LETTER OF OFFER

This document is important and requires your immediate attention

This document ("Letter of Offer" or "LoF") is sent to you as equity shareholder(s) of Ondeo Nalco India Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have recently sold your equity shares in the Target Company, please hand over this LoF and the accompanying Form of Acceptance-cum-Acknowledgement ("Form"), Form of Withdrawal and Transfer Deed to the member of stock exchange through whom the said sale was effected.

CASH OFFER (the "Offer")

by

The Acquirers:

NALCO HOLDINGS LLC

***Principal Office**:* 345 Park Avenue, New York – NY 10154, USA (Tel: +1 212 583 5000 Fax: +1 212 583 5712)

and

NALCO COMPANY (FORMERLY KNOWN AS ONDEO NALCO COMPANY)

Principal Office: 1601 W. Diehl Road, Naperville – IL 60563, USA (Tel: +1 630 305 1000 Fax: +1 630 305 2985)

for

Up to 1,000,000 Shares of Rs.10 each representing 20% of the paid-up equity share capital

Of

ONDEO NALCO INDIA LIMITED (ONIL)

Registered Office: 20A, Park Street, Kolkata – 700 016 (Tel: +91 33 2217 2066, 2217 2494 Fax: +91 33 2249 3999)

AT Rs. 288 PER SHARE PAYABLE FULLY IN CASH

- This Offer is being made pursuant to the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "Regulations").
- The Offer is not subject to a minimum level of acceptance by the shareholders of ONIL.
- The Offer is subject to the following statutory and regulatory approvals and clearances required for acquiring shares tendered pursuant to the Offer. The Acquirer has obtained the approval of Foreign Investment Promotion Board, Ministry of Finance, Government of India (the "FIPB") by letter dated January 30, 2004 for acquiring Shares tendered and accepted under the Offer. The Acquirer has applied to the Reserve Bank of India (the "RBI") under the Foreign Exchange Management Act, 1999 and the regulations thereunder, as amended, for acquiring Shares tendered and accepted under the Offer and the Offer is subject to the receipt of such final approval of the RBI.
- As on date, there are no other statutory or regulatory approvals required, other than those indicated above.
- **Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer i.e. September 28, 2005.**
- If there is any further upward revision of the Offer Price by the Acquirers till the last date for revision viz. September 16, 2005, or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the Public Announcement had appeared.
- Same Offer Price would be payable by the Acquirers for all the Shares tendered anytime during the Offer and accepted under the Offer.
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **No competitive bid has been announced as on the date of this Letter of Offer.**
- A copy of the Public Announcement and Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are also available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	FINANCIAL ADVISOR TO THE OFFER	REGISTRAR TO THE OFFER
ICICI Securities **ICICI Securities Limited** ICICI Centre H.T. Parekh Marg, Churchgate Mumbai 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 Email: onil_offer@isecltd.com Contact Person: Mr. Kartik Juneja	kotak Investment Banking **Kotak Mahindra Capital Company Limited** Bakhtawar, 229 Nariman Point Mumbai – 400 021 Tel: +91 22 5634 1100 Fax: +91 22 2284 0492 Email: ondeo.offer@kotak.com Contact Person: Mr Ajay Vaidya	MCS LIMITED **MCS Limited** Sri Venkatesh Bhavan Plot No. 27, Road No.11 MIDC, Andheri (E) Mumbai 400 093 Tel: +91 22 2821 5235 Fax: +91 22 2835 0456 Email: mcssvb@eth.net Contact Person: Mr. Ashok Gupta

Schedule of the Major Activities of the Offer

Activity	Original Date and Day	Revised Date and Day
Public Announcement Date	November 29, 2003 (Saturday)	November 29, 2003, (Saturday) & revised on January 9, 2004 (Friday) and September 2, 2005 (Friday)
Specified Date	December 5, 2003 (Friday)	August 26, 2005 (Friday)
Last date for competitive bid	December 19, 2003 (Friday)	December 19, 2003 (Friday)
Last date for dispatch of LoF to shareholders of the Target Company	January 9, 2004 (Friday)	September 3, 2005 (Saturday)
Offer Opens on	January 15, 2004 (Thursday)	September 9, 2005 (Friday)
Last date for revising the offer price/ number of Shares	February 3, 2004 (Tuesday)	September 16, 2005 (Friday)
Last date for withdrawal of acceptance	February 10, 2004 (Tuesday)	September 23, 2005 (Friday)
Offer Closes On	February 13, 2004 (Friday)	September 28, 2005 (Wednesday)
Last date for communicating acceptance (in full or part) or rejection of application by registered post and payment of consideration for application accepted	March 13, 2004 (Saturday)	October 13, 2005 (Thursday)

RISK FACTORS

1. In the event that (a) a statutory and regulatory approval is not received in a timely manner, or (b) there is any litigation leading to a stay of the Offer, or (c) SEBI instructs the Acquirers 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 the shareholders of the Ondeo Nalco India Limited whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirers may be delayed. In case of the delay due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the wilful default or negligence or failure to diligently pursue the matter on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. September 23, 2005, the shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

   The Offer is subject to the receipt of statutory and regulatory approvals, as provided under section 7 of this Letter of Offer for the acquisition of Shares by the Acquirers under the Offer. The Acquirers may not to be able to proceed with the Offer in the event the approvals are not received in terms of Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

2. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer, till the completion of the Offer formalities. Accordingly, the Acquirers make no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the shareholders of Ondeo Nalco India Limited on whether to participate or not to participate in the Offer.

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

4. The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company or its subsidiaries or 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 the Target Company are advised to consult their stockbroker or investment consultant before participating in the Offer.

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Definitions

Terms Defined	
Acquirers	Nalco Holdings and Nalco Company
Act	The Companies Act, 1956
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services Limited
CSE	The Calcutta Stock Exchange Association Limited
DP	Depository Participant
Eligible Persons	All the shareholders of Target Company other than the Acquirers and parties to the Stock Purchase Agreement, whose names appear in the register of members as on the close of business hours on the Specified Date i.e. August 26, 2005 and also those persons who own the Shares any time prior to the closure of the Offer, whether or not they are registered as members.
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
Form	Form of Acceptance-cum-Acknowledgement
IT Act	Income-tax Act, 1961
ICICI Securities/ Manager/ Manager to the Offer	ICICI Securities Limited
KMCC/ Advisor/ Advisor to the Offer	Kotak Mahindra Capital Company Limited
LoF	Letter of Offer
Nalco Company	Nalco Company (formerly known as Ondeo Nalco Company), a corporation organized under the laws of the State of Delaware, USA and having its principal office at 1601 W. Diehl Road, Naperville – IL 60563, USA
Nalco Holdings	Nalco Holdings LLC, a Delaware limited liability company having its principal office at 345 Park Avenue, New York – NY 10154, USA
NRIs	Non-Resident Indians

NSDL	National Securities Depository Limited
Offer	This offer by the Acquirers to the shareholders of ONIL to acquire up to 1,000,000 shares of face value of Rs. 10 each representing 20.00% of the outstanding paid-up voting equity share capital of ONIL at Rs. 288 per Share
Offer Price	Rs. 288 (Rupees Two Hundred and Eighty Eight only) per share, as may be revised subsequently
Offer Size	1,000,000 shares of Ondeo Nalco India Limited, representing 20.00% of the outstanding paid-up equity share capital of the Target Company
ONIL / Target Company	Ondeo Nalco India Limited, a company incorporated under the Act and having its registered office at 20A, Park Street, Kolkata - 700 016
PA	Public Announcements that appeared in connection with this Offer on November 29, 2003 and revised on January 09, 2004 and September 2, 2005 (Friday) in the following newspapers: – Business Standard (All editions) – Pratahkal (All editions) – Sakal (Mumbai) – Aajkaal (Kolkata)
RBI	Reserve Bank of India
Registrar/ Registrar to the Offer/ MCS	MCS Limited
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.
SAT	Securities Appellate Tribunal
SEBI	Securities and Exchange Board of India
Share/ Shares	Fully paid-up equity share / shares of face value of Rs. 10 each of Ondeo Nalco India Limited
Specified Date	August 26, 2005 being the Specified Date as stated in the Public Announcement

Note:

a) All capitalised terms used in this LoF but not otherwise defined herein shall have the meanings ascribed thereto in the Regulations.

b) The headings of the sections and subsections of this LoF are inserted for convenience only.

1. 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 REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ONDEO NALCO INDIA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS OR OF THE COMPANY WHOSE SHARES 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 THE ACQUIRERS ARE 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 THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, ICICI SECURITIES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED DECEMBER 12, 2003 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THERETO. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

The Acquirers and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer or in the advertisement or any material issued by, or at the instance of Acquirers and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her own risk.

2. DETAILS OF THE OFFER

Background of the Offer

a) The Offer is mandatory in nature made by the Acquirers pursuant to and in compliance with, among others, regulation 10 and regulation 12 of the Regulations. This Offer is subject to the receipt of certain approvals as more fully set forth in the section entitled "Terms and Conditions of the Offer".

   On August 31, 2003, Nalco Holdings, that has become Nalco Company's parent, entered into a stock purchase agreement ("Stock Purchase Agreement") pursuant to which it agreed to purchase, and on November 4, 2003 it consummated such purchase of, all the outstanding shares of capital stock of Nalco Company from Leo Holding Company, a Delaware corporation and an indirect subsidiary of Suez, a société anonyme organized under the laws of the Republic of France ("Suez") and all the outstanding shares of capital stock of certain subsidiaries of Nalco International S.A.S., a société par actions simplifée organized under the laws of the Republic of France and an indirect subsidiary of Suez for an aggregate purchase price of US$ 4,200,000,000 in cash. Nalco Company holds 4,000,000 Shares out of the equity capital of 5,000,000 Shares in the Target Company representing 80% of the voting equity capital of the Target Company. This acquisition by Nalco Holdings was part of a global acquisition pursuant to which Nalco Holdings acquired the equity of several companies and businesses involved in providing integrated water treatment and process improvement services, chemical and equipment programs for industrial and institutional applications located in different countries (the "Global Acquisition"). The portion of the total consideration for the Global Acquisition attributed to the indirectly acquired Shares of the Target Company is US$ 6.22 (Rs 288*) per Share* (* at an exchange rate of 1 US$ = Rs.46.30, which is higher than the prevailing exchange rates as on November 4, 2003, the date of the consummation of the Global Acquisition and as on November 26, 2003, the date of the board resolutions of the Acquirers approving this Offer).

b) As the Global Acquisition has resulted in Nalco Holdings indirectly acquiring 80% of the Shares of the Target Company, this Offer is being made pursuant to the Regulations. Nalco Company holds 80% of the Shares of the Target Company. Pursuant to acquisition finance arrangements for the Global Acquisition, 3,250,000 of the Shares held by Nalco Company have been pledged to a banking syndicate.

c) Nalco Holdings has undertaken in the Stock Purchase Agreement that if after closing of the Global Acquisition, Suez were to acquire any shares of the Target Company pursuant to an offer under applicable Indian law, then as promptly as practicable Nalco Holdings (or its nominee) shall, subject to receipt of applicable regulatory approvals, acquire all such shares acquired by Suez at the price attributed to such shares under the Share Purchase Agreement i.e. USD 6.22.

