held on January 30, 2007, recommended a dividend of Rs. 3/- per equity share on the par value of Rs. 10/- per equity share which was approved by the shareholders of the Target Company at the Annual General Meeting (AGM) held on April 27, 2007. The shares of the Target Company traded on ex-dividend basis from April 12, 2007. Hence the shares of the Target Company were trading on cum-dividend basis from January 30, 2007 to April 11, 2007. However, based on a conservative approach, the Acquirer has not considered the downward adjustment of the price for the cum-dividend trade dates.

The details of closing prices and volume on BSE for the 26-week period prior to the date of the Public Announcement are as under:

Week #	End date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	06/29/2007	205.55	169.6	187.575	922907
2	06/22/2007	168.35	164.85	166.6	26198
3	06/15/2007	162.1	156.5	159.3	27157
4	06/08/2007	168.9	163	165.95	44435
5	06/01/2007	171.3	164.7	168	63158
6	05/25/2007	166.95	165.2	166.075	31241
7	05/18/2007	171.4	167.7	169.55	37047
8	05/11/2007	174.8	166.25	170.525	53529
9	05/04/2007	177.25	167.7	172.475	216824
10	04/27/2007	161.15	155.6	158.375	128399
11	04/20/2007	149.95	147.5	148.725	53606
12	04/13/2007	149.7	145.05	147.375	77984
13	04/05/2007	144.15	135.6	139.875	32409
14	03/30/2007	140.6	133	136.8	35791
15	03/23/2007	136.5	128.8	132.65	25914
16	03/16/2007	132.6	130.9	131.75	52029
17	03/09/2007	138.5	127.65	133.075	63549
18	03/02/2007	154.95	146.8	150.875	23779

19	02/23/2007	166.65	157.25	161.95	28646
20	02/15/2007	162.95	153	157.975	57745
21	02/09/2007	169.15	160.6	164.875	43244
22	02/02/2007	186.45	166.95	176.7	68210
23	01/25/2007	188.05	182.15	185.1	33127
24	01/19/2007	192.25	186.8	189.525	67801
25	01/12/2007	192.05	187.8	189.925	109394
26	01/05/2007	193.3	174.75	184.025	251918
			26 weeks average	**162.14**	

Source: BSE website

The details of intra-day price and volume on BSE for the 2-week period prior to the date of the Public Announcement are as below:

Day #	Date	High Price (Rs.)	Low Price (Rs.)	Average (Rs.)	Volume
1	06/29/2007	211.35	194.1	202.725	745025
2	06/28/2007	192.15	174	183.075	146101
3	06/27/2007	175.8	172.4	174.1	13307
4	06/26/2007	174.65	167.1	170.875	6566
5	06/25/2007	173	167.3	170.15	11908
6	06/22/2007	170	167.2	168.6	8577
7	06/21/2007	169.9	166	167.95	5306
8	06/20/2007	171.85	164.7	168.275	4302
9	06/19/2007	168	163.2	165.6	3811
10	06/18/2007	167	162.5	164.75	4202
2 Weeks Average				**173.61**	

Source: BSE website

5. The Acquirer will pay to RA Sellers a non-compete consideration of Rs.16,56,32,495 (the “Non-Compete Consideration”) for entering into the non-compete undertaking referred to in the SPA. The Non-Compete Consideration is not in excess of 25% of the Offer Price arrived at as per paragraph 7, below, under the head “ Offer Price and Financial Arrangements”

6. Based on the above and in the opinion of the Managers to the Offer and the Acquirers, the Offer Price is justified as per the Regulations.

7. As per the Regulations, the Acquirers can revise the Offer Price upwards up to 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the Public Announcement has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.

8. If the Acquirers acquire Shares after the date of Public Announcement up to 7 working days prior to the close of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer, provided no such acquisition shall be made by the Acquirers during the last seven working days prior to the closure of the Offer. Further the shares or voting rights so acquired taken together with the acquisition under the public offer and shares or voting rights, if any, held the Acquirers, will not result in public shareholding in LANXESS being reduced to a level below the limit specified in the Listing Agreement with the stock exchange for the purpose of listing on continuous basis.

