

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer constitutes an "offer" and not an "invitation to offer". This Letter of Offer is being sent to you as a shareholder(s) of Vanavil Dyes and Chemicals Limited ("VDCL" or the "Target Company"). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager/ Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 45.9 PER EQUITY SHARE ("OFFER PRICE")

PLUS INTEREST AT RS. 28.83 PER SHARE TO ELIGIBLE SHAREHOLDERS ("INTEREST")
(pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof)

TO ACQUIRE UP TO 986,332 FULLY PAID-UP EQUITY SHARES ("OFFER")

representing 20% of the equity share capital (and 20% of the voting capital) of

VANAVIL DYES AND CHEMICALS LIMITED

Registered Office: Kudikadu, SIPCOT PO, Cuddalore 607005 Phone No.+9144 24345612 Fax No. +91 4424345612 Email: openoffer.vdcl@eth.net

BY

COLOUR-CHEM LIMITED (CCL)

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

AND

ALONG WITH THE FOLLOWING AS PERSONS ACTING IN CONCERT:

EBITO Chemiebetteilungen AG (EBITO)

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

AND

ALONG WITH THE FOLLOWING AS PERSONS ACTING IN CONCERT

AND

CLARIANT INTERNATIONAL LTD (CIL)

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



AND

CLARIANT AG (CAG)

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

Please Note :

1. To the best of the knowledge of the Acquirers, no other approval is required to acquire shares tendered pursuant to this Offer. However the Offer will be subject to all statutory approvals as may be applicable.
2. Should EBITO and CCL ("the Acquirers") decide to revise the Offer Price upward, such upward revision will be made in terms of Regulation 26 of the Takeover Regulations not later than Wednesday, 22nd June, 2005. If there is any upward revision in the Offer Price, the same would be notified by way of a public announcement in the same newspapers in which the First Public Announcement appeared. Such revised offer price would be payable to all shareholders who have accepted this Offer and tendered their shares at any time during the tenure of the Offer to the extent to which their acceptance and tenders have been found valid by the Acquirers.
3. The Acquirers reserve the right to withdraw the Offer in terms of Regulation 27 of the Takeover Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers where the Public Announcements appeared.
4. The procedure for acceptance of this Offer is set out in para 11 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and transfer deed (where applicable) along with Form of Withdrawal are enclosed with this Letter of Offer.
5. The shareholders who have accepted the Offer by tendering the requisite documents in accordance with the procedures set forth in the Public Announcements and this Letter of Offer can withdraw the same until up to three working days prior to the date of the closure of the Offer. The procedure for withdrawal has been set out in para 11 of this Letter of Offer.
6. A copy of the Public Announcements and a copy of this Letter of Offer (including Form of Acceptance cum Acknowledgement) are available on SEBI's website at <http://www.sebi.gov.in>. The Form of Acceptance-cum-Acknowledgement may be downloaded and used to accept the Offer only in jurisdictions where legally permissible. Persons outside India accessing these pages are required to inform themselves of and observe any relevant restrictions.
7. This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.
8. There has been no competitive bid received.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 HSBC Securities and Capital Market (India) Private Limited HSBC Building, 52/60 M.G. Road, Fort, Mumbai 400 001 Tel No : (022) 2268 1284 / 85 Fax No: (022) 2263 1984 Contact Person : Aarthi Ramakrishnan E-mail : ccloffer@hsbc.co.in	 Sharepro Services (India) Pvt. Ltd. Satam Estate, 3rdFloor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400 099 Tel: (022) 28215168/ 28215169 Fax : (022) 28375646 (f) Contact Person : Mrs. Indira Karkera / Mr. Ramachandran E-mail: sharepro@vsnl.com
OFFER OPENS ON : WEDNESDAY 15TH JUNE, 2005	OFFER CLOSSES ON : MONDAY 4TH JULY, 2005

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

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

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Attached: Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and transfer deed (where applicable)

DEFINITIONS/ABBREVIATIONS	
Acquirers	EBITO Chemiebeteteiligungen AG and Colour-Chem Limited
BSE	The Stock Exchange, Mumbai
CAG	Clariant AG
Clariant Group	CAG and its subsidiaries
CIL	Clariant International Ltd.
Company/VDCL	Vanavil Dyes & chemicals Limited
CDSL	Central Depository Services Limited
Depository Escrow Account	The depository account opened by Sharepro Services Pvt. Ltd. with NSDL
DP	Depository Participant
EBITO	EBITO Chemiebeteteiligungen AG
FEMA	Foreign Exchange Management Act, 1999
Manager to the Offer/ HSBC	HSBC Securities and Capital Markets (India) Private Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer	Cash offer being made by the Acquirers to the shareholders of the Target Company on the terms of this Letter of Offer
Offer Closing Date	Monday, 4 th July, 2005
Offer Opening Date	Wednesday, 15 th June, 2005
Offer Price	Rs. 45.9/- (Rupees Forty five and ninety paise only) per share
Persons Acting in Concert / PACs	EBITO, CIL & CAG
First Public Announcement	The public announcement relating to the Offer as appeared in the newspapers on 18 th April, 2003
Second Public Announcement	The public announcement relating to the Offer as appeared in the newspapers on 6 th May, 2003
Registrar to the Offer	Sharepro Services Pvt. Ltd.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Shares	Fully paid-up equity shares of Rs. 10/- each of VDCL
Specified Date	Date for the purpose of determining the names of shareholders, as appearing in the Register of Members of VDCL or the beneficial records of the relevant DPs, to whom the Letter of Offer will be sent i.e. Friday, 29 th April, 2005
Takeover Regulations / Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Target Company/VDCL	Vanavil Dyes & Chemicals Limited

CURRENCY OF PRESENTATION

Certain financial data contained herein are denominated in Swiss Francs (CHF). The Rupee equivalent quoted in each case is calculated in accordance with the average of the buying and selling TT exchange rates as on December 31st of the relevant year.