d) Separately, in June 1999, Suez Lyonnaise des Eaux (former name of Suez), H2O, a wholly owned subsidiary of Suez, and Nalco Company entered into an agreement and plan of merger which included an offer for H2O to purchase the equity interest in Nalco Company and a merger of H2O into Nalco Company and the consideration for the composite arrangement was an indivisible consideration. The SEBI order dated August 22, 2003, has held that pursuant to the above agreement and the transactions contemplated therein, Suez had acquired 80% of the Shares of ONIL and had violated regulations 10 and 12 read with sub-regulations (1) and (3) of regulation 14 of the Regulations as Suez has not made a public announcement to acquire shares/voting rights or control of ONIL in accordance with the Regulations. Suez had contended, in the hearing before the Chairman of the SEBI for the abovementioned order, that the acquisition of indirect control over the Target Company being pursuant to the merger of H2O into Nalco Company is exempt from the provisions of the Regulations under regulation 3(1) (j) (ii) of the Regulations. The abovementioned order had directed Suez to make an open offer to shareholders of ONIL with the reference date as April 9, 1999 along with interest @ 15% per annum from August 8, 1999 till the actual date of payment of consideration. Suez had filed an appeal with the Securities Appellate Tribunal ("SAT") against the above order of the SEBI.

e) The SEBI had by a letter dated January 2, 2004, in light of the pending SEBI order against Suez and in terms of Regulation 18(2) and Regulation 44 of the Takeover Code read with Section 11B of the SEBI Act, 1992, advised the Manager to the Offer not to proceed with the offer till further communication was received from SEBI. The Acquirers had accordingly issued a public announcement on January 9, 2004 intimating the shareholders of the Target Company of the same.

f) During the pendency of the Offer, in deference to the abovementioned order of the SEBI, Suez had withdrawn its appeal to SAT on December 20, 2004 and had issued a public announcement on December 23, 2004 to acquire upto 20% of the existing paid up capital of the Target Company. The open offer by Suez closed on March 3, 2005 and Suez has acquired 17.18%[1] of the existing paid up capital of the Target Company pursuant to its open offer.

g) Upon completion of the open offer by Suez, SEBI had vide letter CFD/DCR/TO/AT/43069 dated June 21, 2005 requested the Manager, in response to letter dated May 16, 2005 from the Manager, to submit a revised letter of offer for the open offer by the Acquirers. The Acquirers are, in accordance with the abovementioned letter of SEBI, proceeding with the Offer.

[1] As per Suez notice to BSE.

h) Pursuant to this Offer, the Acquirers propose to acquire up to 20% (Twenty percent) of issued and outstanding equity capital of the Target Company. As such therefore, this Offer is to acquire 1,000,000 Shares of the Target Company (the “Offer Size”) representing 20% of the voting equity capital of the Target Company at a price of Rs. 288 (Rupees Two Hundred and Eighty Eight Only) for each fully paid-up Share (such price being the “Offer Price”), to be paid in cash in accordance with the Regulations. This Offer is not subject to any minimum level of acceptance.

i) In view of the above, the Offer would be under Regulation 10 and 12 of the Regulations. The Acquirers confirm to acquire 1,000,000 fully paid-up equity shares of Ondeo Nalco representing 20% of the fully paid-up equity share capital.

j) Neither the Acquirers, nor their directors, have been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

k) As per information provided by the Target Company, ONIL has not been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

l) As on the date of the Public Announcement, ICICI Securities Limited, the Manager to the Offer, did not hold any shares of Ondeo Nalco.

m) ICICI Securities Limited shall not deal in the shares of the Target Company during the period commencing from the date of its appointment in terms of Regulation 13 till the expiry of the fifteen days period from the date of Closure of the Offer.

Details of the proposed Offer

a) The Public Announcement published on November 29, 203 and revised on January 9, 2004 and September 2, 2005 were published in all the editions of the following newspapers in accordance with Regulation 15 of the Regulations:

Newspapers	**Language**	**Editions**
The Business Standard	English	All Editions
Pratahkal	Hindi	All Editions
Sakal	Marathi	Mumbai
Aajkaal	Bengali	Kolkata

The Public Announcement published is also available on the SEBI website, www.sebi.gov.in.

b) Pursuant to this Offer, the Acquirers propose to acquire 20% (Twenty percent) of issued and outstanding Shares. As such, this Offer is to acquire 1,000,000 Shares representing 20% of the voting equity capital of the Target Company at a price of Rs. 288 for each Share, payable in cash in accordance with the Regulations. To the extent of the Offer Size, all the Shares that are validly tendered pursuant to this Offer are proposed to be acquired at the Offer Price by Nalco Company. There are no partly paid Shares in the Target Company.

c) Since the date of the Public Announcement to the date of this LoF, the Acquirers have not acquired any Shares.

d) The Shares to be acquired under this LoF are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

e) Except as described above, the Acquirers have not acquired any Shares, including by way of allotment in a public or rights issue or by preferential allotment, of the Target Company in the 12 month period prior to this LoF.

f) The Offer is not conditional on any minimum level of acceptance i.e. the Acquirers will acquire all the Shares that are tendered in terms of the Offer up to 1,000,000 Shares, subject to the conditions specified in the Public Announcement together with this Letter of Offer and Form of Acceptance-cum-Acknowledgement.

Object of the Offer

a) As stated in paragraphs 2 a) and b) (see above), on November 4, 2003, Nalco Holdings, pursuant to the Global Acquisition, acquired from an indirect subsidiary of Suez the entire equity capital of Nalco Company which directly holds 4,000,000 Shares of the Target Company, representing 80% of the voting equity capital of the Target Company. The Global Acquisition has resulted in Nalco Holdings indirectly acquiring 80% Shares of the Target Company. The Offer to the shareholders of the Target Company is made pursuant to the indirect acquisition of the Shares and the consequent change in control of the Target Company in accordance with regulations 10 and 12 of the Regulations.

b) As of the date of this LoF, the Acquirers do not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring (including by way of amalgamations, mergers, demergers, etc.) and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters, as per the requirements of business and in line with the opportunities from time to time, provided further that the Acquirers shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company, in accordance with the provisions of the relevant regulations or any other applicable legislations or regulations at the relevant time.

3. BACKGROUND OF THE ACQUIRERS

This Offer is being made by Nalco Holdings LLC (Nalco Holdings) and Nalco Company, collectively the Acquirers.

Nalco Holdings

a) Nalco Holdings, a Delaware limited liability company was formed on August 22, 2003. Nalco Holdings was a newly formed holding company to enter into in the acquisition described earlier and is primarily engaged in investment activities. The principal office of Nalco Holdings is located at 345 Park Avenue, New York – NY 10154, USA. Nalco Holdings is an unlisted entity and is held 100% by Nalco Investment Holdings LLC which in turn is held by funds controlled by the Blackstone Group, Apollo Management, L.P. and GS Capital Partners 2000, L.P. Nalco Holdings does not belong to any specific group. Nalco Holdings is the immediate holding company of Nalco Company.

b) Since Nalco Holdings does not hold any Shares, the provisions of Chapter II of the Regulations are not applicable.

c) As on the date of PA, the board of directors of Nalco Holdings comprises the following:

Name of Director	Address
Dr. William H. Joyce	1601 W. Diehl Road, Naperville, IL 60563
Mr. Leon D. Black	9 West 57th 43rd floor, New York, NY 10019
Mr. Chinh E. Chu	345 Park Avenue; 31st Floor; New York, NY 10154
Mr. Richard A. Friedman	85 Broad Street; 10th Floor, New York, NY 10004
Mr. Joshua J. Harris	9 West 57th 43rd floor, New York, NY 10019
Mr. Sanjeev K. Mehra	85 Broad Street; 10th Floor, New York, NY 10004
Mr. Paul H. O'Neill	12 Federal St., Suite 100, Pittsburgh, PA 15212
Mr. Douglas A. Pertz	100 South Saundrrs Road, Suite 300, Lake Forest, IL, 60045
Mr. Daniel S. Sanders	210 Crescent Avenue, Greenville , SC 29605
Mr. Richard B. Marchese	140 National Drive, Duluth, GA 30097
Mr. Rodney F. Chase	26381 Woodlyn Drive, Bonita Springs, FL 34134

None of these directors are on the board of ONIL

William H. Joyce has been Chairman and CEO of Nalco Holdings since joining in November 2003. Dr. Joyce was formerly the Chairman and Chief Executive Officer of Hercules Incorporated, a position he took in May 2001. Dr. Joyce has been Executive Officer of Union Carbide Corporation from 1996 through May 2001. Prior to that, he had been Chief Operating Officer of Union Carbide since 1992. Dr. Joyce holds a B.S. degree in Chemical Engineering from Penn State University, and M.B.A. and Ph.D. degrees from New York University.

Leon D. Black has been a member of the board of directors since 2004. Mr. Black is a founding partner of Apollo Advisors, L.P. and Apollo Real Estate Advisors, L.P. Mr. Black also serves on the boards of directors of AMC Entertainment Inc., Wyndham International, Inc., Allied Waste Industries, Inc., Sirius Satellite Radio Inc. and United Rentals, Inc. Mr. Black also serves as a Trustee of The Museum of Modern Art, Mount Sinai-NYU Medical Center, Lincoln Center for the Performing Arts, the Metropolitan Museum of Art, Prep for Prep, the Asia Society and Dartmouth College. Mr. Black received a B.A. degree from Dartmouth College and an M.B.A. degree from Harvard Business School.

Chinh E. Chu has been a member of the board of directors since 2004. Mr. Chu is a Senior Managing Director of The Blackstone Group, which he joined in 1990. Mr. Chu currently serves on the boards of directors of Celanese AG, Financial Guaranty Insurance Company, Haynes International, Inc. and Nycomed Holdings.

Richard A. Friedman has been a member of the board of directors since 2004. Mr. Friedman is head of Goldman, Sachs & Co.'s Merchant Banking Division, head of Goldman, Sachs & Co.'s Principal Investment Area, Chairman of the Merchant Banking Division's Investment Committee and member of Goldman, Sachs & Co.'s Management Committee. Mr. Friedman joined Goldman, Sachs & Co. in 1981, became a partner in 1990, and was made a managing director in 1996. He serves on the boards of directors of Burger King Corporation and Yankees Entertainment and Sports Network, LLC (YES). Mr. Friedman received a B.A. from Brown University and an M.B.A. from the University of Chicago Graduate School of Business.

Joshua J. Harris has been a member of the board of directors since 2004. Mr. Harris is a founding partner of Apollo Advisors, L.P., which he joined in 1990. Mr. Harris is a director of Resolution Performance Products LLC, Resolution Specialty Materials, Pacer International, Inc., Compass

Minerals International, Inc., General Nutrition Centers, Inc., United Agri Products Inc., Quality Distribution, Inc. and Borden Chemical, Inc. Mr. Harris received a B.S. degree from the Wharton School at The University of Pennsylvania and an M.B.A. from Harvard Business School.

Sanjeev K. Mehra has been a member of the board of directors since 2004. Mr. Mehra is a managing director of Goldman, Sachs & Co.'s Principal Investment Area, and a member of its Investment Committee. Mr. Mehra joined Goldman, Sachs & Co. in 1986, was made a managing director in 1996 and became a partner in 1998. He serves on the boards of directors of Burger King Corporation, Hexcel Corporation, Madison River Telephone Company LLC and North American RailNet, Inc. Mr. Mehra received a B.A. from Harvard College and an M.B.A. from Harvard Business School.

Paul H. O'Neill has been a member of the board of directors since 2004. Mr. O'Nei1l has been a Special Advisor at The Blackstone Group L.P. since March 2003. Prior to that, he served as U.S. Secretary of the Treasury during 2001 and 2002 and was Chief Executive Officer of Alcoa Inc. from 1987 to 1999 and Chairman of the Board from 1987 to 2000. He currently also serves on the boards of directors of TRW Automotive Holdings Corp. and Eastman Kodak Company.

Douglas A. Pertz became a member of the board of directors in November 2004. Mr. Pertz has been Chairman and Chief Executive Officer of IMC Global Inc. since March 2002. From October 2000 to March 2002, Mr. Pertz served as Chairman, President and Chief Executive Officer of IMC Global Inc., and from October 1999 to October 2000, Mr. Pertz served as President and Chief Executive Officer of IMC Global Inc. Mr. Pertz served as President and Chief Operating Officer of IMC Global Inc. from October 1998 to October 1999. Prior to joining IMC Global lnc., Mr. Pertz served from 1995 to 1998 as President and Chief Executive Officer and as a director of Culligan Water Technologies, Inc. Mr. Pertz currently serves on the board of directors of IMC Global Inc., Compass Minerals International lnc. and Bowater Incorporated.