7.2. Financial arrangements

a) The maximum purchase consideration payable by the Acquirer in case of full acceptance of this Offer would be Rs. 70,69,42,125 (Rupees Seventy crores sixty nine lakhs forty two thousand two hundred and twenty five only).

b) INEOS ABS (Jersey) Limited, SBI Capital Markets Limited and Citibank N.A, acting through its branch office located at 293, D.N Road, Fort, Mumbai 400001 have entered into an Open Offer Escrow Agreement, (the "Escrow Agreement") dated June 28, 2007 in accordance with Regulations 28 of the SEBI (SAST) Regulations. Pursuant to the Escrow Agreement, the Acquirer has made a cash deposit of Rs. 17,94,00,000 in an escrow account which is in excess of 25% of the value of the total consideration up to Rs.100.00 crores payable under the Offer (assuming full acceptances) with Citibank N.A, Mumbai (the "Escrow Account"). SBI Capital Markets Limited have been duly authorised to realize the value of the aforesaid Escrow Account in terms of the SEBI (SAST) Regulations.

c) One of the PACs namely INEOS Group Limited, the ultimate holding company of the INEOS group, has vide its letter dated 27 June 2007 to the Acquirer confirmed that it shall extend financial support to the Acquirer in relation to the open offer and ensure that obligations of the Acquirer as set out in the SEBI (SAST) Regulations are complied with. Ineos Group Ltd. will meet the obligation of the Acquirer by means of internally generated funds.

d) Mr. Ashutosh Pednekar, partner M/s M. P. Chitale & Co., Chartered Accountants, (ICAI Membership No: 41037), having its office at Hamam House, Ambalal Doshi Marg, Fort, Mumbai - 400 001 (Tel No: +91 22 2266 6223/ 6224, Fax No.: + 91 22 2265 5334) has certified vide letter dated June 27, 2007 that the Acquirer has adequate resources for fulfilling all the obligations under the Open Offer.

e) In view of above, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e. funds for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and are satisfied that the Acquirer has adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI (SAST) Regulations.

8. TERMS AND CONDITIONS OF OFFER

8.1. Statutory approvals required for the offer

a) The Offer along with any obligation to make payment for, or purchase the shares tendered and accepted, is subject to the receipt of the approval from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder for the opening and operation of the escrow account and special account. The Acquirer made an application for the RBI approval on July 16, 2007. RBI by its letter no. FE.CO.FID/2271/10.21.073/2007-08 dated July 27, 2007 has accorded the approval to the Acquirer to acquire the Shares tendered under the Offer.

b) As of the date of the PA, other than the above, no statutory approvals are required to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to receipt of such other statutory approvals. In terms of Regulation 27 of the Regulations, the Acquirer and the PACs will not proceed with the Offer in the event that such statutory approvals that are required are not obtained.

c) It may be noted that in case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable.

d) The Acquirer does not require any approvals from financial institutions or banks for the Offer.

e) The acquisition of Shares under the SPA is conditional on approvals mentioned at paragraph 3.1(b), above, under the head "Details of the Offer".

8.2. Others

a) The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of LANXESS (other than the Acquirer and the PACs), whose names appear on the Register of Members of LANXESS and to the beneficial owners of the shares of LANXESS, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on Friday, July 20, 2007 ("Specified Date").

b) All owners (registered or unregistered) of shares of LANXESS (except Acquirer and the PACs) are eligible to participate in the Offer anytime before the Closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, 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 notes issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

c) The acceptance of the Offer is entirely at the discretion of the shareholders of LANXESS. Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of LANXESS are advised to adequately safeguard their interest in this regard.

d) Shares that are subject to any charge, lien or encumbrance are liable to be rejected. The Acquirer will acquire the shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

e) Each Shareholder of LANXESS to whom this Offer is being made is free to offer his shareholding in LANXESS in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