The exchange rates used are as follows:

2002: 1CHF = INR 34.33

2003:1CHF = INR 36.5

2004:1 CHF = INR 38.11

Please note that all financial data contained in this Letter of Offer has been rounded off to the nearest million, except where stated otherwise.

RISK FACTORS

Risks related to the proposed Offer

Pursuant to and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, the Acquirers and the PACs are making this Offer for 20% of the shares of VDCL. With 56.19% of the existing paid up capital of VDCL with the public, it is possible that equity shares representing more than 20% of the Voting Capital of VDCL are tendered by the shareholders. Hence, there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted by the Acquirers and the PACs.

The Acquirers may not be able to proceed with the Offer in the event the approvals indicated above are not received in terms of Regulation 27 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

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

Risks involved in associating with the Acquirers/ PACs

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

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

This Letter of Offer is being issued by HSBC Securities and Capital Markets (India) Private Limited ("HSBC"), the Manager to the Offer, on behalf of EBITO Chemiebeteteiligungen AG and Colour-Chem Limited ("the Acquirers") along with Persons Acting in Concert pursuant to Regulation 10, 12 and other applicable provisions of Chapter III of and in compliance with the "Takeover Regulations".

1. Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF VDCL (THE TARGET COMPANY) TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS, PACs, OR OF THE COMPANY WHOSE SHARES/CONTROL ARE/IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE 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, HSBC SECURITIES AND CAPITAL (INDIA) PRIVATE LIMITED, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 9th MAY, 2005, TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. Background to the Offer

This open offer is for acquisition of 20% Shares of Vanavil Dyes & Chemicals Ltd. pursuant to Regulation 10, 12 and other applicable provisions of the Takeover Regulations consequent to the circumstances enumerated hereunder

- 2.1. "VDCL", a company registered under the laws of India with its registered office at , Kudikadu P.O. Cuddalore 607 005, Tamil Nadu is a subsidiary of CCL.
- 2.2. CCL presently holds 2,771,206 shares representing 56.19% of the paid-up equity share capital of "VDCL".
- 2.3. In 1997, CAG and Hoechst AG, Germany, ("Hoechst") agreed to transfer Hoechst's global specialty chemicals business into CAG. The transaction took place in several stages. On 1st July 1997, Hoechst hived off its specialty chemicals business in Germany to Virteon Spezialchemikalien GmbH, which was subsequently transferred to CAG.
- 2.4. Hoechst's non-German specialty chemical activities were transferred to the Clariant Group on a country-by-country basis as either asset or share deals and merged into existing operations as appropriate.
- 2.5. CIL filed with the Securities and Exchange Board of India ("SEBI") a draft stock purchase agreement dated 21st November 1997, whereby it was proposed that CIL would purchase Hoechst's 50.1% stake in CCL, and for which CIL sought an exemption from making a public offer under the Takeover Regulations.
- 2.6. By its order dated 9th September 1998, SEBI rejected the application for exemption and directed CIL to make a public offer, if it was desirous of acquiring the shares held by Hoechst in CCL. CIL preferred an appeal against the aforementioned SEBI order with the Appellate Authority of the Central Government, which was also rejected.
- 2.7. On 5th June 2000, Hoechst incorporated EBITO with a 51% equity stake and CIL holding the balance 49%. In October 2000, the shares held by Hoechst in CCL were transferred to EBITO. EBITO, being a subsidiary of Hoechst, the transfer was effected under Regulation 3(1)(e)(i) of the Takeover Regulations. In February 2001, due to the capital restructuring of EBITO, it became a 100% subsidiary of CIL.
- 2.8. On 20th February 2002, SEBI issued a show cause notice to EBITO and CIL in respect of the aforesaid transaction (as detailed in 2.3 and 2.4 above). Pursuant to the above show cause notice and the inquiry conducted thereon, on 16th October 2002, SEBI passed an order directing EBITO to make a public offer for acquisition of 20% of the share capital of CCL, taking 21st November 1997 as the reference date ("the Reference Date") for the purpose of calculation of the offer price. Further, EBITO was directed by SEBI to pay interest @ 15% per annum on the Offer Price to the shareholders of CCL for the loss of interest caused to them for the delay in EBITO making an open offer from 22nd March 1998 till the date of actual payment of consideration for the Shares to be tendered in the offer directed to be made by EBITO.
- 2.9. EBITO and CIL preferred an appeal from the order of SEBI to the Securities Appellate Tribunal ("the SAT") on the limited issue of payment of interest to the shareholders in the open offer. The SAT in its Order ("SAT Order") dated 21st February 2003 held that
 - a) those persons who were holding shares of CCL on 24th February 1998 and continue to be shareholders on the closure day of public offer to be made in terms of the directions given by the SEBI's order alone shall be eligible to receive interest in case the shares which they were holding on 24th February 1998 are tendered in response to public offer made in terms of the said order, and acquired by EBITO;
 - b) the interest payable by EBITO shall be at the rate of 15% per annum as directed by SEBI in its order dated 16th October 2002;
 - c) the dividend paid by CCL to its shareholders is not required to be deducted from the interest payable to the shareholders by EBITO.