Daniel .S. Sanders became a member of the board in January 2005. He is the former president of Exxon Mobil Chemical Company, and VO of Exxon Mobil Corporation. He is also on the Board pf Directors of Milliken & Company, Arch Chemicals and Celanses Chemicals. He holds a degree in Mechanical engineering from University of South Carolina

Richard B. Marchese became a member of the board in May 2005. Mr. Marchese served for 14 years as the VP- Finance, CEO & Treasurer of Georgia Gulf Corporation, retiring at the end of 2003. Mr. Marchese is also a member of the board of directors of Quality Distribution. He is a certified Public Accountant and has a B.S. in Accounting from Fairleigh Dickinson University.

Rodney F. Chase became a member of the board in May 2005. Mr Chase is a former Deputy Group Chief Executive of BP and has served on the board of BP for eleven years. He retired from BP in April 2003 after 38 years in service. Mr. Chase now serves on the Board of Tesco plc as Deputy Chairman and Senior Director. He has joined Lehman Brothers in 2003 as Senior Advisor in both Europe and the USA.

d) The financial information of Nalco Holdings is given below. The consolidated financial statements of Nalco Holdings LLC include the financial statements of its wholly owned subsidiary Nalco Company in accordance with Generally Accepted Accounting Principles of United States of America. Since the company was formed on August 22, 2003, it does not have financials for prior periods.

Consolidated Financials of Nalco Holdings

Profit and Loss Statement	Jan 1 – March 31, 2005 (Unaudited)		2004		November 4, 2003 through December 31, 2003	
	US$ mn	Rs Lacs*	US$ mn	Rs Lacs*	US$ mn	Rs Lacs*
Net Sales	777.6	340,200.0	3,033.3	1,327,068.8	460.1	201,293.8
Other income (expense)	(2.2)	(962.5)	(43.3)	(18,943.8)	(2.8)	(1,225.0)
Total operating costs & expenses	692.3	302,881.3	2,837.8	1,241,537.5	440.8	192,850.0
Earnings before Interest, Taxes Depreciation & Amortization	135.7	59,368.8	357.0	156,187.5	54.5	23,843.8
Depreciation	33.2	14,525.0	114.3	50,006.3	22.5	9,843.8
Amortization	20.6	9,012.5	96.3	42,131.3	15.4	6,737.5
Interest Income	2.1	918.8	10.1	4,418.8	0.6	262.5
Interest Expense	(54.9)	(24,018.8)	(213.2)	(93,275.0)	(49.6)	(21,700.0)
Earnings (loss) before income tax	30.3	13,256.3	(50.9)	(22,268.8)	(32.5)	(14,218.8)
Income tax provision (benefit)	13.0	5,687.5	47.5	20,781.3	(8.3)	(3,631.3)
Minority interests	(1.2)	(525.0)	(5.8)	(2,537.5)	0.1	43.8
Net Earnings (loss)	16.1	7,043.8	(104.2)	(45,587.5)	(24.1)	(10,543.8)

Balance Sheet	As on March 31, 2005 (Unaudited)		As on December 31, 2004		As on December 31, 2003	
	US$ mn	Rs Lacs*	US$ mn	Rs Lacs*	US$ mn	Rs Lacs*
Current assets	1,049.9	459,331.3	1,031.0	451,062.5	975.6	426,825.0
Property, plant, and equipment, net	815.9	356,956.3	847.3	370,693.8	865.6	378,700.0
Goodwill	2,336.1	1,022,043.8	2,368.3	1,036,131.3	2,500.1	1,093,793.8
Other intangible assets, net	1,297.9	567,831.3	1,323.6	579,075.0	1,408.9	616,393.8
Deferred financing costs	63.1	27,606.2	63.8	27,912.5	75.0	32,812.5
Receivable from former shareholder	88.1	38,543.8	87.2	38,150.0	117.3	51,318.8

Other non current assets	207.1	90,606.3	212.5	92,968.8	221.3	96,818.8
Total assets	**5,858.1**	**2,562,918.8**	**5,933.7**	**2,595,993.8**	**6,163.8**	**2,696,662.5**
Current liabilities	552.2	241,587.5	591.3	258,693.8	528.8	231,350.0
Long term debt	3,070.2	1,343,212.5	3,100.6	1,356,512.5	3,262.8	1,427,475.0
Deferred income taxes	495.3	216,693.8	501.5	219,406.3	624.0	273,000.0
Accrued pension benefits	418.9	183,268.8	411.7	180,118.8	374.1	163,668.8
Other liabilities	296.4	129,675.0	296.8	129,850.0	293.5	128,406.3
Minority interest	11.9	5,206.3	14.1	6,168.8	11.6	5,075.0
Unitholder’s equity	1,013.2	443,275.0	1,017.7	445,243.8	1,069.0	467,687.5
Total liabilities and unitholder’s equity	**5,858.1**	**2,562,918.8**	**5,933.7**	**2,595,993.8**	**6,163.8**	**2,696,662.5**

Financials for the period January 1, 2005 to March 31, 2005 have been certified by the CEO and CFO in compliance with the US Sarbanes-Oxley Act
*At the exchange rate of 1USD = Rs. 43.75, as on March 31, 2005 (Source: Reserve Bank of India website - www.rbi.org.in)

The financials for the period August 22, 2003 to November 4, 2003 are as follows:

Profit & Loss Statement for the Period August 22, 2003 to November 4, 2003	**US$ mn**	**Rs Lacs***
Income	-	-
Operating and other expenses	33.32	15,111.89
Loss for the period	(33.32)	(15,111.89)
Loss carried to Balance Sheet	(33.32)	(15,111.89)

Balance Sheet Statement as on November 4, 2003	**US$ mn**	**Rs Lacs***
Sources of Funds		
Shareholders' Funds		
Capital	0.00	0.05
Reserves and surplus	1,001.87	454,446.82
Total	**1,001.87**	**454,446.87**
Application of Funds		
Investments	968.57	439,344.05
Current Assets, Loans and Advances		
Cash and bank balances	5.55	2,516.54
Less: Current Liabilities and provisions		
Liabilities	5.57	2,525.62
Net Current Assets	(0.02)	(9.07)
Profit and loss account	33.32	15,111.89
Total	**1,001.87**	**454,446.87**

*At the exchange rate of 1USD=Rs 45.36 as on November 4, 2003, (Source: Reserve Bank of India website - www.rbi.org.in)

Auditors to the report: Ernst & Young LLP, Chicago, Illinois, USA

Significant Accounting Policies

Use of Estimate

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the consolidated statement of operations for the period from November 4, 2003 through December 31, 2003 and the combined statements of operations for the period from January 1, 2003 through November 3, 2003 and for the year ended December 31, 2002 to conform to the current year presentation. These reclassifications had no effect on net income reported for any period.

Foreign Currency Translation

Local currencies are the functional currencies for most foreign operations. Their financial statements are translated at current and average exchange rates, with any resulting translation adjustments included in the currency translation adjustment account in unitholder's equity. The financial statements of any foreign subsidiaries that operate in highly inflationary environments are translated using a combination of current, average, and historical exchange rates, with the resulting translation impact included in results of operations. Transactions executed in different currencies resulting in exchange adjustments are included in results of operations.

Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. Management believes the likelihood of incurring material losses due to concentration of credit risk is remote. The principal financial instruments subject to credit risk are as follows:

Cash and Cash Equivalents

A formal policy exists of placing these instruments in investment grade companies and institutions and limiting the size of an investment with any single entity.

Accounts Receivable

A large number of customers in diverse industries and geographies, as well as the practice of establishing reasonable credit lines, limits credit risk. The allowance for doubtful accounts is adequate to cover potential credit risk losses.

Foreign Exchange Contracts and Derivatives

Formal policies exist, which establish credit limits and investment grade credit criteria of "A" or better for all counterparties.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with original maturities of three months or less.

Inventory Valuation

Inventories are valued at the lower of cost or market. Approximately 54% of the inventories at both December 31, 2004 and 2003 are valued using the average cost or first-in, first-out (FIFO) method. The remaining inventories are valued using the last-in, first-out (LIFO) method. Reported inventory amounts at December 31, 2004 would have been approximately $14.5 million lower if the FIFO method of accounting had been used for all inventories. As a result of using a new basis of accounting for the Company due to the Acquisition, the LIFO value of inventories approximated the FIFO value of inventories at December 31, 2003.

Goodwill

The Predecessor adopted SFAS No. 142, *Goodwill and Other Intangible Assets*, as of January 1, 2002. Under SFAS No. 142, goodwill and intangible assets deemed to have indefinite lives are no longer amortized but are subject to annual impairment tests. Goodwill is tested for impairment at least annually, and impairment, if any, recorded as expense in the period of impairment.

Intangibles

The Company amortizes customer relationships using an accelerated method to reflect the pattern in which the economic benefits of that asset are realized. The straight-line method is used for all other assets subject to amortization. Customer relationships and patents and developed technology are being amortized over estimated useful lives of 16 years and 10 years, respectively.

Deferred Financing Costs

Deferred financing costs are incurred to obtain long-term financing and are amortized using the effective interest method over the term of the related debt. The amortization of deferred financing costs, which is classified in interest expense in the statement of operations, was $11.2 million for the year ended December 31, 2004 and $17.4 million for the period from November 4, 2003 through December 31, 2003, which included the immediate write-off of $15.8 million for bridge financing commitment fees incurred in connection with the Acquisition.

Income Taxes

Income taxes are recognized during the period in which transactions enter into the determination of financial statement income, with deferred income taxes being provided for the tax effect of temporary differences between the carrying amount of assets and liabilities and their tax bases.

Deferred income taxes are provided on the undistributed earnings of foreign subsidiaries and affiliated companies except to the extent such earnings are considered to be permanently reinvested in the subsidiary or affiliate. In cases where foreign tax credits will not offset U.S. income taxes, appropriate provisions are included in the consolidated statement of operations.

Derivative Instruments

In accordance with the provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, derivatives are recognized as either assets or liabilities in the balance sheets at fair value.

Retirement Plans

The cost of retirement plans is computed on the basis of accepted actuarial methods (using the projected unit credit method for the principal plan) and includes current service costs and amortization of increases in prior service costs over the expected future service of active participants as of the date such costs are first recognized.

The costs of health and life insurance postretirement benefits are accrued as earned. Annual expense represents a combination of interest and service cost provisions. Most postretirement benefits are not funded.

Revenue Recognition

Revenue from sales of products, including amounts billed to customers for shipping and handling costs, is recognized at the time: (1) ownership and all risks of loss have been transferred to the buyer, which is generally upon shipment, (2) the price is fixed and determinable, and (3) collectibility is reasonably assured. Revenue from services is recognized when the services are provided to the customer.

Shipping and handling costs, including certain warehousing costs incurred by the Company, are included in cost of products sold.

Research and Development

Research and development costs, excluding costs to acquire in-process research and development, totaled $56.5 million, $9.7 million, $50.3 million, and $57.9 million for the year ended December 31, 2004, the period from November 4, 2003 through December 31, 2003, the period from January 1, 2003 through November 3, 2003, and the year ended December 31, 2002, respectively. Research and development costs are charged to expense as incurred. Purchased in-process research and development costs were $122.3 million for the year ended December 31, 2004

Acquisition and Demerger

The company acquired two businesses and certain patents during 2004 for a combined purchase price of $2.5 million, net of cash acquired. Each of these acquisitions was treated as a purchase, and their results of operations have been included in the consolidated financial statements since their respective dates of acquisition. On a preliminary basis, the purchase price exceeded the fair value of tangible net assets by $2.5 million, which was allocated to other intangible assets and patents and developed technology.