LANXESS Shareholders who wish to accept this Offer are free to offer their shareholding in whole or in part and should forward the under mentioned documents to the Registrar to the Offer at their office at Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai - 400 078. Tel: (91) – 22 – 2596 0320 Fax : (91) – 22 – 2596 0328/29 either by hand delivery on weekdays or by registered post, on or before the closure of the Offer, i.e., no later than Wednesday, March 05, 2008 or at the collection centres, so as to reach the Registrar/collection centres on or before the close of business hours, i.e., no later than on Wednesday, March 05, 2008 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance. Shareholders are advised to ensure that the Form of Acceptance and other documents are complete in all respects, otherwise the same is liable to be rejected. In the case of Shares in dematerialized form, Shareholders are advised to ensure that their Shares are credited in favour of the Special Depository Account before the closure of the Offer. The Form of Acceptance of such Shares in dematerialised form, not credited in favour of the Special Depository Account before the closure of the Offer, will be rejected.

i. For Shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates;
- Original share certificate(s); and
- Valid share transfer forms duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with LANXESS and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer.

Unregistered owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein;
- Original share certificate(s);
- Original broker contract note; and
- Valid share transfer form(s) as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of INEOS ABS (Jersey) Limited as buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

ii. For Shares held in dematerialised form:

Beneficial owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, as per the records of the DP; and
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP. For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.
- For shareholders holding Shares in dematerialised form, Intime Spectrum Registry Limited has opened a Special Depository Account with National Securities Depository Limited (NSDL). Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their Shares in the special depository account:

DP Name	Citibank N.A.
DP ID	IN 300054
Client ID	10021653
Account Name	ISRL-LANXESS OPEN OFFER ESCROW ACCOUNT
Depository	National Securities Depository Limited

General

a) The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer, the Acquirers or the Target Company.

b) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer on a plain paper stating acceptance of the Offer along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e., no later than on Wednesday, March 05, 2008. Persons holding Shares in physical form are required to state the following details: name; address; number of Shares held; distinctive number; folio number, number of Shares offered. Persons holding Shares in dematerialized form are required to state the following details: name; address; number of Shares held; number of Shares offered; DP name; DP ID; beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the Special Depository Account. Eligible persons can also write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e. Wednesday, March 05, 2008. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance will be available on SEBI’s website (www.sebi.gov.in), from the date of opening of the Offer. Eligible persons can download the Form of Acceptance from the SEBI website and apply using the same.

c) In case the number of Shares validly tendered in the Offer by the Shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be, as per the provisions of Regulations 21(6) of the Regulations, on a proportional basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the Shares is 1(one).

d) Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of closure of the Offer, i.e. Wednesday, March 05, 2008, failing which their application is liable to be rejected.

e) While tendering Shares under the Offer, non-resident Indians (“NRIs”), overseas corporate bodies (“OCBs”) or foreign shareholders will be required to submit the previous approvals from the RBI (specific or general) that they would have obtained for acquiring LANXESS Shares. In case the previous approvals from the RBI are not submitted, the Acquirer reserves the right to reject such tendered Shares.

f) While tendering the Shares under the Offer, non resident shareholders will be required to submit a Tax Clearance certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the IT Act before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the IT Act, on the entire consideration amount payable to such non resident shareholders.

g) LANXESS Shareholders who wish to accept the Offer can also deliver the Form of Acceptance along with all other relevant documents at any of the collection centres mentioned below in accordance with the procedure as set out in this Letter of Offer. All the centres mentioned herein below would be open as follows:

