PUBLIC ANNOUNCEMENT
To the Equity Shareholders of
Vanavil Dyes and Chemicals Limited (“VDCL”)

This Public Announcement is being issued by HSBC Securities and Capital Markets (India) Private Limited (“HSBC”) pursuant to Regulation 10, 12 and other provisions of Chapter III of and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (“Takeover Regulations”). HSBC issued a public announcements dated 18 April, 2003 and thereafter addendum to it dated 6 May 2003 on behalf of EBITO Chemiebeteiligungen AG (“EBITO”) and Colour-Chem Limited (“CCL”) (collectively “Acquirers”) and Clariant International Ltd ("CIL") and Clariant AG (collectively referred to as “Persons Acting in Concert” or “PACs”) to the shareholders of Vanavil Dyes and Chemicals Limited (“VDCL”) to acquire upto 20% of the share capital of VDCL. (the“Offer”).

I. Background to the Offer

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

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

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

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

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

1.4. Such interest is payable in cash to Eligible Shareholders and would be computed as under

Price per share (“A”)	Rs. 45.9/- per share	Rs. 45.9/- per share
Interest Payable (“B”)	28.83	28.83
Less: Dividend for		
FY 1997-98	3.00	
FY 1998-99	4.00	
FY 1999-00	4.00	
FY 2000-01	4.00	
FY 2001-02	2.00	
FY 2002-03	2.50	
FY 2003-04	1.00	
Total Dividend Paid (“C”)		20.50/-
Amount payable per Share to Eligible Shareholders A plus B minus C (“D”)		54.23/-

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

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

- Shareholder(s) on the register of Members of the Target Company as on 24 February 1998
- Shareholder(s) as on record date for payments of all interim and final dividend for the six financial years i.e. Financial year 1997-98 through to Financial year 2003-04
- Shareholder(s) on the date of closure of the Offer.
- Shareholder(s) on the Specified Date i.e. Friday, 29 April, 2005
- Shareholder(s) as on any other date as may be necessary to revalidate the continued shareholding for determining eligibility

1.7. Change in folios on account of transmission/transposition of shareholding (due to process of law or succession), consolidation of folios, dematerialisation/ rematerialisation of shares will be eligible to receive interest. For the purposes of determining Eligible Shareholders, records of VDCL shall be final

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

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

II. Financials of the Acquirer and PACs

EBITO

PROFIT & LOSS STATEMENT

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

BALANCE SHEET

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

CLARIANT INTERNATIONAL LIMITED

PROFIT AND LOSS STATEMENT

Income Statement	2004 000 CHF	2004 INR mn	2003 000 CHF	2003 INR mn	2002 000 CHF	2002 INR mn
Total income	413,129	15,744	419,467	15,311	461,765	15,852
Total expenses	-503,320	-19,182	-454,047	-16,573	-529,228	-18,168
Profit before tax	-90,191	-3,437	-34,580	-1,262	-67,463	-2,316
Tax expense	110	4	-2,180	-80	881	30
Profit after tax	-90,081	-3,433	-36,760	-1,342	-66,582	-2,286
BALANCE SHEET						
Share capital	100	4	100	4	100	3
Reserves	118,043	4,499	175,148	6,393	144,669	4,966
Long-term liabilities	883,143	33,657	940,294	34,321	915,054	31,414
Short-term liabilities	65,757	2,506	80,958	2,955	48,119	1,652
Total liabilities	1,067,043	40,665	1,196,500	43,672	1,107,942	38,036
Long-term assets	694,019	26,449	760,007	27,740	743,994	25,541
Short-term assets	373,024	14,216	436,493	15,932	363,948	12,494
Total assets	1,067,043	40,665	1,196,500	43,672	1,107,942	38,036

III. Justification of Offer Price

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

A. Negotiated price under any share purchase agreement - NA

B. Highest price paid by the Acquirers/the PACs for acquisition including public or rights issues or preferential issue in the 26 weeks prior to the first Public Announcement - NA

C. Average of weekly high and low in terms of regulation 20 (4) (c) Rs. 45.83

D. Price paid for preferential allotment any time during the 12-month period up to the date of closure of the Offer - NA

E. Other Parameters:

Period ended	March 31, 1997
	12 months
Return on Net Worth (%)	16.8%
Book Value per Share (Rs.)	45.21
Earning per Share (Rs.)	6.95
Price to Earnings Ratio (based on the Offer Price)	6.6x
Chemicals Industry Price Earning Multiple *	14.7x

(Source: Capital Market Vol XVIII/04 11th May, 2003)*

IV. FINANCIAL ARRANGEMENTS FOR THE OFFER

3.1.1. The Acquirers have made firm financial arrangements to meet their obligations in full under the Offer. For this purpose, the Acquirers have deposited the entire amount payable in this Offer with the Supreme Court Registry as indicated in para 2.17

3.1.2. The total fund requirement for the Offer is estimated at Rs.48,830,271 (Rupees Forty Eight million Eight hundred and thirty thousand two hundred and seventy one), assuming full acceptance of the Offer (including payment of interest at the rate of 10% per annum). In accordance with the provisions of the Takeover Regulations, CCL has created an escrow in the form of a bank guarantee of Rs 21 million issued by Citibank N.A., Citibank Center, Plot No C 61, G Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051 in favour of the Manager to the Offer which is valid until 31st August, 2005 Further, CCL has deposited a sum equivalent to Rs 0.82 million with The HongKong and Shanghai Banking Corporation Limited, 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400001 which amount is in excess of 1% of the total consideration. A lien on the said cash deposit has been marked in favour of the Manager to the Offer.

3.1.3. CCL has empowered the Manager to the Offer to realize the value of the bank guarantee and the value of the account with HongKong and Shanghai Banking Corporation Limited, 52/60, Mahatma Gandhi Road, Fort, Mumbai - 400001.

3.1.4. The Manager to the Offer has satisfied itself about the Acquirers' ability to implement the Offer in accordance with the Takeover Regulations.

V. REVISED TIME SCHEDULE FOR MAJOR ACTIVITIES FOR THE OFFER

Activity	Date	Day
First Public Announcement (PA) date	18th April 2003	Friday
Second Public Announcement (PA) date	6th May 2003	Wednesday
Reference date for the purposes of computing the activity schedule to be specified	26th April 2005	Tuesday
Specified Date (for the purpose of determining the names of Shareholders to whom the Letter of Offer would be sent)	29th April 2005	Friday
Date by which individual Letters of Offer will be dispatched to the Shareholders	7th June 2005	Tuesday
Offer Opening Date	15th June 2005	Wednesday
Last date for revising the offer price/number of shares	22nd June 2005	Wednesday
Last date for withdrawal of acceptances by the shareholder	28th June 2005	Tuesday
Offer Closing Date	4th July, 2005	Monday
Date by which approval/ rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificates for the rejected/ withdrawn shares will be dispatched and/ orcredited to the beneficiary account in case of dematerialised shares	19th July 2005	Tuesday

VI. OTHER DISCLOSURES

The adjudication for violation of Section 15 H (ii) of Securities and Exchange Board of India Act, 1992 by Colour-Chem Limited is pending before the Adjudicating Officer.

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

HSBC

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Place: Mumbai **Date:** 8 June 2005