In June 2004, the company and Katayama Chemical Inc. formed a joint venture in Japan, Katayama Nalco Inc., to provide water treatment and process improvement services, chemicals, and equipment to Japanese industrial and institutional customers. The results of Katayama Nalco Inc. are included in the company's consolidated financial statements since it exercises control over this joint venture.
The company sold a business during 2004 for approximately $0.2 million. No gain or loss was recorded on the sale.

Legal Proceedings

Various claims, lawsuits and administrative proceedings are pending or threatened against the company and its subsidiaries, arising from the ordinary course of business with respect to commercial, intellectual property, product liability, employee and environmental matters. Historically, the company has not faced any litigation matters or series of litigation matters that have had a material adverse impact on its business. In addition, Nalco Holdings does not believe that there is any pending or reasonably predictable litigation, either individually or in the aggregate, that is likely to have a material adverse effect on its financial condition, results of operations, liquidity or cash flow. However, the company cannot predict with certainty the outcome of any litigation or the potential for future litigation.

- The company has been named as a potentially responsible party (PRP) by the Environmental Protection Agency or state enforcement agencies at three waste sites where some financial contribution is or may be required. The company's undiscounted reserves for known environmental clean up costs were $2.0 million at March 31, 2005.

- The company has been named as a defendant in lawsuits based on claimed involvement in the supply of allegedly defective or hazardous materials. The plaintiffs in these cases seek damages for alleged personal injury or potential injury resulting from exposure to our products or other chemicals.

- The company has received subpoenas from the U.S. Department of Justice for documents and testimony relating to its storage of claimed hazardous materials, the claimed leakage of wastewater and other matters at its plant in Garyville, Louisiana. No charges or indictments have been filed, but the outcome of this investigation is unknown to the company.

Compliance Officers

Mr. Bradley Bells; CFO and Mr. Steve Landsman; General Counsel
1601 West Diehl Road
Naperville, IL 60563, USA
Tel: +1 630 305 1554
Email: slandsman@nalco.com

Nalco Company

a) Nalco Company, (formerly known as Ondeo Nalco Company), a corporation organized under the laws of the State of Delaware, USA was incorporated in 1928. Nalco Company is a provider of integrated water treatment and process improvement services, chemical and equipment programs for industrial and institutional applications. The principal office of Nalco Company is located at 1601 W. Diehl Road, Naperville – IL 60563. Nalco Company is an unlisted entity. Nalco Holdings owns 100% of the shares of Nalco Company. The indirect parent of Nalco Holdings is Nalco Holding Company which is a US listed entity as of November 12, 2004.

b) As per letter dated July 4, 2005 from ONIL, Nalco Company has complied with the disclosure in terms 8(1), 8(2) of the Regulations as at March 31, 2003. For earlier years, compliance of 6(1), 8(1) and 8(2) of the Regulations has been made in terms of the SEBI Regularization Scheme 2002 in November 2002.

c) The names and addresses of the directors of Nalco Company (as on the date of the PA) are as follows:

Name of Director	Address
Dr. William H. Joyce	1601 W. Diehl Road, Naperville, IL 60563
Mr. Leon D. Black	9 West 57th 43rd floor, New York, NY 10019
Mr. Chinh E. Chu	345 Park Avenue; 31st Floor; New York, NY 10154
Mr. Richard A. Friedman	85 Broad Street; 10th Floor, New York, NY 10004
Mr. Joshua J. Harris	9 West 57th 43rd floor, New York, NY 10019
Mr. Sanjeev K. Mehra	85 Broad Street; 10th Floor, New York, NY 10004
Mr. Paul H. O'Neill	12 Federal St., Suite 100, Pittsburgh, PA 15212
Mr. Douglas A. Pertz	100 South Saundrrs Road, Suite 300, Lake Forest, IL, 60045
Mr. Daniel S. Sanders	210 Crescent Avenue, Greenville , SC 29605
Mr. Richard B. Marchese	140 National Drive, Duluth, GA 30097
Mr. Rodney F. Chase	26381 Woodlyn Drive, Bonita Springs, FL 34134

None of these directors are on the board of ONIL

William H. Joyce has been Chairman and CEO of Nalco Holdings since joining in November 2003. Dr. Joyce was formerly the Chairman and Chief Executive Officer of Hercules Incorporated, a position he took in May 2001. Dr. Joyce has been Executive Officer of Union Carbide Corporation from 1996 through May 2001. Prior to that, he had been Chief Operating Officer of Union Carbide since 1992. Dr. Joyce holds a B.S. degree in Chemical Engineering from Penn State University, and M.B.A. and Ph.D. degrees from New York University.

Leon D. Black has been a member of the board of directors since 2004. Mr. Black is a founding partner of Apollo Advisors, L.P. and Apollo Real Estate Advisors, L.P. Mr. Black also serves on the boards of directors of AMC Entertainment Inc., Wyndham International, Inc., Allied Waste Industries, Inc., Sirius Satellite Radio Inc. and United Rentals, Inc. Mr. Black also serves as a Trustee of The Museum of Modern Art, Mount Sinai-NYU Medical Center, Lincoln Center for the Performing Arts, the Metropolitan Museum of Art, Prep for Prep, the Asia Society and Dartmouth College. Mr. Black received a B.A. degree from Dartmouth College and an M.B.A. degree from Harvard Business School.

Chinh E. Chu has been a member of the board of directors since 2004. Mr. Chu is a Senior Managing Director of The Blackstone Group, which he joined in 1990. Mr. Chu currently serves on the boards of directors of Celanese AG, Financial Guaranty Insurance Company, Haynes International, Inc. and Nycomed Holdings.

Richard A. Friedman has been a member of the board of directors since 2004. Mr. Friedman is head of Goldman, Sachs & Co.'s Merchant Banking Division, head of Goldman, Sachs & Co.'s Principal Investment Area, Chairman of the Merchant Banking Division's Investment Committee and member of Goldman, Sachs & Co.'s Management Committee. Mr. Friedman joined Goldman, Sachs & Co. in 1981, became a partner in 1990, and was made a managing director in 1996. He serves on the boards of directors of Burger King Corporation and Yankees Entertainment and Sports Network, LLC (YES). Mr. Friedman received a B.A. from Brown University and an M.B.A. from the University of Chicago Graduate School of Business.

Joshua J. Harris has been a member of the board of directors since 2004. Mr. Harris is a founding partner of Apollo Advisors, L.P., which he joined in 1990. Mr. Harris is a director of Resolution Performance Products LLC, Resolution Specialty Materials, Pacer International, Inc., Compass Minerals International, Inc., General Nutrition Centers, Inc., United Agri Products Inc., Quality Distribution, Inc. and Borden Chemical, Inc. Mr. Harris received a B.S. degree from the Wharton School at The University of Pennsylvania and an M.B.A. from Harvard Business School.

Sanjeev K. Mehra has been a member of the board of directors since 2004. Mr. Mehra is a managing director of Goldman, Sachs & Co.'s Principal Investment Area, and a member of its Investment Committee. Mr. Mehra joined Goldman, Sachs & Co. in 1986, was made a managing director in 1996 and became a partner in 1998. He serves on the boards of directors of Burger King Corporation, Hexcel Corporation, Madison River Telephone Company LLC and North American RailNet, Inc. Mr. Mehra received a B.A. from Harvard College and an M.B.A. from Harvard Business School.

Paul H. O'Neill has been a member of the board of directors since 2004. Mr. O'Nei1l has been a Special Advisor at The Blackstone Group L.P. since March 2003. Prior to that, he served as U.S. Secretary of the Treasury during 2001 and 2002 and was Chief Executive Officer of Alcoa Inc. from 1987 to 1999 and Chairman of the Board from 1987 to 2000. He currently also serves on the boards of directors of TRW Automotive Holdings Corp. and Eastman Kodak Company.

Douglas A. Pertz became a member of the board of directors in November 2004. Mr. Pertz has been Chairman and Chief Executive Officer of IMC Global Inc. since March 2002. From October 2000 to March 2002, Mr. Pertz served as Chairman, President and Chief Executive Officer of IMC Global Inc., and from October 1999 to October 2000, Mr. Pertz served as President and Chief Executive Officer of IMC Global Inc. Mr. Pertz served as President and Chief Operating Officer of IMC Global Inc. from October 1998 to October 1999. Prior to joining IMC Global lnc., Mr. Pertz served from 1995 to 1998 as President and Chief Executive Officer and as a director of Culligan Water Technologies, Inc. Mr. Pertz currently serves on the board of directors of IMC Global Inc., Compass Minerals International lnc. and Bowater Incorporated.

Daniel .S. Sanders became a member of the board in January 2005. He is the former president of Exxon Mobil Chemical Company, and VO of Exxon Mobil Corporation. He is also on the Board pf Directors of Milliken & Company, Arch Chemicals and Celanses Chemicals. He holds a degree in Mechanical engineering from University of South Carolina

Richard B. Marchese became a member of the board in May 2005. Mr. Marchese served for 14 years as the VP- Finance, CEO & Treasurer of Georgia Gulf Corporation, retiring at the end of 2003. Mr. Marchese is also a member of the board of directors of Quality Distribution. He is a certified Public Accountant and has a B.S. in Accounting from Fairleigh Dickinson University.

Rodney F. Chase became a member of the board in May 2005. Mr Chase is a former Deputy Group Chief Executive of BP and has served on the board of BP for eleven years. He retired from BP in April 2003 after 38 years in service. Mr. Chase now serves on the Board of Tesco plc as Deputy Chairman and Senior Director. He has joined Lehman Brothers in 2003 as Senior Advisor in both Europe and the USA.

4. DELISTING OPTION IN TERMS OF REGULATION 21(3)

Following the successful closing of this Offer, in case that the public shareholding of the Target Company falls to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on continuous basis, the Acquirers undertake to comply with the provisions of Regulation 21(3) of the Regulations.

5. BACKGROUND OF ONDEO NALCO INDIA LIMITED

a) The Target Company was originally incorporated in India on December 16, 1987 under the Companies Act, 1956, as amended, as Nalco Chemicals Limited, a subsidiary of Imperial Chemical Industries, UK. The Target Company acquired the water treatment chemicals business from ICI India Limited (formerly known as IEL Limited) in September 1988 with participation from Nalco Chemical Company, USA (former name of Nalco Company). In 1995-96, Nalco Company acquired a majority stake in the Target Company. Nalco Company increased its stake to 80% in 1998-99.

b) The name of ONIL was changed from Nalco Chemicals India Limited to Ondeo Nalco India Limited with effect from March 14, 2002. The registered office of the Target Company is located at 20A, Park Street, Kolkata – 700 016, West Bengal, India.

c) The Target Company is engaged in the business of oil field chemicals, water treatment chemicals and industrial additives/ process chemicals. The Target Company's manufacturing facilities are located at Rishra, West Bengal.

d) As per the last audited accounts as on March 31, 2005 of the Target Company, the paid up equity share capital was Rs 5,00,00,000 comprising 5,000,000 Shares. There are no partly paid-up Shares. There are no outstanding convertible instruments convertible into equity shares. The share capital structure of the Target Company is as follows:

Shares of Target Company	No. of Shares / voting rights	% of Shares / voting rights
Fully paid up equity shares	5,000,000	100%
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	5,000,000	100%
Total voting rights	5,000,000	100%

The details of shares issued by the company are as follows:

Date of Allotment	No. and % of post issue shares issued	Cumulative paid up capital (Rs.)	Mode of Allotment	Identity of Allottees (promoters/ex-promoters/others)	Status of Compliance
1987	7 (0.00%)	70	Initial Subscription	Subscribers to the Memorandum of Association	Yes
1989	20,00,000 (40%)		IPO	Nalco Chemical Co, USA	Yes
1989	1,999,993 (40%)	500,00,000	IPO	ICI India Limited	Yes
1989	10,00,000 (20%)		IPO	General Public	Yes

e) The shareholding pattern of the Ondeo Nalco India Limited before the Offer and as after the Offer is as follows (assuming full acceptance):

Shareholders' Category	Shareholding & voting rights prior to the Stock Purchase Agreement / acquisition and Offer (A)		Shares/Voting Rights agreed to be acquired which triggered off the Regulations (B)		Shareholding/voting rights to be acquired in the open Offer or because of Stock Purchase Agreement (Assuming full acceptances) (C)		Shareholding / Voting Rights after the acquisition and Offer (A+B+C) (D)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Promoter Group – the Acquirers a) Nalco Holdings b) Nalco Company	 -- 4,000,000	 -- 80.00	 -- --	 -- --	 -- 1,000,000	 -- 20.00 ^	 -- 5,000,000	 -- 100
Suez *	859,187	17.18						
Private Corporate Bodies	8,577	0.17%	--	--	--	--	--	--
Indian Public	123,835	2.48%	--	--	--	--	--	--
NRIs / OCBs	401	0.01%	--	--	--	--	--	--
Any other	8,000	0.16%			--	--	--	--
Total (1 + 2)	**5,000,000**	**100.0**	**--**	**--**	**1,000,000**	**20.0**	**5,000,000**	**100**

(% figures have been rounded-off)

Source: ONIL for shareholding as on 30th June 2005.