Pursuant to the SAT Order, interest in respect of the shares acquired in the open offer is required to be paid only to those shareholders meeting the criteria listed in (a) above.

- 2.10. CAG and CIL preferred an appeal to the Supreme Court of India ("Supreme Court") against the SAT Order seeking reduction in the rate of interest payable and deduction of dividend paid by CCL from the interest payable to the shareholders pursuant to the Offer.
- 2.11. SEBI preferred an appeal to the Supreme Court on 14th April, 2003 seeking quashing and setting aside of the SAT Order with respect to (a) of para 2.9 above ("SEBI Appeal") and also filed an application for ad-interim ex-parte stay of the operation and effect of the SAT Order with respect to (a) of para 2.9. Appeals were also preferred by the Administrator of the Specified Undertaking of the Unit Trust of India and by one Mr. Umeshkumar G. Mehta.
- 2.12. CCL presently holds 2,771,206 shares representing 56.19% of the paid-up equity share capital of "VDCL". As a consequence of the SEBI order dated 16th October 2002 and events described above, the provisions of Regulation 10, 12 and other applicable provisions of Chapter III of the Takeover Regulations were attracted in respect of the acquisition of control of the EBITO over CCL and thus indirect acquisition of VDCL.
- 2.13. Accordingly the EBITO and CCL made an open offer for 20% of the share capital of VDCL vide Public Announcement dated 18th April 2003.
- 2.14. Colour-Chem Limited filed an Application for Impleadment in the Supreme Court Appeal filed by EBITO/CIL praying that the order of the Supreme Court passed in the said appeal be made applicable mutatis mutandis in respect of acquisition of 20% shares in the equity share capital of VDCL. The Hon'ble Supreme Court of India admitted the Impleadment application filed by CCL.
- 2.15. The aforesaid appeals came up for hearing on 28th April 2003 and were admitted. The Hon'ble Supreme Court of India, while admitting the aforesaid appeals, directed EBITO/CIL to deposit with the Supreme Court Registry the entire amount of consideration together with interest which would be payable as per the SAT Order for the Open Offers to the shareholders of CCL as well as the shareholders of VDCL. The Hon'ble Supreme Court vide its order dated 29th April, 2003 also ordered status quo in the matter.
- 2.16. EBITO and CAG have deposited an amount of Rupees 1,115 million for the open offer to be made to the shareholders of CCL with The Registrar, Supreme Court of India, New Delhi on 21st June, 2003 which in turn deposited the amount in an interest bearing account with UCO Bank, Supreme Court Compound, New Delhi.
- 2.17. Pursuant to the said order CCL deposited an amount of Rs. 53 million with The Registrar, Supreme Court of India, New Delhi on 21st June, 2003 which in turn deposited the amount in an interest bearing account with UCO Bank, Supreme Court Compound, New Delhi, in respect of the Offer.
- 2.18. The Supreme Court heard the appeals of EBITO, CIL as well as the cross appeal by SEBI and vide its order dated August 25, 2004 ("Supreme Court Order") held as follows:
- 2.18.1. Eligibility: those persons who were shareholders of CCL as on 24.2.1998 and continued to be shareholders on the closure day of the public offer would alone be entitled to interest
- 2.18.2. Interest: interest shall be paid to eligible shareholders at the rate of 10% per annum from March 22, 1998 till June 21, 2003. EBITO and CIL had deposited a total amount of Rs. 1,115 million on June 21, 2003, which has been invested in an interest bearing account with UCO Bank, Supreme Court Compound, New Delhi. The interest accruing thereupon shall enure to the benefit of those shareholders who were entitled to the payment of interest for the period during which the said amount remained invested in terms of the order of the Hon'ble Supreme Court
- 2.18.3. Dividend: The amount of dividend received by those shareholders who are eligible to receive interest during the period from 24.2.1998 till the date of payment of consideration should be adjusted against the interest payable to them
- 2.18.4. UTI: the Administrator of the Specified Undertaking of the Unit Trust of India are the successors of the UTI and being the statutory beneficiary would be entitled to interest irrespective of the fact that it came into existence after 1998.
- 2.18.5. Appeals filed by SEBI and Mr. Umeshkumar G. Mehta were disallowed
- 2.19. Being aggrieved by the Order of the Hon'ble Supreme Court, SEBI and others filed review petitions in the Hon'ble Supreme Court to have the Order dated 25 August, 2004 reviewed to the extent prayed for therein. The Supreme Court found no merit in the review petitions and therefore by its order dated 15 March, 2005 dismissed the same.
- 2.20. Since CCL had filed an application for Impleadment in the Supreme Court, the Supreme Court Order in relation to eligibility, interest and dividend shall be equally applicable in this Offer and hence:
- 2.20.1. Eligibility: Those persons who were shareholders of VDCL as on 24.2.1998 and continued to be shareholders on the closure day of the Offer would alone be entitled to interest
- 2.20.2. Interest: Interest shall be paid to eligible shareholders at the rate of 10% per annum from 24.2.1998 till 21.6.2003. EBITO and CAG have deposited a total amount of Rs. 5.3 million on 21.6.2003, which has been invested in an interest bearing account with UCO Bank, Supreme Court Compound, New Delhi. The interest accruing thereupon shall enure to the benefit of those shareholders who were entitled to the payment of interest for the period during which the said amount remained invested in terms of the order of the Hon'ble Supreme Court
- 2.20.3. Dividend: The amount of dividend received by those shareholders who are eligible to receive interest during the period from 24.2.1998 till the date of payment of consideration would be adjusted against the interest payable to them.
- 2.21. The Supreme Court has extended the period of the fixed deposit with
- 2.22. The Supreme Court has extended the period of the fixed deposit with UCO Bank upto 17th June, 2005.