Sr. No.	Collection Center	Address of Collection Center	Contact Person	Phone No.	Fax No.	Mode of delivery
1.	Mumbai	Intime Spectrum Registry Limited, C-13, Panalal Silk Mills Compound, L B S Marg,Bhandup (W),Mumbai -400078.	Awani Thakkar	022-25960320 - 27	022-25960328-29	Hand Delivery & Registered Post
2.	Mumbai	Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D N Road, Fort Mumbai - 400 001	Vivek Limaye	022-22694127	022-25960328-29	Hand Delivery
3.	Ahmedabad	Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009	Hitesh Patel	079-2646 5179	079-26465179 (Telefax)	Hand Delivery
4.	Bangalore	Intime Spectrum Registry Ltd., 1st Floor, Mahavir Shopping Complex, Above Kids Kemp No. 8 K.G.Road, Bangalore 560 009	Arun Meda	080-41242623 41242624	080-41242623 (Telefax)	Hand Delivery
5.	Chennai	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai- 600 017	Mrs.Solly Soy	044- 2815 2672, 044- 4207 0906	044- 2815 2672 (Telefax)	Hand Delivery
6.	Kolkata	Intime Spectrum Registry Limited, 59C,Chowringhee Road,3rd Floor, Kolkata - 700020	S.P. Guha	033-2890539/40	033-22890539/40 (Telefax)	Hand Delivery
7.	New Delhi	Intime Spectrum Registry Ltd., , A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028	Swapan Naskar	011-41410592 /93/94	011-41410591	Hand Delivery

The timings are Monday to Friday 10.00 a.m. to 5.00 p.m. and Saturdays 10.00 a.m. to 1.00 p.m., except Public Holidays.

Shareholders, who cannot hand deliver their documents at the collection centres referred above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at the address given below:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W),
Mumbai - 400 078.
Tel: (91) – 22 – 2596 0320
Fax: (91) – 22 – 2596 0328/29

Withdrawal of acceptances

In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, shareholders who wish to withdraw their acceptance tendered by them in the Offer may do so up to three (3) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before Friday,February 29, 2008.

The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed with this Letter of Offer.

Shareholders should enclose the following:

For Shares held in dematerialized form:

Beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal;
- Acknowledgement slip in original/copy of the submitted Form of Acceptance in case delivered by Registered A.D.; and
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.

For Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal;
- Acknowledgement slip in original/ copy of the submitted Form of Acceptance in case delivered by Registered AD.; and
- In case of partial withdrawal, valid share transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with LANXESS and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal; and
- Acknowledgement slip in original/ copy of the submitted Form of Acceptance in case delivered by Registered A.D.

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

- In case of physical Shares: name; address; distinctive numbers; folio number; number of Shares tendered; and
- In case of Shares in dematerialised form: name; address; number of Shares offered; DP name; DP ID; beneficiary account number and a photocopy of the delivery instruction in “Offmarket” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the Special Depository Account.

The withdrawal of Shares will be available only for the share certificates or Shares that have been received by the Registrar to the Offer or Special Depository Account.

The intimation of returned Shares to the Shareholders will be at the address as per the records of LANXESS or the Depositories as the case may be.

The Form of Withdrawal should be sent only to the Registrar to the Offer.

In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from LANXESS.

Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

Settlement

Payment of consideration will be made by crossed account payee cheque or demand draft and sent by registered post to those shareholders or unregistered owners and at their own risk, whose Shares or Share certificates and other documents are found in order and accepted by the Acquirer. In case of joint registered holders, cheques or demand drafts will be drawn in the name of the sole or first named holder or unregistered owner and will be sent to him/her. It is desirable that shareholders provide bank details in the Form of Acceptance, so that the same can be incorporated in the cheque or demand draft.

Unaccepted or withdrawn share certificate(s), transfer form(s) and other documents, if any, will be returned by registered post at the shareholders' or unregistered owners' sole risk to the sole or first named shareholder or unregistered owner. Unaccepted or withdrawn Shares held in dematerialised form will be credited back to the beneficial owners' depositary account with the respective depositary participant as per the details furnished by the beneficial owner in the Form of Acceptance.

The Registrar to the Offer will hold in trust the Share(s) or Share certificate(s), Shares lying in credit of the Special Depository Account, Form of Acceptance, if any, and the transfer form(s) on behalf of the Shareholders or unregistered owner(s) of LANXESS Shares, who have accepted the Offer, till the cheques or drafts for the consideration and/or the unaccepted Shares or share certificates are dispatched/returned.

10. TAX TO BE DEDUCTED AT SOURCE

Summary of various provisions related to Tax Deduction at Source (withholding tax) under the Income Tax Act.

a) All the Shareholders should be classified as resident and non-resident. The status as resident / non-resident is to be determined on the basis of criteria laid down in section 6 of the Income Tax Act, 1961.

b) No tax is required to be deducted on payment of consideration to resident shareholders.