* Suez will not be not eligible to tender in the this open offer since they are party to Stock Purchase Agreement.

^ 20% comprises 17.18% from Suez as a result of Stock Purchase Agreement and 3.82% expected from other shareholders in the open offer.

f) Based on letter dated July 04, 2005 provided by ONIL, it has complied with the applicable clauses of the listing agreement and no penal action has been taken against ONIL by either BSE or CSE for non compliance with the listing agreement by ONIL.

g) Pursuant to the scheme of amalgamation approved by the High Courts at Chennai and Kolkata, Aqua Chemicals and Systems (Manufacturing) Limited, a wholly owned subsidiary of ONIL, was amalgamated with ONIL with effect from March 3, 2003. ONIL and its wholly owned subsidiary, Aquazur India Private Limited have approved a proposed scheme of amalgamation with effect from the appointed date of April 1, 2002, subject to the sanction of the Mumbai and Kolkata High Courts. On completion of the amalgamation, the equity shares held by ONIL in Aquazur India Private Limited shall stand cancelled.

h) The Shares of the Target Company are dematerialised and the Target Company's equity shares have been notified for trading only in demat mode w.e.f. February 26, 2001. (Source: Annual accounts of the Target Company for the year ended March 31, 2003)

i) The board of directors of ONIL as of March 31, 2005 comprised the following:

Name of Director	Experience (Years)	Qualifications	Date of Appointment	Address
Mr. Louis L. Loosbrock (Chairman)	28	B.S. Degree in Mineral Engineering, University of Minnesota, 1976	14.07.2003	NO.11, Ardmore Park # 27-04 Singapore 259957
Mr. William J. Roe	27	B.S. Degree in Chemistry- 1976, Creighton University & M.S. Degree in Chemistry- 1978 Notre Dame University	27.01.1999	611, Nanak Court, Naperville, Illinois, USA
Mr. Antoine Marcos	13	Graduated from French Business School (ESC RINS)	07.05.2004	27, Stevens Drive #02-02 Parc Stevens Singapore 257919
Mr. R. P. Bhattacharya (Managing Director)	23	B.E Chemical, P.G. Diplima in Mineral Engg.	15.09.2001	Flat 7A & 7B 301, Prince Anwar Shah Rd Kolkata – 700 045
Mr. Nirmal Khanna	26	A.C.A, A.I.C.W.A, A.C.S.	28.07.1993	164/C/3B, Prince Anwar Shah Road, Lake Gardens, Kolkata - 700 045
Mr. R.N. Sarkar	35	Solicitor, Advocate, A.C.S.	20.04.2001	Bengal Ambuja Housing Complex, Near Ajoywagar Crossing at Bye pass Uditya Tritiya, Flat No. 803 Kolkata – 700 075
Mr. P. Sengupta	35	Chartered Accountant	20.04.2001	674A, Lake Town Kolkata - 700 089
Mr. T.R. Mujumdar	35	Charted Accountant	20.04.2001	406/3, G. Block New Alipore Kolkata -700 053

Out of the above the following directors represent Nalco Company on the Board of Directors of the Target Company: Mr. Louis L. Loosbrock (date of appointment: July 14, 2003) and Mr. William J. Roe (date of appointment: January 27, 1999). Mr. Louis L. Loobrock and Mr. William J. Roe shall, where applicable, recuse themselves and not participate in any matter concerning or relating to the Offer.

Please note that all correspondence to the directors of ONIL must be addressed to the registered office address of ONIL, which is 20A, Park Street, Kolkata – 700 016 (Tel: 033 2217 2066, 2217 2494 Fax: 033 2249 3999)

j) The financial details of ONIL are as under:

(Rs lacs)

Profit and Loss Statement	FY2003	FY2004	FY2005
Income from operations	6454	8279	8865
Other income	100	202	99
Total Income	6555	8481	8964
Total Expenditure	5098	6487	7028
Profit before Depreciation, Interest and Taxes	1456	1994	1936
Depreciation	314	302	312
Interest	251	151	115
Profit Before Tax	891	1540	1509
Provision for Tax	88	564	566
Profit After Tax	813	1025	940

(Rs lacs)

Balance Sheet Statement	FY2003	FY2004	FY2005
Sources of Funds			
Paid-up Equity Share Capital	500	500	500
Reserves and surplus (excluding revaluation reserves)	1712	2370	3310
Net worth	**2212**	**2870**	**3810**
Secured Loans	1539	2	387
Unsecured Loans	1588	2002	1227
Sub-total	**3127**	**2004**	**1614**
Total	**5348**	**4874**	**5424**
Uses of Funds			
Net fixed Assets	1151	1415	2458
Investments	1336	0	0
Net Current Assets	2604	3297	2900
Net Deferred Tax Asset	257	162	66
Total	**5348**	**4874**	**5424**

Other Financial Data	FY2003	FY2004	FY2005
Dividend per Share (%)	0	0	0
Earnings per Share	16.27	20.50	18.80
Return on Net worth (%)	36.63%	35.71%	24.67%
Book Value per Share	Rs 44.42	Rs 57.40	Rs 76.20

Source: Annual Reports of ONIL for the years ended March 31, 2003, 2004 and 2005

Summary of Significant Accounting Policies

Fixed Assets

Fixed Assets are stated at cost of acquisition inclusive of duties (net of Cenvat), taxes, incidental expenses, erection/commissioning expenses etc. upto the date the asset is ready for its intended use.

Depreciation

Depreciation is provided using the Straight Line Method ('SLM'), pro-rata to the period of use of assets, in the manner specified in Schedule XIV to the Companies Act, 1956, at the rates prescribed therein or based on the useful life of assets, whichever is higher.

Investments
Long-term investments are stated at cost. Provision, where necessary, is made to recognize a diminution, other than temporary, in the value of the investments.

Inventories
Inventories of raw materials and packing materials are valued at moving weighted average cost. Inventories of finished goods are valued at the lower of cost or net realisable value. The Company accrues for excise duty liability in respect of manufactured goods lying in the factory and customs duty liability in respect of inventories in bond.

Foreign Currency Transactions
Foreign currency transactions during the year are recorded at the rates of exchange prevailing on the date of the transaction. Foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss, except those relating to the acquisition of fixed assets, which are adjusted in the cost of the assets.

Revenue
Revenue from sale of chemicals and equipments is recognised on passage of title to the customers, which generally coincides with delivery. Sales is shown net of excise duty, sales tax, returns and rebates. In respect of service contracts, revenues there from are recognised upon rendering of the services to the respective customers.

Retirement Benefits
Retirement benefits to employees comprise payments to gratuity, pension and provident fund under the schemes of the company. Annual contributions to the gratuity and pension funds are determined and made under the scheme of the Life Insurance Corporation of India ('LIC'), which is charged to profit and loss account. Monthly contributions for provident fund are made to the fund administered by an independent Board of Trustees of the company and the Regional Provident Fund Commissioner, West Bengal. The company does not have a policy for accrual of leave. Unutilised leave balance standing to the credit of the employee lapses at the end of each year.

Income Tax
Provision for current income taxes is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred tax is recognised subject to consideration of prudence, on timing difference between taxable and accounting income/expenditure that originate in one period and are capable of reversal in one or more subsequent period(s). Deferred tax assets are not recognised unless there is 'virtual certainty' that sufficient future taxable income will be available against which such deferred tax assets will be realized.

Segment Reporting

Identification of Segments
The primary reporting of the group is based on business segments, which are speciality chemicals and equipments. Speciality chemicals include water treatment and oilfield chemicals and industrial additives. Equipment includes the supply and erection of water treatment equipment. Secondary segmental reporting is based on the geographical location of customers. The geographical segments have been disclosed based on revenues within India and outside India.

Segment Accounting & Disclosure Policies
The income/expenses that are not directly attributable to the business segments are shown as unallocated corporate costs. Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets, net of provisions. Assets at the corporate level being not allocable to segments on a reasonable basis have not been allocated. Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

Leases
For assets acquired under operating leases, rentals payable are charged to the Profit & Loss Account.

For assets acquired under finance lease:
i) In respect of assets acquired prior to 01.04.2001, rentals payable are charged to the Profit and Loss Account and future rentals are disclosed as commitments.
ii) In respect of assets acquired on or after 01.04.2001, the same are capitalized at lower of their respective cash cost and present value of minimum lease payments after discounting them at an appropriate discount rate.

Borrowing Costs
Borrowing costs relating to the acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete and commercially stabilized. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

Contingent Liabilities and Litigation
Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed in the table below (in Rs. thousands):

Particular	2004-2005	2003-2004
Claims in respect of exercise duty not acknowledged as debts, whose provision is not considered necessary as the company has a good case	4,579	7,393
Income tax demands under appeal relating to years 2001-02 & 2002-03, whose provision is not considered necessary as the company has a good case	17,756	15,092
Sales tax matters under appeal, relating to non-submissions of forms, where no provision is necessary	59,275	37,641
Other third party claims not acknowledged as debts and under litigation	168,371	-
Claims of customers on account of guaranteed parameters of performance	N/A	N/A

k) As on the specified date, there were 1195 shareholders in ONIL.

l) As per the information provided by the Target Company, the trading of its shares has neither been suspended by any stock exchange nor has there been any instance of refusal to list its shares.

m) The following is the status of compliance with Chapter II of the Regulations by the Target Company with regard to itself, promoters and major shareholders within the time specified in the Regulations and delay if any with regard to the same.