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

3. The Offer

- 3.1. The Acquirers are making an offer to acquire upto 986,332 fully paid-up equity shares of Rs. 10/- each, representing 20% of the paid-up equity share capital of VDCL at Rs. 45.9/- (Rupees Forty five and ninety paise only) per share ("Offer Price") to all shareholders who tender their shares and whose shares are acquired by the Acquirers ("the Offer").
- 3.2. The Offer Price will be payable in cash, subject to the terms and conditions mentioned in the Public Announcements and this Letter of Offer.
- 3.3. EBITO does not hold any shares in VDCL. CCL presently holds 2,771,206 shares in VDCL.
- 3.4. Neither the Acquirers, the PACs nor any of their Directors have acquired any shares in VDCL during the last twelve months. None of the Directors of the Acquirers or of the PACs hold any shares in VDCL except Mr. K.R.V. Subrahmanian, a Director of CCL who holds 1,800 shares in VDCL and Mr. H.K. Bilpodiwala, a Director of CCL who holds 1,467 shares in VDCL.
- 3.5. The Shares are listed on BSE and MSE. Based on available information, the Shares are frequently traded on the BSE and infrequently traded on the MSE within the meaning of Regulation 20(5) of the Takeover Regulations.
- 3.6. Neither the Acquirers nor the PACs has acquired any shares during the 26-week period prior to the date of the first Public Announcement. The average of the weekly high and low of the closing prices on the BSE for the Shares for the 26-week period preceding the Reference Date is Rs. 45.9 (Source www.bseindia.com). The average of the daily high and low price on the BSE during the two weeks preceding the Reference Date is Rs. 39.3. (Source www.bseindia.com).
- 3.7. This Offer is not subject to any minimum level of acceptance.
- 3.8. In case the number of Shares tendered by the shareholders are more than the Shares agreed to be acquired under the Offer, the Acquirers shall accept the offers received from the shareholders on a proportional basis as per Regulation 21 (6) of the Takeover Regulations in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner.
- 3.9. The First and Second Public Announcements appeared on 18th April, 2003 and 6th May, 2003 respectively in the following newspapers, in accordance with Regulation 15 of the Takeover Regulations:

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

A copy of the Public Announcements are also available on SEBI's website at <http://www.sebi.gov.in>

Further terms and conditions of the Offer are set out in para 10 of this Letter of Offer. The procedure for acceptance and settlement is set out in para 11 of this Letter of Offer.

4. Interest Payment

- 4.1. In addition to above Offer Price, in terms of the Supreme Court Order, interest would be payable to those persons who were holding shares of CCL on 24th February 1998 and continue to be shareholders until the closure date of the Offer in case the shares which they were holding on 24th February 1998 are tendered in response to the Offer and acquired by the Acquirers. Such persons are herein referred to as „Eligible Shareholders“. The interest payable to Eligible Shareholders will be computed from 22nd March 1998 till 19th July 2005 i.e. the date of despatch of cheques issued for the shares acquired in respect of the Offer in para 3 above. Interest would be paid net of dividend payout from March 1998 till amounting to Rs. 20.50. Interest payment would be made as the sum of two parts
 - 4.1.1. Interest payable upto the date of deposit in the Supreme Court of India
 - 4.1.2. Interest payable from the date of deposit upto the date of dispatch of cheques to the shareholders
- 4.2. In terms of the Supreme Court Order, the interest payable to Eligible Shareholders will be computed from 22nd March 1998 till the date of despatch of cheques issued in respect of the Offer. Such interest is payable in cash to Eligible Shareholders and would be computed as under

Price per share ("A")	Rs. 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/-

- 4.3. Shareholders whose shares are accepted in the Offer will be eligible for interest on the basis of their continued ownership of shares i.e. any shareholder eligible for interest should have held the shares continuously in the period beginning from 24th February 1998 upto the date of tendering Shares in this Offer.
- 4.4. Such eligibility will be determined on basis of the Register of Members/Shareholders Register/ record of beneficial owners as provided by the Depository(s) viz. National Securities Depository Limited (“NSDL”) and Central Depository Services Limited (“CDSL”) in the following manner;
 - Shareholder(s) on the register of the Target Company as on 24th February 1998
 - Shareholder(s) as on record date for payments of all interim and final dividend for the six financial years i.e. Financial year 1997-98 through to Financial year 2003-04
 - Shareholder(s) on the date of closure of the Offer
 - Shareholder(s) as on any other date as may be necessary to revalidate the continued shareholding for determining eligibility
 - Change in folios on account of transmission/transposition of shareholding (due to process of law or succession), consolidation of folios, dematerialisation/ rematerialisation of shares will be eligible to receive interest

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

- 4.5. The Acquirers will appoint AF Ferguson and Company, Chartered Accountants to audit the process of determining the eligibility of shareholders as per criteria/methodology outlined in para 4.4 above. 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 Acquirers 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.. It may be noted that shares tendered by Eligible Shareholders and other shareholders shall be treated at par for purposes of acceptance. There are no partly paid-up equity shares of the Company.
- 4.6. Neither the Acquirers nor the PACs has acquired any shares during the 26-week period prior to “First Public Announcement”.