The Rate of Deduction of Tax in the case of non-resident is dependent on few other factors. Since you as a payer do not have in house information in respect of various shareholders all the shareholders should be asked to specify, in the form of acceptance, the following particulars

(i) Whether he is Resident or Non-Resident

(ii) As a non-resident to which category i.e. Non-Resident Indians (Individual), Overseas Corporate Body / Non Domestic Company, F.I.I. registered as a company, F.I.I. other than a company, any other Non-Resident.

(iii) Whether the Shares are held on Investment Account or on Trade Account.

c) The rate of deduction of tax at source for various sub categories of non-residents is tabulated in the enclosed annexure. The payment of consideration to such shareholders should be made after deducting TDS.

d) As per the provisions of the section 2(37A) (iii) of the Income Tax Act, 1961, for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year i.e. 2007-08 or the rates or rates of income tax specified in an agreement entered into by the Central Government under section 90 or an agreement notified by the Central Government under section 90A, whichever is applicable by virtue of the provisions of section 90, or section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS.

e) In the event the aforementioned categories of shareholders require the Acquirer not to deduct tax or to deduct tax at a lower rate or on a lower amount, they would need to obtain a certificate from the income tax authorities either under section 195(3) or under section 197 of the Income Tax Act, and submit the same to Acquirer while submitting the Bid Form. In the absence of any such certificate from the income tax authorities, the Acquirer will deduct tax as aforesaid, and a certificate in the prescribed form shall be issued to that effect.

Below table summarizes the workings of the TDS:

TYPE OF RECEIPIENT	LONG TERM CAPITAL GAIN					SHORT TERM CAPITAL GAIN / BUSINESS INCOME				
	Basic Tax Rate	**Surcharge**	**Education Cess**	**Sec. Higher Edu. Cess**	**Total**	**Basic Tax Rate**	**Surcharge**	**Education Cess**	**Sec. Higher Edu. Cess**	**Total**
1) OTHER THAN F.I.I.										
1.1) NON - RESIDENT INDIANS (INDIVIDUALS)										
(a) SHARES AQUIRED BY THE INDIVIDUAL HIMSELF WITH CONVERTIBLE FOREIGN EXCHANGE										
(i) CONSIDERATION EXCEEDING Rs. 10,00,000	10.00 %	1.00%	0.22%	0.11%	**11.33%**	30.00%	3.00%	0.66%	0.33%	**33.99 %**
(ii) CONSIDERATION NOT EXCEEDING Rs. 10,00,000	10.00 %	0.00%	0.20%	0.10%	**10.30%**	30.00%	0.00%	0.60%	0.30%	**30.90 %**
(b) SHARES AQUIRED IN ANY OTHER MANNER										
(i) CONSIDERATION EXCEEDING Rs. 10,00,000	20.00 %	2.00%	0.44%	0.22%	**22.66%**	30.00%	3.00%	0.66%	0.33%	**33.99 %**
(ii) CONSIDERATION NOT EXCEEDING Rs. 10,00,000	20.00 %	0.00%	0.40%	0.20%	**20.60%**	30.00%	0.00%	0.60%	0.30%	**30.90 %**
1.2) OVERSEAS CORPORATE BODIES / NON DOMESTIC COMPANY										
(i) CONSIDERATION EXCEEDING Rs. 1,00,00,000	20.00 %	0.50%	0.41%	0.205 %	**21.115 %**	40.00%	1.00%	0.82%	0.41%	**42.23 %**
(ii) CONSIDERATION NOT EXCEEDING Rs. 1,00,00,000	20.00 %	0.00%	0.40%	0.20%	**20.60%**	40.00%	0.00%	0.80%	0.40%	**41.20 %**
1.3) NON-RESIDENT NOT COVERED BY 1.1, 1.2, 1.3										
(i) CONSIDERATION EXCEEDING Rs. 10,00,000	20.00 %	2.00%	0.44%	0.22%	**22.66%**	30.00%	3.00%	0.66%	0.33%	**33.99 %**
(ii) CONSIDERATION NOT EXCEEDING Rs. 10,00,000	20.00 %	0.00%	0.40%	0.20%	**20.60%**	30.00%	0.00%	0.60%	0.30%	**30.90 %**
2) F.I.I.										
(a) REGISTERED AS COMPANY										
(i) CONSIDERATION EXCEEDING Rs. 1,00,00,000	NIL	NIL	NIL	NIL	**NIL**	40.00%	1.00%	0.82%	0.41%	**42.23 %**
(ii) CONSIDERATION NOT EXCEEDING Rs. 1,00,00,000	NIL	NIL	NIL	NIL	**NIL**	40.00%	0.00%	0.80%	0.40%	**41.20 %**
(b) REGISTERED AS OTHER THAN COMPANY I.e. TRUST e.t.c.…										
(i) CONSIDERATION EXCEEDING Rs. 10,00,000	NIL	NIL	NIL	NIL	**NIL**	30.00%	3.00%	0.66%	0.33%	**33.99 %**
(ii) CONSIDERATION NOT EXCEEDING Rs. 10,00,000	NIL	NIL	NIL	NIL	**NIL**	30.00%	0.00%	0.60%	0.30%	**30.90 %**

Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirers and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

The tax rate and other provisions may undergo changes.

11. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of LANXESS at the office of the Manager to the Offer, SBI Capital Markets Limited from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, until the Offer closes:

1. Memorandum & Articles of Association of the Acquirer and the PACs.
2. Memorandum & Articles of Association of LANXESS.
3. Certificate of incorporation of Acquirer and the PACs
4. Audited financial statements of Acquirer and the PACs for the financial years ended December 31, 2006, December 31, 2005 and December 31, 2004.
5. Audited financial statements of LANXESS for the financial years ended December 31, 2006, December 31, 2005 and December 31, 2004.
6. Copy of the Escrow Agreement entered into between INEOS ABS (Jersey) Limited, SBI Capital Markets Limited and Citibank N.A, Mumbai in accordance with Regulation 28 of the SEBI (SAST) Regulations.
7. Published copy of Public Announcement dated Saturday, June 30, 2007.
8. Copy of the letter from Mr. Ashutosh Pednekar, partner M/s M. P. Chitale & Co, Chartered Accountant (ICAI Membership No: 41037) dated June 27, 2007 confirming that the Acquirer along with the PACs have sufficient means to fulfill all the obligations under the Open Offer.
9. SEBI observation letter dated 19th October 2007
10. Copy of the Share Purchase Agreement dated 28th June 2007.
11. Copy of the depository agreement dated 28th June 2007.
12. Copy of an application for condonation of delay in compliance under Chapter II of the SEBI (SAST) Regulations filed by the Target Company vide their letter dated November 07, 2007 with SEBI.
13. Copy of the order no. WTM/TCN/77/CFD/02/08 dated February 07, 2008 received from SEBI

12. DECLARATION BY ACQUIRER AND PACs

The directors of the Acquirer and PACs accept responsibility for the information contained in this Letter of Offer. The Acquirer and the PACs are jointly and severally responsible for fulfillment of their respective obligations under the SEBI (SAST) Regulations. Mr. Martin Stokes, Company Secretary of the Acquirer and PACs has been authorized by the Acquirer and PACs to sign the Letter of Offer

For **INEOS ABS (Jersey) Limited**

Sd/-

Mr. Martin Stokes, Authorized Signatory

For **INEOS Group Limited**

Sd/-

Mr. Martin Stokes, Authorized Signatory

For **INEOS Holdings Limited**

Sd/-

Mr. Martin Stokes, Authorized Signatory

Date : February 08, 2008

Place : Hawkslease, United Kingdom

Encl:

1. Form of Acceptance
2. Form of Withdrawal
3. Transfer deed for shareholders holding Shares in physical form.

FORM OF WITHDRAWAL

LANXESS ABS LIMITED - OPEN OFFER

From

Folio No./DP ID No./Client ID No.:

OFFER OPENS ON	Friday, February 15, 2008
LAST DATE OF WITHDRAWAL	Friday, February 29, 2008
OFFER CLOSES ON	Wednesday, March 05, 2008

To,

The Acquirer : Lanxess ABS Limited Open Offer
C/o Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078.