By the Promoters/ Sellers/ Major Shareholders/ Acquirers

Sl. No.	Regulation / Sub-regulation	Due date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3	Remarks
1	**2**	**3**	**4**	**5**	**6**
1	6(1)	20.04.1997	19.09.2002	1978	Disclosure under SEBI Regularization Scheme 2002
2	8(2)	13.08.1997	19.09.2002	1863	-do-
3	8(1)	21.04.1998	19.09.2002	1612	-do-
4	8(2)	21.04.1998	19.09.2002	1612	-do-
5	8(2)	11.08.1998	19.09.2002	1500	-do-
6	8(1)	21.04.1999	19.09.2002	1247	-do-
7	8(2)	21.04.1999	19.09.2002	1247	-do-
8	8(2)	11.08.1999	19.09.2002	1135	-do-
9	8(1)	21.04.2000	19.09.2002	881	-do-
10	8(2)	21.04.2000	19.09.2002	881	-do-
11	8(2)	01.06.2000	19.09.2002	840	-do-
12	8(1)	21.04.2001	19.09.2002	516	-do-
13	8(2)	21.04.2001	19.09.2002	516	-do-
14	8(1)	21.04.2002	19.09.2002	151	-do-
15	8(2)	21.04.2002	19.09.2002	151	-do-
16	8(1)	21.04.2003	08.04.2003	NIL	-
17	8(2)	21.04.2003	08.04.2003	NIL	-
18	8(1)	21.04.2004	08.04.2004	NIL	-
19	8(2)	21.04.2004	08.04.2004	NIL	-
20	8(1)	21.04.2005	12.04.2005	NIL	-
21	8(2)	21.04.2005	12.04.2005	NIL	-
22	8(1)	21.04.2005	15.06.2005	54	Information from Suez was recd late
23	8(2)	21.04.2005	15.06.2005	54	-do-

By the Target Company

Sl. No.	Regulation / Sub-regulation	Due date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3	Remarks
1	2	3	4	5	6
1	6(2)	20.05.1997	21.11.2002	2011	Disclosure under SEBI Regularization Scheme 2002
2	8(3)	13.08.1997	21.11.2002	1926	-do-
3	8(3)	30.04.1998	21.11.2002	1666	-do-
4	8(3)	11.08.1998	21.11.2002	1563	-do-
5	8(3)	30.04.1999	21.11.2002	1301	-do-
6	8(3)	11.08.1999	21.11.2002	1198	-do-
7	8(3)	30.04.2000	21.11.2002	935	-do-
8	8(3)	01.06.2000	21.11.2002	903	-do-
9	8(3)	30.04.2001	21.11.2002	570	-do-
10	8(3)	30.04.2002	21.11.2002	205	-do-
11	8(3)	30.04.2003	16.04.2003	NIL	-
12	8(3)	30.04.2004	08.04.2004	NIL	-
13	8(3)	30.04.2005	12.04.2005	NIL	-

n) **Status of Corporate Governance**

ONIL believes in good corporate governance and has endeavoured to practise and improve its focus on it through increased transparency and accountability to its stakeholders in general and shareholders in particular. ONIL has confirmed that it has complied with the provisions of clause 49 of the stock exchange listing agreement in respect of corporate governance norms from time to time. Further, as per the information provided by ONIL, there has been no penal action initiated against it or any stricture imposed on it by any of the stock exchanges or SEBI or any statutory authority in respect of any matter related to capital markets.

Compliance Officer

Mr. Nirmal Khanna, Company Secretary
Ondeo Nalco India Limited
20A, Park Street
Kolkata -700 016
West Bengal, India
Email: nkhanna@nalco.com
Tel: 033 2229 7393

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

a) The Shares are listed on the following stock exchanges: BSE and CSE.

b) The annualized trading turnover during the period May 2003 to October 2003, the 6 calendar months prior to the month in which the PA appeared (based on dates on which actual trading took place during this period), is as follows:

Name of the Stock Exchange	Total number of Shares traded	Total number of listed Shares	Annualized trading turnover (in terms of % to total listed Shares)
BSE	92,909	5,000,000	3.7%
CSE	0	0	0.0%

Source: www.bseindia.com and official data received from CSE

c) The Target Company has 5,000,000 subscribed and paid up equity Shares. The annualised trading volume of the Target Company on the BSE and CSE during the six months immediately preceding the month of the Public Announcement was less than 5% of the issued Shares. Consequently, as per regulation 20(5) of the Regulations, the Shares of the Target Company are infrequently traded.

d) There has been no preferential allotment of Shares made to the Acquirers at any time during the twenty-six weeks prior to the date of the PA. The Acquirers have not acquired, directly or indirectly, any Shares, including by way of allotment in a public or a rights issue, in the 12-month period prior to the date of the PA except for the Shares acquired as a result of the Global Acquisition leading to this tender offer.

e) The parameters that have been considered for the Offer Price are:

A	Negotiated price under agreement (The attributed price pursuant to the Global Acquisition)	Rs.288 per share	
B	Highest price paid by the Acquirers for any acquisition including through a public or rights issue or preferential allotment during the 26 weeks prior to the date of public announcement	N.A.	
C	Other financial parameters	Year ended March 31, 2003	Six months ended September 30, 2003
D	Book value per share (Rs.)	44.42	N.A.
E	Earnings per share (Rs.)	16.06	17.92 (annualised)
F	Price to Earnings ratio (based on Offer Price)	17.94	16.07
G	Industry P/E ratio (Source: Capital Markets, Volume November 24 – December 7, 2003)	12.18	12.18
H	Return on Net-worth	36.15%	N.A.

f) In the opinion of the Manager to the Offer, the Acquirers, the Offer Price is justified as per Regulation 20(4) and Regulation 20(5) of the Regulations

g) In light of the information contained in paragraphs (c), (d) and (e) of this section, the Offer Price is justified in accordance with regulation 20(4), regulation 20(5), regulation 20(11) and regulation 20(12) of the Regulations.

h) There are no non compete fee agreements.

Financial Arrangement for the Offer

a) The total financial resources for this Offer, assuming full acceptance will be Rs. 28.80 crore (Rupees Twenty Eight crores and Eighty lakhs Only) ("Maximum Consideration"). In accordance with Regulation 28 of the Regulations, the Acquirer has created an escrow with Bank of America, Mumbai Branch having its offices at 16th Floor, Express Towers, Nariman Point, Mumbai, India (the "Guarantor Bank") in the form of a Bank Guarantee in favour of the Manager to the Offer (the "Guarantee") for an amount exceeding Rs. 7,43,43,750 (Rupees Seven crores Forty Three lakhs Forty Three Thousand Seven Hundred Fifty Only) valid up to November 23, 2005, in accordance with the Regulations. The Manager to the Offer is duly authorised by the Acquirers to realise the value of the escrow in terms of the Regulations.

b) Further, the Acquirers have also deposited in an account with Kotak Mahindra Bank Limited , 5C/2 Mittal Court, Nariman Point, Mumbai – 400 021 ("Deposit Bank"), Rs. 29,77,000 (Rupees Twenty Nine Lakhs Seventy Seven Thousand Only) in cash (the "Cash Deposit") representing more than 1% of the Maximum Consideration in accordance with the Regulations. The Manager to the Offer has been authorized to realize the value of the bank account in terms of the Regulations.

c) The Acquirers have made firm financial arrangements for the Maximum Consideration by way of a letter of credit provided by Bank of America, NA, 231 S. LaSalle Street, 17th Floor, Chicago, IL 60697 (the "Bank"), for meeting the obligations of the Offer, which has been certified as such by the Bank. The Acquirers have undertaken to utilize the said arrangements exclusively for the purpose of meeting their obligations under the Offer. Deloitte Haskins & Sells, Chartered Accountants ("Chartered Accountants"), 12, Dr. Annie Besant Road, Opp. Shivsagar Estate, Worli, Mumbai - 400 018, Tel: +91 22 5667 9000/9101, Fax: +91 22 5667 9100 (membership no. 15291), have confirmed vide their letter dated November 27, 2003 that the Acquirers have firm financing arrangements for meeting their obligations under the Regulations. Based on the letter of credit and the certificate from the Chartered Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirers to implement this Offer in full.

7. TERMS AND CONDITIONS OF THE OFFER

a) The Offer to the shareholders of Ondeo Nalco India Limited to acquire up to 1,000,000 fully paid-up equity shares representing 20% of the paid-up equity share capital of Ondeo Nalco India Limited (ONIL) at Rs. 288 per Share is being made pursuant to Regulation 10 and 12 read with other applicable provisions of Chapter III of, and in compliance with, the Regulations.

b) The Offer is made to all the shareholders of the Target Company, other than the Acquirers and parties to the Stock Purchase Agreement, whose names appear in the register of members as on the close of business hours on the Specified Date and also to those persons who own the Shares any time prior to the closure of the Offer, whether or not they are registered as members ("Eligible Persons").

c) Eligible Persons, whether or not appearing as such on the register of members as on the Specified Date, who wish to tender their Shares pursuant to this Offer, will be required to send their acceptances in the form and manner specified in Procedure for Acceptance and Settlement.

d) The shareholders to whom this Offer is being made, are free to offer their shareholding in the Company, in whole or in part while accepting the Offer.

e) Regulation 26 of the Regulations provides for an upward revision of the offer in respect of the price and the number of shares to be acquired, and as stated in the PA any such upward revision can be made at any time up to September 16, 2005; and regulation 27 of the Regulations allows withdrawal of the offer under certain circumstances. Any such revision/withdrawal would be informed by way of an announcement in the same newspapers where the original public announcement appeared. In case of revision, the revised price would be payable by the Acquirers for all the Shares tendered validly anytime during the Offer.

f) The instructions, authorizations and provisions contained in the Form and section 8 of this LoF "Procedure for Acceptance and Settlement" constitute part of the terms of the Offer.

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

h) The acceptance must be unconditional and should be sent in the attached form duly filled in and duly signed together with all the necessary documents (as specified under the section 8 of the LoF "Procedure for Acceptance and Settlement" and should be received at any of the Collection Centres mentioned in section 8, on or before the scheduled time on September 28, 2005. In case of any lacunae and/or defect or in case any change or modification is made, the acceptance is liable to be rejected.

i) Shareholders who hold shares in physical form and who wish to tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer –MCS Limited., either by hand delivery to the collection centres during business hours (Mondays to Fridays between 10.00 a.m. and 4.00 p.m., Saturdays between 10.00 a.m. and 1.00 p.m.) or by registered post at MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No.11 MIDC, Andheri (E), Mumbai – 400 093, Tel: .+91 22 2821 5235 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement.

j) Beneficial owners (holders of shares in dematerialised form) who wish to tender their shares will be required to send their Form of Acceptance-cum-Acknowledgement along with a photocopy of the delivery instruction slip in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the Depository Participant ("DP"). The delivery instruction slip in favour of "MCS LIMITED – ONIL Open Offer Account" should be sent to the Registrar to the Offer: MCS Limited., either by hand delivery during business hours (Mondays to Fridays between 10.00 a.m. and 4.00 p.m.; Saturdays between 10.00 a.m. and 1.00 p.m.) or by registered post so as to reach on or before the closure of Offer i.e. September 28, 2005 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. Beneficial owners should ensure to credit their shares in favour of the special depository account before the closure of the Offer.

k) The Registrar to the Offer has opened a special depository account with Kotak Securities Limited, as the Depository Participant, in National Securities Depository Limited styled "MCS LIMITED – ONIL Open Offer Account".

The details of the special depository account are as under:

DP Name	Kotak Securities Limited
DP ID Number	IN 300214
Beneficiary Account Number	10495784
Trade	Off-Market

(i) For each delivery instruction, the beneficial owner should submit a separate Form.

(ii) The Registrar is not bound to accept those acceptances, the Shares corresponding to which have not been credited to the above special account as on the date of closure of the Offer.

(iii) Shareholders having their beneficiary account in Central Depository Services Limited ("CDSL") will have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL.

l) The Offer is not conditional on any minimum level of acceptance i.e. the Acquirers will acquire all the Shares that are tendered in terms of the Offer up to 1,000,000 Shares, subject to the conditions specified in the Public Announcement published on November 29, 2003 and revised on January 9, 2004 and September 2, 2005 and this Letter of Offer and Form of Acceptance-cum-Acknowledgement

m) Accidental omission to dispatch this document or any further communication in this regard to any person to whom this Offer has been made to or non-receipt of any such document by any such person shall not invalidate the Offer in any way. In case of non-receipt of the LoF, the shareholder may obtain a copy of the LoF from the SEBI website as mentioned earlier, or obtain a copy of the same from the Manager / Registrar to the Offer on providing suitable documentary evidence of acquisition/ownership of the said Shares.

n) Any Shares that are the subject matter of litigation or are held in abeyance due to pending court cases, wherein the shareholder(s) of ONIL may be precluded from transferring the Shares during pendency of the said litigation, are liable to be rejected in case directions/orders regarding these Shares are not received together with such Shares tendered under the Offer. The LoF in some of these cases, wherever possible would be forwarded to the concerned statutory authorities for further action at their end.

o) The Shares will be acquired free from all liens, charges and encumbrances and together with all rights attached thereto.

p) The Offer is not conditional on any minimum level of acceptance.