5. Option in terms of Regulation 21(3)

If consequent to this Offer, the public shareholding falls to a level below the limit specified in the Listing Agreement with the stock exchange for the purpose of listing on a continuous basis, CCL undertakes to raise the level of public shareholding to the levels specified for continuous listing in the Listing Agreement with the stock exchange within a period of six months from the date of closure of the public offer.

6. Object and Purpose of the Offer and Future Plans

- 6.1. The Offer is made in accordance with Regulation 10, 12 and other applicable provisions of Chapter III of and in compliance of the Takeover Regulations.
- 6.2. There are no plans to sell, dispose of or otherwise encumber any assets of the Company in the next two years, except to the extent required (i) for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of the Company or (ii) in the ordinary course of business of the Company. Further, the Acquirers undertake not to sell, dispose of or otherwise encumber any substantial assets of the Company, except with the prior approval of the shareholders of the Company in accordance with the Articles of Association of the Company. It will be the responsibility of the Board of Directors of the Company to make appropriate decisions in these matters in accordance with the requirements of the business. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.

7. General Disclosures

- 7.1. Neither the Acquirers, the PACs nor any of their Directors have acquired any Shares in the last twelve months.
- 7.2. CCL currently holds 2,771,206 Shares in the Target Company. Other than the Shares held by CCL as disclosed above, the other Acquirer or PACs do not hold any Shares in the Target Company. The Acquirers and PACs have not acquired any Shares in the Target Company from the date of the First Public Announcement till the date of this Letter of Offer. Neither the Acquirers nor the PACs have acquired any shares during the 26-week period prior to the date of the First Public Announcement.
- 7.3. None of the Directors of the Acquirers or of the PACs hold any shares in VDCL except Mr. K.R.V. Subrahmanian, a Director of CCL who holds 1,800 shares in VDCL and Mr. H.K. Bilpodiwala, a Director of CCL who holds 1,467 shares in VDCL.
- 7.4. Neither the Acquirers, PACs nor the Target Company has been prohibited by SEBI from dealing in securities under directions issued pursuant to Section 11B of SEBI Act or under any of the regulations made under the SEBI Act.

8. Background of the Acquirers/Persons Acting in Concert

- 8.1. The Acquirers:

CCL is a company incorporated in India on 27th December 1956 under the Companies Act, 1956. CCL has its Registered Office at Ravindra Annexe, 194 Churchgate Reclamation, Mumbai – 400020, Phone: +91 22 2202 2161. CCL is a subsidiary of EBITO. EBITO is a wholly owned subsidiary of CIL which is a wholly owned subsidiary of CAG. CAG is a listed company which is widely held. CCL was incorporated to manufacture, as a measure of import substitution, organic pigments for textile printing in India.

- 8.1.1. CCL's main business lines are classified under two segments, viz. (1) Intermediates and Colours and (2) Specialty Chemicals. CCL caters to a wide range of industries from paints, printing inks, plastics, rubber, agro-chemicals, pharmaceuticals, textile, leather, construction, detergents, personal care, metalworking, oilfields etc. through products

manufactured at its sites or sourced from its principals and affiliates. CCL has its Regional Offices at Ahmedabad, Chennai, Kolkata and New Delhi.

- 8.1.2. The manufacturing facilities of CCL are located at Mumbai-Agra Road, Balkum, Thane 400 608 and 113/114 MIDC Industrial Estate, A.V.P.O Dhatav, Taluka Roha, Dist. Raigad 402 116 both in the State of Maharashtra
- 8.1.3. Although CCL believes that it has complied with the applicable provisions of Chapter II of the Takeover Regulations, by way of abundant caution it has made filings dated March 27, 2003 under the SEBI Regularisation Scheme, 2002 for alleged non-compliance with Regulations 6 and 8 of the Takeover Regulations. CCL has vide its letter dated 17th August 2004 consented to pay an amount of Rs 150,000 as penalty under Section 15A of the SEBI Act and has also agreed to a consent order being passed by an Adjudicating Officer. Adjudication for violation of Section 15 H(ii) of the SEBI Act, 1992 is pending before the Adjudicating Officer.
- 8.1.4. The Shares are listed on BSE and NSE. CCL has confirmed that it has complied with all the provisions of the listing agreement entered into with BSE/NSE and no punitive action has been initiated by BSE/NSE against it.
- 8.1.5. CCL has a 56.19 % stake in VDCL. VDCL is a company incorporated in India in April, 1977 under the Companies Act, 1956. VDCL is engaged in the business of manufacturing all classes of dyestuffs, intermediates and chemicals, both organic and inorganic, and other by-products. The shares of VDCL are listed on the BSE and Madras Stock Exchange.
- 8.1.6. CCL has a wholly owned subsidiary Kundalika Investments Limited ("KIL"). KIL is a company incorporated in India on 27th May, 1982 under the Companies Act, 1956. KIL is engaged in the business of investments and leasing.