Please tick (v) shareholders status (For taxation/TDS purpose)	
	Person resident in India who is an individual/HUF/Association of Persons, having an aggregate income upto Rs. 10,00,000
	Person resident in India who is an individual/HUF/Association of Persons, having an aggregate income exceeding Rs. 10,00,000
	Person resident in India who is a partnership firm
	Person resident in India who is a domestic company
	Person resident outside India who is a company
	Person resident outside India who is an individual/association of persons having an aggregate income upto Rs. 10,00,000
	Person resident outside India who is an individual/association of persons having an aggregate income upto Rs. 10,00,000
	Domestic venture capital fund and mutual Fund who is a domestic company
	International venture Capital Fund who is a domestic Company
	International venture Capital Fund who is a foreign Company
	Person resident outside India which is a Partnership firm
	Non-Resident Indian(s)
	Foreign Institutional Investors ☐ Investment A/c. ☐ Trade A/c.
	Multilateral Agency
	Bilateral Development Financial Institution
	Financial Institutions
	Banks
	Insurance Company
	Others (Specify _________________________)

Dear Sir,

Sub : Open Offer to acquirer up to 35,17,125 equity shares of Rs.10/- each representing 20% of the paid-up equity capital of Lanxess ABS Limited by INEOS ABS (Jersey) Limited ("Acquirer") along with INEOS Group Limited (IGL) and INEOS Holdings Limited (IHL) (together referred to as Persons Acting in Concert) in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto. ("Regulations")

I/We refer to the Letter of Offer dated February 08, 2008 for acquiring the equity shares held by me/us in Lanxess ABS Limited. I/We, the undersigned have read the Letter of offer and understood their contents including the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocable to withdraw my/our Shares from the Offer and I/we further authorize the Acquirer to return to me / us, the tendered Share Certificate(s) / Share (s) at my / our sole risk.

I/We note that upon withdrawal of my / our Shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer /Registrar to the Offer.

— — — — — — — ✂ — — — — — — — — — — Tear Here — — — — — — — — — — ✂ — — — — — — — — —

ACKNOWLEDGEMENT SLIP

Lanxess ABS Limited Open Offer

Received from Mr./Ms./ M/s. ___________________ residing at ____
____________________________________ a Form of Acceptance cum Acknowledgement for _______________ shares along with :

☐ Copy of depository instruction slip from DP ID ______________________________Client ID __________________________________

☐ Copy of acknowledgement slip issued when depositing dematerialised Shares

☐ Copy of acknowledgement slip issued when depositing physical Shares for withdrawing from the Offer made by the Acquirer

Stamp of Collection Centre		Signature of Official :		Date of Receipt :	

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. Friday, February 29, 2008.

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

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

The particulars of tendered original share certificate (s) and duly signed transfer deed(s) are detailed below:

S. No.	Ledger Folio No(s).	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided in inadequate, please attach a separate sheet with details)					
			Total No. of Equity Shares		

I/ We hold the following Shares in dematerialised form and had executed an off-market transaction for crediting the Shares to the "ISRL- LANXESS OPEN OFFER ESCROW ACCOUNT". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our Shares have been tendered are as follows:

DP Name	DP ID	Client ID	Beneficiary Name	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 dematerialised Shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First / Sole Shareholder ____

Place :

Date :

------------------------------- Tear Here -------------------------------

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID /Client ID

Intime Spectrum Registry Limited

(Unit: Lanxess ABS Limited- Open Offer)

C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078.

Tel: (91) – 22 – 2596 0320; Fax **:** (91) – 22 – 2596 0328/29

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

LANXESS ABS LIMITED - OPEN OFFER

OFFER OPENS ON :	Friday, February 15, 2008
OFFER CLOSES ON :	Wednesday, March 05, 2008

From

Folio No./DP ID No./Client ID No.:

To,

The Acquirer : Lanxess ABS Limited
Open Offer
C/o Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, L B S
Marg, Bhandup (W), Mumbai -400078.