Lock in

As per the publicly available information, there are no locked-in shares. However, no discrimination would be made with regard to locked-in shares.

Statutory Approvals and Conditions of the Offer

a) The Offer is subject to the following statutory and regulatory approvals and clearances required for acquiring shares tendered pursuant to the Offer. The Acquirer has obtained the Approval of the FIPB by letter dated January 30, 2004 for acquiring Shares tendered and accepted under the Offer. The Acquirer has applied to the RBI under the FEMA and the regulations thereunder, as amended, for acquiring Shares tendered and accepted under the Offer and the Offer is subject to the receipt of such final approval of the RBI.

b) The Offer is subject to the approval(s), if any, of the RBI under the Foreign Exchange Management Act, 1999 and the regulations there under, as amended, for acquiring Shares validly tendered by non-resident shareholders including NRIs/ OCBs and FIIs pursuant to the Offer.

c) It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirers for payment of consideration to shareholders subject to the Acquirers paying interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations.

d) To the best of the knowledge of the Acquirers, there are no other statutory approvals required to acquire the Shares that are validly tendered pursuant to this Offer.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

The equity shareholders of the Target Company, who wish to avail of and accept this Offer should deliver the following documents as soon as possible by Registered Post with Acknowledgement due or in person or by courier, as applicable, so as to reach the Registrar to the Offer/ Registrar's Collection Centres at: MCS Limited, Sri Venkatesh Bhavan, Plot No. 27, Road No.11, MIDC, Andheri (E) , Mumbai – 400 093 before the scheduled time on September 28, 2005. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respects otherwise the same is liable to be rejected. In the case of dematerialised shares, the 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-cum-Acknowledgement of such dematerialised shares not credited in favour of the special depository account before the closure of the Offer is liable to be rejected. Physical shares tendered under the Offer and subsequently withdrawn by the shareholders will be returned to the shareholders by registered post.

INSTRUCTIONS

i) **Registered shareholders (holders of shares in physical form) should enclose:**

The enclosed Form duly completed and signed in accordance with the instructions contained therein, by the holders of the Shares of the Target Company. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

- Original equity share certificate(s); and
- Valid equity share transfer form(s) duly signed (by all the equity shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. A blank equity share transfer form is enclosed along with this LoF.
- **PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**

ii) **Beneficial owners (holders of shares in dematerialised form) should enclose:**

- The enclosed Form duly completed and signed in accordance with the instructions contained therein, by the beneficial owners of the Shares of the Target Company, as per the records of the depository participant.
- Photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the shareholder's Depository Participant ("DP"), in favour of "MCS LIMITED – ONIL Open Offer Account" filled as per the instructions given herein under:

DP Name	Kotak Securities Limited
DP ID Number	IN 300214
Beneficiary Account Number	10495784
Market	Off-Market

- For each delivery instruction, the beneficial owner should submit a separate Form.
- The Registrar is not bound to accept those acceptances, the Shares corresponding to which have not been credited to the above special account as on the date of closure of the Offer.

- Shareholders having their beneficiary account in Central Depository Services Limited ("CDSL") will have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL

iii) **Unregistered shareholders should enclose:**

- The enclosed Form duly completed and signed in accordance with the instructions contained therein

- Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the buyer has not been filled in; and

- Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.

- In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).

- No indemnity is required from persons not registered as shareholders.

- Persons under this clause should submit their acceptance and necessary documents by Registered Post or courier or in person to the Registrar at their offices in Mumbai (mentioned in the LoF) only.

- **PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**

iv) **Owners of shares who have tendered their shares for dematerialisation should enclose:**

Shareholders who have sent their physical shares for dematerialisation may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialisation request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the special depository account should be received on or before the closure of the Offer, i.e. by September 28, 2005, else the application would be rejected.

Valid share transfer deed/ 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 ONIL and duly witnessed at the appropriate place.

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

In case of registered shareholder, non receipt of the aforesaid documents but receipt of the share certificates alongwith duly completed transfer form, the Offer shall be deemed to be accepted. In case of non receipt of the aforesaid documents but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.

b. **In case of non-receipt of the LoF**, the Eligible Persons may obtain a copy of the LoF from the SEBI website as mentioned earlier, or obtain a copy of the same from the Manager to the Offer or the Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares of the Target Company. Alternatively those Eligible Persons desirous of tendering their Shares in the Target Company to the Acquirers may participate in the Offer as follows:

- *In case Shares are held in the dematerialized form*

  by sending their consent in writing on a plain paper to the Registrar, such that it is received by the Registrar on or before the scheduled time on the closing date of the Offer, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in “Off-market” mode, duly acknowledged by the DP, in favour of “MCS LIMITED – ONIL Open Offer Account” filled as specified in (a)(ii) of this Section.

- *In case of Shares held in the physical mode*

  by sending their consent in writing to the Registrar, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognised stock exchange through whom such Shares were acquired, along with the original Share Certificate(s) and transfer deed(s) duly signed (as specified in this section), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar on or before the scheduled time on September 28, 2005.

  Alternatively, the Letter of Offer and Form of Acceptance-cum-Acknowledgement will be available on SEBI’s website: www.sebi.gov.in, from the date of opening of the Offer. The eligible persons can download the Form of Acceptance-cum-Acknowledgement from the SEBI's website and apply in the same.

c. **All the shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):**

- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary corporate authorizations (including board and/or general meeting resolutions).
- While tendering the Shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of Ondeo Nalco. In case the previous RBI approvals are not submitted, the Acquirers reserves the right to reject such Shares tendered.

d. As per the provisions of Section 196D(2) of the Income Tax Act, 1961 (‘the Income Tax Act’), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor (‘FII’) as defined in section 115AD of the Income Tax Act. However, while tendering their shares under the Offer, NRIs, OCBs and other non-resident shareholders will be required to submit a No Objection Certificate (NOC) or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from Income Tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirers before remitting the consideration. In case the aforesaid NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders on the entire consideration amount payable to such shareholders.

e. If any of the above stated documents (as applicable) are not enclosed along with the Form of Acceptance-cum-Acknowledgement, the Shares tendered under the Offer are liable to be rejected.

f. As per section 10(36) of the Income-tax Act, 1961, any income arising from the transfer of a long-term capital asset, being an equity share for which the transactions of purchase and sale of such share are entered into on a recognised stock exchange, is exempt from tax. However, gains on transfer of shares tendered under the Offer would not be eligible for the exemption under section 10(36), as the transfer would not be effected through a recognised stock exchange. As such, gains on transfer of the shares offered pursuant to this letter of offer would be liable to tax as per the normal provisions of the Income-tax Act, 1961. This position has been intimated to the Acquirers by the tax advisers of the Acquirer. However, the Acquirers by this letter of offer, are not providing any tax advice to the shareholders and the shareholders are requested to seek their own advice on such matters.

g. The Form of Acceptance-cum-Acknowledgement along with the share certificate(s), signed transfer deed and other documents should be submitted at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All the centres mentioned herein below would be open on all working days as follows :

h. Between 10.00 am to 1.00 pm & 2.00 pm to 4.00 pm on weekdays and between 10.00 am to 1.00 pm on Saturdays at any of the collection centres mentioned below:

No	Name & Address of the Collection Centre	Contact Person	Mode of Delivery	Telephone No.	Fax No.
1	MCS Limited 77-2A, Hazra Road 3rd & 5th Floor **Kolkata - 700 029**	Mr. Alok Mukherjee	Hand Delivery	033-24541892	033-24541961
2	MCS Limited Sri Venkatesh Bhavan Plot No.27, Road No.11 MIDC Area, Andheri East **Mumbai - 400 093**	Mr. Ashok Gupta	Registered Post / Hand Delivery	022-28215235	022-28350456
3	MCS Limited C/o Ghia Textile Products Co. Agra Building, 1st Floor, Room 5 Above Bank of Baroda University Branch 121, M G Road, Fort **Mumbai - 400 001**	Mr. Rajendra G	Hand Delivery	022-22691266	022-22691567

i. 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 their address at Mumbai indicated below.

MCS Limited
Sri Venkatesh Bhavan, Plot No. 27, Road No.11
MIDC, Andheri (E)
Mumbai – 400 093
Tel: +91 22 2821 5235
Fax: +9122 2835 0456

j. The payment of consideration will be made by the Acquirers in cash through crossed account payee cheque, demand draft or pay order sent by Registered Post for amounts exceeding Rs. 1,500 and UCP otherwise to those shareholders / unregistered owners, which would be dispatched to the shareholders / unregistered owners at their own risk, whose shares / share certificates and other documents are found in order and accepted by the Acquirers. In case of joint registered holders, cheques / demand drafts / pay orders will be drawn in the name of the sole / first named holder / unregistered owner and will be sent to him / her. **It is desirable that shareholders provide bank**

details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque / demand draft / pay order.

k. In case the Shares tendered in the Offer are more than the shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be in accordance with Regulation 21(6) of the Regulations, on a proportionate basis.

l. Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by Registered Post at the shareholders' / unregistered owners' sole risk to the sole / first named shareholder / unregistered owner. Except that, in case the share certificates tendered have to be split, the Acquirers will arrange to split the share certificates and send the balance share certificates (for Shares not accepted in the Offer) by Registered Post at the shareholders' / unregistered owners' sole risk to the sole / first named shareholder / unregistered owner. Unaccepted Shares held in dematerialised form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement or otherwise.

m. The Registrar to the Offer will hold in trust the Share(s) / share certificate(s), shares lying in credit of the special depository account, Form of Acceptance-cum-Acknowledgement and the transfer deed(s), if any, on behalf of the shareholders / unregistered owner(s) of ONIL who have accepted the Offer, till the Acquirers complete the Offer obligations in terms of the Regulations latest by October 13, 2005. Upon completion of the above, the Registrar to the Offer will debit the special depository account to the extent of Shares accepted by the Acquirers and give instruction to credit the beneficial account of the Acquirers.

n. The Acquirers shall complete all procedures relating to the Offer latest by October 13, 2005. In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to the Acquirers for payment of consideration to the shareholders, subject to the Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the Regulations. Further, if the delay occurs on account of wilful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

o. In terms of Regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the closure of the Offer, i.e. by September 23, 2005. The withdrawal option can be exercised by submitting the Form of Withdrawal as per the instructions below, so as to reach the Registrar to the Offer at Sri Venkatesh Bhavan, Plot No. 27, Road No.11, MIDC, Andheri (E), Mumbai – 400 093, Tel: +91 22 2821 5235 (excluding Sundays and public holidays): Mondays to Fridays – 10.00 a.m. to 4.00 p.m.; Saturdays 10.00 a.m. to 1.00 p.m. or by Registered Post, on or before September 23, 2005.

p. **Withdrawal of Shares:** In terms of Regulation 22(5A) shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to September 23, 2005.

- The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form;

- In case of Shares held in joint names, names should be filled up in the same order in the Form as the order in which they hold Shares. This order cannot be changed or altered nor can any new name be added for the purpose of withdrawing from the Offer.

- The Form of Withdrawal should be sent only to the Registrar to the Offer so as to reach the Registrar to the Offer at any of the collection centers mentioned earlier before September 23, 2005.

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

- In case of physical Shares: name, address, distinctive nos., folio number, share certificate number, number of Shares tendered, date of tendering the Shares and number of shares to be withdrawn.