SIGNIFICANT ACCOUNTING POLICIES as for the year 2003-2004

The financial statements are prepared at historical cost on the accrual basis of accounting and in accordance with the standards on accounting issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956. The significant accounting policies are as follows:

1. SALES

Sales comprise ex-factory value or FOB value of goods sold excluding Trade discounts.

2. EXCISE DUTY

Excise duty payable on products is accounted for at the time of despatch of goods from the factories but is accrued for stocks held at the year end.

3. RESEARCH AND DEVELOPMENT

(A) Revenue expenditure on research and development is written off in the profit and loss account in the year in which it is incurred. Capital expenditure on research and development is treated in the same way as expenditure on fixed assets.

(B) Research and development expenditure:

	Rs. lakhs
Debited to profit and loss account	545.33
	(459.23)
Additions to fixed assets (after adjusting capital work-in-progress)	65.61
	(21.91)
	610.94
	(481.14)

4. RETIREMENT BENEFITS

(A) Retirement benefits to employees comprise of payment to gratuity, superannuation and provident funds under the rules of CCL.

(B) Liabilities in respect of retirement gratuity benefit to employees are provided in terms of The Payment of Gratuity Act, 1972 or CCL's Gratuity Scheme approved by the Commissioner of Income-tax, whichever is beneficial. The adequacy of the fund is confirmed by an actuarial valuation obtained at the year end.

(C) Liabilities in respect of leave encashment benefit, and Ex-gratia Gratuity payable on retirement to a category of employees, are provided based on an actuarial valuation obtained at the year end.

5. VOLUNTARY RETIREMENT SCHEME

Expenditure incurred on voluntary retirement scheme is charged to the profit and loss account in the year in which it is incurred.

6.. FIXED ASSETS AND DEPRECIATION

(A) All fixed assets are stated at cost less depreciation, wherever applicable. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Borrowing cost relating to funds borrowed for acquisition of fixed assets for the year upto the date the assets are put to use is included in cost.

(B) The cost of leasehold land is amortised over the period of the lease. Freehold land is not amortised / depreciated.

(C) (i) Depreciation in respect of plant, machinery and equipment etc., has been calculated on the straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, except for :

- (a) certain items of plant, machinery and equipment on which a depreciation rate of 20% on straight line method is applied,

- (b) electronic data processing (EDP) hardware such as servers on which a depreciation rate of 20% and for other EDP equipments including personal computers and printers on which 25% straight line method is applied. (See note 9, Schedule 19)
- (c) assets given on lease which are depreciated on the straight line method over the primary period of the lease from the month in which the lease rent commences,
- (d) exchange differences capitalised which are depreciated over the remaining useful life of the assets.
- (ii) Depreciation in respect of buildings, furniture, fixtures and office appliances and vehicles existing as on 31st March 1995 has been calculated on written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for certain items of furniture, fixtures and vehicles on which a depreciation rate of 20% on straight line method is applied.
- (iii) With effect from 1st April 1995 CCL has, in respect of additions to buildings, furniture, fixtures and office appliances and vehicles, charged depreciation on the straight line method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in case of certain items of furniture, fixtures and vehicles on which a depreciation rate of 20% on straight line method is applied.

7. INVENTORIES

Inventories are valued at the lower of cost and estimated net realisable value after providing for obsolescence. The cost of inventories is generally arrived at on the following bases :

- Raw materials, packing materials and stores and spares and trading items - Weighted average cost.
- Finished goods and work-in-progress - Absorption costing at works cost.

8. SUNDRY DEBTORS / LOANS AND ADVANCES

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts / advances.

9. INVESTMENTS

Long term investments are stated at cost less provision for diminution in value, other than temporary. Dividends are accounted for when the right to receive the dividend payment is established.

10. FOREIGN CURRENCY TRANSLATIONS

- (A) Foreign currency liabilities and current assets are restated at rates ruling at the year end.
- (B) Foreign currency assets and liabilities covered by forward contract are stated at the relevant spot rates. The difference between the forward rate and the spot rates is recognised as income or expense over the life of the contract.
- (C) Exchange differences relating to fixed assets are adjusted in the cost of the assets. Any other exchange differences are recognised in the profit and loss account.

11. INCOME TAX

- (A) Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on assessable income.
- (B) CCL recognises deferred tax asset or deferred tax liability based on the tax effect for timing differences i.e. the differences that originate in one accounting period and reverse in subsequent period(s). The deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. The tax effect is calculated based on the prevailing regulations. The deferred tax assets/ liabilities are reviewed as at each Balance Sheet date based on developments during the year and available case laws.