Please tick (v) shareholders status (For taxation/TDS purpose)	
	Person resident in India who is an individual/HUF/Association of Persons, having an aggregate income upto Rs. 10,00,000
	Person resident in India who is an individual/HUF/Association of Persons, having an aggregate income exceeding Rs. 10,00,000
	Person resident in India who is a partnership firm
	Person resident in India who is a domestic company
	Person resident outside India who is a company
	Person resident outside India who is an individual/association of persons having an aggregate income upto Rs. 10,00,000
	Person resident outside India who is an individual/association of persons having an aggregate income upto Rs. 10,00,000
	Domestic venture capital fund and mutual Fund who is a domestic company
	International venture Capital Fund who is a domestic Company
	International venture Capital Fund who is a foreign Company
	Person resident outside India which is a Partnership firm
	Non-Resident Indian(s)
	Foreign Institutional Investors ☐ Investment A/c. ☐ Trade A/c.
	Multilateral Agency
	Bilateral Development Financial Institution
	Financial Institutions
	Banks
	Insurance Company
	Others (Specify ________________________)

Dear Sir,

Sub : Open Offer to acquirer up to 35,17,125 equity shares of Rs.10/- each representing 20% of the paid-up equity capital of Lanxess ABS Limited by INEOS ABS (Jersey) Limited ("Acquirer") along with INEOS Group Limited (IGL) and INEOS Holdings Limited (IHL) (together referred to as Persons Acting in Concert) in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto. ("Regulations")

I/We refer to the Letter of Offer dated February 08, 2008 for acquiring the equity shares held by me/us in INEOS ABS Limited. I/We, the undersigned have read the Letter of offer and understood their contents including the terms and conditions as mentioned therein.

SHARES IN DEMATERIALIZED FORM

I/We, holding Shares in the dematerialised form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my shares as detailed below :

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

Depository Name	National Securities Depository Limited
DP Name	Citibank N.A.
DP ID Number	IN 300054
Client ID	10021653
Beneficiary Account Name	ISRL- LANXESS OPEN OFFER ESCROW ACCOUNT
ISIN	INE189B01011
Market	Off market

Tear Here

ACKNOWLEDGEMENT SLIP

Lanxess ABS Limited Open Offer

Received from Mr./Ms./ M/s. ___________________ residing at ____

a Form of Acceptance cum Acknowledgement for _____________________ shares along with :

☐ Copy of delivery instruction slip from DP ID __________________________________ Client ID ___________________________________

☐ ______ Share Certificate(s) ___________ transfer deed(s) under folio number (s) _____________ for accepting the Offer made by the Acquirer.

Stamp of Collection Centre		Signature of Official :		Date of Receipt :	

I/ We note and understand that the Shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

SHARES IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate (s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

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

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For NRIs/OCBs/FIIs/Foreign Shareholders :

I/We have enclosed the following documents :

- ☐ No Objection Certificate/Tax Clearance Certificate from Income Tax Authorities.
- ☐ RBI approvals for acquiring Shares of Lanxess ABS Limited herby tendered in the Offer.

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in demat form, the Bank account as obtained from the beneficiary download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars, and not any details provided herein.

Name of the Bank Account No.		Branch Current/Savings/ (Others : please specify)	

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

I/We authorize the Acquirer to accept the Shares so offered which it may decide to accept in consultation with the Manger to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, Share certificates(s)/Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Shares in dematerialised form, I authorize Acquirer and the Registrar to the Offer and the Manger to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

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

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First / Sole Shareholder ____

Place :

Date :

– – – – – – ✂ – – – – – – – – – – Tear Here – – – – – – – – – ✂ – – – – – – – –

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID /Client ID

Intime Spectrum Registry Limited

(Unit: Lanxess ABS Limited- Open Offer)

C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078.

Tel: (91) – 22 – 2596 0320; Fax **:** (91) – 22 – 2596 0328/29