- In case of dematerialized Shares: name, address, number of Shares tendered, DP name, DP ID, date of tendering the Shares, beneficiary account number, number of shares withdrawn and a photocopy of the delivery instructions in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP, in favour of the "MCS LIMITED – ONIL Open Offer Account".

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Offer at ICICI Securities Ltd., ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai – 400 020, on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10.30 a.m. to 1.00 p.m. from September 9, 2005 to September 28, 2005, being the period when the shareholders can tender their Shares pursuant to the Offer.

(a) Certified copy of the Stock Purchase Agreement which led to the Offer.
(b) Certificates of incorporation and limited liability company operating agreement, of Nalco Company and Nalco Holdings, respectively.
(c) Chartered Accountant's November 27, 2003 certifying adequacy of financial resources with the Acquirers to fulfil the obligations for payment under the Offer.
(d) Financials of Nalco Holding LLC for the years ended 2003, 2004
(e) Audited annual report of ONIL for the fiscal years ended 2003, 2004, and 2005
(f) Letter from Kotak Bank Ltd., dated July 8, 2005, confirming the amount kept in escrow and authorisation in favour of the Manager to the Offer.
(g) Letters from Bank of America, dated April 25, 2005, confirming the Bank Guarantee and line of credit.
(h) Published copy of the PA.
(i) Copy of the letter from SEBI in terms of proviso 2 to Regulation 18(2) dated January 2, 2004.
(j) Copy of agreement dated December 4, 2003 between MCS Limited and Kotak Securities Limited (the depository participant) for the special depository account.

10. DECLARATION BY THE ACQUIRERS

The Board of Directors of the Acquirers accept full responsibility for the information contained in this LoF (except for the information on the Target Company, which is compiled from publicly available sources) and would be jointly and severally responsible for ensuring compliance with the Regulations, as witnessed by the signature of their authorized signatories for the purpose of the Offer.

For and on behalf of the Acquirers

Sd/-	Sd/-
Authorised Signatory Nalco Holdings	Authorised Signatory Nalco Company

Naperville, IL, USA
September 2, 2005

Enclosed:
Form of Acceptance-cum-Acknowledgment
Form of Withdrawal
Transfer Deed (for physical Shares)

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

OFFER OPENS ON	September 9, 2005 (Friday)
OFFER CLOSES ON	September 28, 2005 (Wednesday)

From:
Name:
Address:

To,
The Acquirers – Ondeo Nalco India Limited Open Offer
C/o MCS Limited
Sri Venkatesh Bhavan, Plot No. 27, Road No.11
MIDC, Andheri (E), Mumbai – 400 093

Dear Sir,

Re: Open Offer for purchase of 1,000,000 equity shares of Ondeo Nalco India Limited ("ONIL") representing 20.00% of its total issued voting capital at a price of Rs.288 per share as set out in the Letter of Offer dated September 2, 2005 and subsequent amendments, if any.

I/We refer to the Letter of Offer dated September 2, 2005 for acquiring the equity shares held by me/us in ONIL.

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

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.

Sr. No.	Ledger Folio No.	Certificate No(s).	Distinctive No(s). (From – To)	No. of shares
			Total number of equity shares	

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

SHARES IN DEMATERIALIZED FORM

I / We, holding Shares in the dematerialized 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	ISIN No.
					INE 582A01019
			Total number of shares		

I/We have done an off market transaction for crediting the Shares to the special account opened for the purposes of the Offer, for which necessary instructions have been given to my DP. I/We note and understand that the Shares would reside in the depository account opened for the purpose of this Offer until the time the

Acquirer accepts the Shares and makes the payment of purchase consideration as mentioned in the Letter of Offer.

- I/We confirm that the equity shares of ONIL, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.
- I/We authorise the Acquirers to accept the shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorise the Acquirers to return to me/us, equity share certificate(s) in respect of which the offer is not found valid/not accepted.
- I/We authorise the Acquirers 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 hereinabove.
- I / We authorize the Acquirers to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirers 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 Acquirers are 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 Names (s) of the holders	PAN / GIR No.	Signature
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings all must sign.

Place:

Date:

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) may, at their option, provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.
Name of the Bank and Branch : ________________

Account Number :_________________ -------------Savings/Current/(Others; please specify) : _______________

INSTRUCTIONS

(1) Please note that these instructions are illustrative and attention is drawn to section 8 for comprehensive details regarding the procedure for acceptance and settlement.

The equity shareholders of the Target Company, who wish to avail of and accept this offer should deliver the Form of Acceptance cum Acknowledgement ("Form") as soon as possible by registered post or in person or by courier, as applicable, so as to reach the Registrar to the Offer at the addresses mentioned below between 10.00 am to 1.00 pm & 2.00 pm to 4.00 pm on weekdays and between 10.00 am to 1.00 pm on Saturdays:

No	Name & Address of the Collection Centre	Contact Person	Mode of Delivery	Telephone No.	Fax No.
1	MCS Limited 77-2A, Hazra Road 3rd & 5th Floor **Kolkata 700 029**	Mr. Alok Mukherjee	Hand Delivery	033-2454 1892	033-2454 1961
2	MCS Limited Sri Venkatesh Bhavan Plot No.27, Road No.11	Mr. Ashok Gupta	Registered Post /	022-2821 5235	022-2835 0456

	MIDC Area, Andheri East **Mumbai 400 093**		Hand Delivery		
3	MCS Limited C/o Ghia Textile Products Co. Agra Building, 1st Floor, Room 5 Above Bank of Baroda University Branch 121, M G Road, Fort **Mumbai 400 001**	Mr. Rajendra G	Hand Delivery	022-2269 1266	022-2269 1567

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 their address at Mumbai indicated above.

PLEASE NOTE THAT SHARES/FORMS SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRERS OR TO THE MANAGER TO THE OFFER OR TO THE TARGET COMPANY.

(2) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(3) **Shareholders holding registered Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.

(4) **In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in the Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

(6) **In case of dematerialized Shares**, a photocopy of the delivery instruction in the “Off- Market” mode duly attested by the DP of the shareholder as specified in Section IX of the Letter of Offer and other documents as specified in section 8 of the Letter of Offer should be enclosed. KINDLY READ THE PORTIONS PERTAINING TO DEMATERIALIZED SHARES IN SECTION 8 OF THE LETTER OF OFFER.

(7) **Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar at their office in Mumbai only.

The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.

(8) **Non-resident shareholders** should enclose copy/copies of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company.

(9) **Non-resident shareholders** are advised to refer to the clause on taxation in section 8 of the LOF regarding important disclosures regarding the taxation of the consideration to be received by them.

(10) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder

resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(11) **All the shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(1) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
(2) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
(3) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

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ACKNOWLEDGEMENT SLIP

Ondeo Nalco India Limited Open Offer

Received from Mr./Ms.____	Stamp of collection centre
a Form of Acceptance cum Acknowledgement for sale of ____ Equity Share(s) of Ondeo Nalco India Limited together with _____ share certificate(s) and ____transfer deed(s) or ______ copy of the delivery instruction under the Offer by the Acquirers to the shareholders of Ondeo Nalco India Limited. Folio No.______________________	
DP ID ____________________ Beneficiary ID _________________________	
Signature of Official___________________ Date of Receipt_________________	

Note: All future correspondence, if any, should be addressed to Registrar to the Offer at the following Address:

MCS Limited
Sri Venkatesh Bhavan
Plot No. 27, Road No.11
MIDC, Andheri (E)
Mumbai – 400 093
Tel: +91 22 2821 5235
Fax: +91 22 2835 0456
Email: mcssvb@eth.net
Contact person: Mr. Ashok Gupta

FORM OF WITHDRAWAL

OFFER OPENS ON	September 9, 2005 (Friday)
LAST DATE OF WITHDRAWAL	September 23, 2005 (Friday)
OFFER CLOSES ON	September 28, 2005 (Wednesday)

From:
Name:
Address:

To
The Acquirers – Ondeo Nalco India Limited Open Offer
C/o MCS Limited
Sri Venkatesh Bhavan, Plot No. 27, Road No.11
MIDC, Andheri (E), Mumbai – 400093

Dear Sirs,

Re: Open Offer for purchase of 1,000,000 equity shares of Ondeo Nalco India Limited representing 20.00% of its total issued voting capital at a price of Rs. 288 per share as set out in the Letter of Offer dated September 2, 2005 and subsequent amendments, if any.

I/We refer to the aforementioned Letter of Offer for acquiring the equity shares held by me/us in Ondeo Nalco India Limited.

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

I/We hereby consent unconditionally and irrevocably to withdraw my/our shares tendered from the Offer and I/we further authorize the Acquirers to return to me/us, the tendered equity 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 Acquirers/ Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or as mentioned overleaf as per the mode of delivery indicated therein on or before September 23, 2005.

I/We note that the Acquirers/ PAC / 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 Acquirers/ PAC will return the original share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:
Folio No. __________________

Sr. No.	**Certificate No(s).**	**Distinctive No.**		**Number. Of Shares**
		From	**To**	
1.				
2.				
3.				
4.				
Total Number of Equity Shares				

I/We hold the following Shares in dematerialised form and had done an off-market transaction for crediting the Shares to the **"MCS LIMITED -ONIL Open Offer Account"** as per the following particulars:-

Name of the Depository Participant	Depository Identification No. (DP ID)	Client Identification No. (Beneficial Client ID)
Kotak Securities Limited	IN 300214	10495784

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by the DP. The particulars of the account from which my/our Shares have been tendered are as detailed below:-

DP's Name & ID	
Client ID	
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.

	FULL NAME(S)	ADDRESSES	SIGNATURE(S)
First/ Sole Holder			
Joint Holder 1 (if any)			
Joint Holder 2 (if any)			
Joint Holder 3 (if any)			

Note: In case of joint holdings, all shareholders must sign.

Place: **Date:**

INSTRUCTIONS

1. Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to September 23, 2005.
2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance-cum-Acknowledgement.
3. In case of shares held in joint names, names should be filled up in the same order in the Form as the order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of withdrawing from the Offer.
4. The Form of Withdrawal should be sent only to the Registrar to the Offer so as to reach the Registrar to the Offer at any of the collection centers below on all days (excluding Sundays and bank holidays).

Between 10.00 am to 1.00 pm & 2.00 pm to 4.00 pm on weekdays and between 10.00 am to 1.00 pm on Saturdays:

No	Name & Address of the Collection Centre	Contact Person	Mode of Delivery	Telephone No.	Fax No.
1	MCS Limited 77-2A, Hazra Road 3rd & 5th Floor Kolkata - 700 029	Mr. Alok Mukherjee	Hand Delivery	033-2454 1892	033-2454 1961
2	MCS Limited Sri Venkatesh Bhavan Plot No.27, Road No.11 MIDC Area, Andheri East Mumbai - 400 093	Mr. Ashok Gupta	Registered Post / Hand Delivery	022-2821 5235	022-2835 0456
3	MCS Limited C/o Ghia Textile Products Co.				

	Agra Building, 1st Floor, Room 5, Above Bank of Baroda University Branch 121, M G Road, Fort Mumbai 400 001	Mr. Rajendra G	Hand Delivery	022-2269 1266	022-2269 1567

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ACKNOWLEDGEMENT SLIP

Ondeo Nalco India Limited Open Offer

Stamp of collection centre

Received form of withdrawal from

Mr./Ms.____

Folio No.______________________/ DP ID______________________

Beneficiary ID_____________________

Signature of Official___________________ Date of Receipt_________________

Note: All future correspondence, if any, should be addressed to Registrar to the Offer at the following Address:

MCS Limited
Sri Venkatesh Bhavan
Plot No. 27, Road No.11
MIDC, Andheri (E)
Mumbai – 400 093
Phone: .+91 22 2821 5235
Fax: +91 22 2835 0456
Email: mcssvb@eth.net
Contact person: Mr. Ashok Gupta