8.1.1. The Board of Directors of CCL comprised:

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

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

8.1.9. Summarised financial statements of CCL

8.1.9.1. **Profit & Loss Statement**

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

8.1.9.2. **Balance Sheet**

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

8.1.9.3. **Other Financial Data**

	Mar 31, 2002 (Audited) 12 months	Mar 31, 2003 (Audited) 12 months	Mar 31, 2004 (Audited) 12 months	December 31, 2004 9 months
Earnings per share (Rs.)	7.8	12.9	28.8	* 8.4
Dividend per share (Rs.)	5.0	6.0	6.0	-
Return on net worth (%)	6.9%	10.8%	20.4%	* 5.9%
Book value per share (Rs.)	113.1	119.2	141.3	149.7

*- Not annualised

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

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

8.1.11. Reasons for rise/ fall in Sales and PAT in relevant years to be disclosed:

2004 compared with 2003.:

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

The only earlier acquisition in CCL has been by EBITO which is disclosed in para 2.7

8.1.12. Status of corporate governance: CCL has complied with the provisions of corporate governance.

8.1.12.1. Board Committees

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

a. Audit Committee

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

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

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

b. Remuneration Committee

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

Remuneration to Directors for the year 2003-2004 Audited

(Rupees in lakhs)

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

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

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

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

CCL has no Stock Option Scheme for any of its Directors.

c. Shareholders' / Investors' Grievance Committee

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

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

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

8.1.13. Pending litigations:

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

8.1.14. Mr. Sunil K. Nayak CFO & Company Secretary is the compliance officer of CCL. His contact details are Ravindra Annexe, 194 Churchgate Reclamation, Mumbai – 400 020, Phone No: +91 22 2202 2161.

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

The shareholding pattern of CCL is as follows:

	%
EBITO	50.1%
FII/ Mutual Funds/ FIs/ Banks	19.35%
Public	22.89%
Others	7.66%
Total	100.00%

Capital structure of CCL

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

The face value of CCL shares is Rs. 10/- and the closing price as on 29th April, 2005 was Rs. 265 on BSE.

In 1984 CCL acquired 4,50,000 shares in VDCL taking its stake to 25% of VDCL. The other major shareholders were TIDCO and Tamilnadu Handloom Weavers Co-operative Society (Co-optex) who held 26% of VDCL. In 1990, CCL purchased 26% stake belonging to TIDCO and Co-optex. There has been merger, demerger or spinoff in the past 3 years involving the Acquirers. There has been no change in name of CCL since incorporation.

8.1.16. EBITO

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

Financials of EBITO are as follows:

BALANCE SHEET

Assets	2004	2004	2003	2003	2002	2002
	CHF	INR mn	CHF	INR mn	CHF	INR mn
Fixed Assets						
Investments or Holdings	40,395,447	1,539	40,395,447	1,474	40,395,447	1,387
Current Assets						
Other charges or claims or demands	1,955	0	2,051	0	86	0
Claims on Co.businesses	2,500	0	-	-		
Capital WIP & Advances	3,037	0	27,498	1	12,706	0
Total Actives	40,402,938	1,540	40,424,996	1,476	40,408,239	1,387
Liabilities						
Sources of Funds						
Share Capital	202,000	8	202,000	7	202,000	7
Reserves & Surplus	40,400	2	40,400	1	40,400	1
Balance Sheet Profit						
—> Balance Sheet profit of Previous Year						
—> Accession from Reorganisation						
—> Annual Profit	745,368	28	409,935	15	66,032	2

Foreign Capital						
Provisions	-	-	40,921	1	345	0
Liabilities against Group Companies	68,212	3	64,449	2		
Other Liabilities	753	0	2,420	0		
Current A/c against Clariant Int.AG	39,341,206	1,499	39,659,871	1,448		
Long Term commitments - Concern businesses					40,061,855	1,375
Short Term Commitments - Concern businesses					32,607	1
Passive financial demarcation	5,000	0	5,000	0	5,000	0
Total Liabilities	40,402,938	1,540	40,424,996	1,476	40,408,239	1,387
Income	2004	2004	2003	2003	2002	2002
	CHF	INR mn	CHF	INR mn	CHF	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

8.1.18. The Board of Directors of EBITO as on the date of the Letter of Offer comprises:

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

8.1.19. None of the Directors of the EBITO are on the Board of Directors of VDCL.

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

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

8.1.22. Significant accounting policies are the same as those of other Clariant Group companies disclosed below.

8.1.23. Details of acquisition of shares in CCL by EBITO has been detailed in para 2.7.

EBITO is a 100% subsidiary of CIL.

8.1.24. EBITO is a 100% subsidiary of CIL.

8.2. The Persons Acting in Concert: CAG and CIL

8.2.1. CAG, a company registered under the laws of Switzerland with its registered office at Rothausstrasse 61, CH-4132 MuttENZ/Switzerland, is the ultimate holding company of the CAG group. Until 1995 CAG was the Specialty Chemicals division of the former Sandoz. After completing an initial public offering on SWX Swiss Exchange in June 1995, CAG acquired the specialty chemicals business of Hoechst in 1997.

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

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

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

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

Dr. K. Jenny	Director	Rothausstrasse 61, CH-4132 MuttENZ/Switzerland	08.04.2005	Banking with Credit Suisse. Member of the Board of Baloise Insurance and of Maus Freres
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None of the Directors of CAG are on the Board of Directors of VDCL

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

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

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

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

CIL has a controlling equity stake in Clariant (India) Limited. Clariant (India) Limited is 51% subsidiary of CIL with its registered office at Paville House, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025. Clariant (India) Limited has a paid up capital of Rs. 119.25 million divided into 11.925 million shares of Rs.10/- each. The net sales of Clariant (India) Limited for the nine months ended 31st December 2004 was Rs.2,542 million and Profit after Tax was Rs. 142 million. The consolidated networth of Clariant (India) Limited was Rs. 1042 million. The shares of Clariant (India) Limited are listed on the BSE and the NSE. Clariant (India) Limited was quoted at Rs. 268 per share on 29th April, 2005 on the BSE. BTP is a wholly owned subsidiary of BTP plc, a Clariant Group company. BTP was incorporated on 24th June 1992 with its registered office on 2nd Floor, Kences Towers, 1, Ramakrishna Street, Chennai 600 017. CCL is engaged in the business of manufacture and sale of leather chemicals, construction chemicals, biocides and specialty chemicals.

Financials of CIL

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

- 8.3. Clariant (India) Limited and BTP (India) Private Limited ("BTP") are deemed to be persons acting in concert under the Takeover Regulations. Neither Clariant (India) Limited nor BTP (India) Private Limited holds any shares in VDCL. Summarised consolidated financial statements of CAG group

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

8.3.1. Income Statement

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

8.3.2. Balance Sheet

Balance Sheet (millions)	Dec 31, 2002 (audited)	Dec 31, 2002	Dec 31, 2003 (audited)	Dec 31, 2003	Dec 31, 2004 (audited)	Dec 31, 2004
	CHF	Rs.	CHF	Rs.	CHF	Rs.
ASSETS						
Total Current assets	4199	144,131	4,066	148,409	4,359	166,121
Tangible Fixed Assets	3055	104,863	2,776	101,324	2,440	92,988
Intangible assets	489	16,785	451	16,462	405	15,435
Investments in associates and joint ventures and other financial assets	412	14,142	419	15,294	322	12,271
Deferred tax assets	395	13,558	291	10,622	279	10,633
Total Assets	8550	293,479	8,003	292,110	7,805	297,448

LIABILITIES AND EQUITY						
Total short term liabilities	3,006	103,181	2,866	104,609	2,614	99,619
Financial debts	3102	106,476	2,620	95,630	1,723	65,664
Deferred tax liabilities	583	20,011	384	14,016	373	14,215
Provisions and other long term liabilities	882	30,275	893	32,595	837	31,898
Total long term liabilities	4567	156,762	3,897	142,241	2,933	111,777
Total liabilities	7573	259,943	6,763	246,850	5,547	211,396
Minority interests	63	2,162	64	2,336	56	2,134
Total equity	914	31,373	1,176	42,924	2,202	83,918
Total liabilities and equity	8550	293,479	8,003	292,110	7,805	297,448

8.3.3. Other Financial Data

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Balance Sheet :

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

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

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

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

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

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

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

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

There have been no earlier acquisitions in CCL by CAG.

8.5. Status of Corporate Governance

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

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

Professional management and control

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

Effective committees

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

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

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

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

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

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

Regular information

Clariant pursues an active communication policy that is adapted to the relevant situation. The form and content of the information are geared to the needs of the relevant target groups. The Corporate Communications and Investor

Relations Departments report directly to the CEO and CFO respectively. On basic matters of general corporate policy, Corporate Communications receives its guidelines from the Executive Committee.

Compensation for acting members of governing bodies

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

8.5.2. Pending Litigation CAG is from time to time, involved in various claims and lawsuits incidental to the ordinary operations of its business. It is currently not involved in any legal, regulatory or arbitration proceedings which are likely to have a material adverse effect on the financial position of CAG nor as far as CAG is aware, is any such proceedings threatened.

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

8.6. Name and other details of Compliance Officer: Dr. H. Wohlmann, Rothausstrasse 61, CH-4132 Muttenz/Switzerland

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

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

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

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

3.1.1. Shareholding Structure

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

7.7. CAG's other Indian interests

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

8.7.1. Clariant (India) Limited

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

Financial Statements (Rs. Million)	Mar 31, 2002 (Audited)	Mar 31, 2003 (Audited)	Mar 31, 2004 (Audited)	Dec 31, 2004
	12 months	12 months	12 months	9 months
Net Sales	3,006.1	3,188.8	3,167.5	2542.0
Total Income	3,083.0	3,290.7	3,282.4	2589.7
PBDIT	336.0	337.6	347.7	265.5
Depreciation	(33.8)	(35.2)	(52.6)	(44.3)
Interest-Net	0.9	1.9	10.3	(1.4)
PBT	303.1	304.3	305.4	219.8
PAT	205.5	195.8	208.5	141.9
Sources of Funds				
Share Capital	119.3	119.3	119.3	119.3
Net Worth	845.8	907.1	967.6	1042.1
Borrowings	63.7	58.1	88.5	107.5
	909.5	965.2	1,056.1	1149.6

Application of Funds

Net Fixed Assets	163.1	186.3	248.4	238.0
Investments	372.3	499.6	550.2	595.8
Net Current Assets	359.3	256.3	236.2	291.9
Deferred Tax Assets	14.7	23.0	21.3	23.9
	909.5	965.2	1,056.1	1149.6
Earnings Per share in Rs.	16.8	16.4	17.5	* 11.9
Dividend per share	7.0	10.0	11.0	6.0
Book Value per Share in Rs.	70.9	76.1	81.1	87.4
Return on Net Worth	23.7%	21.6%	21.5%	* 13.6%

* Not annualised

8.7.2. BTP (India)Private Limited.

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

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

*- Not annualised

9. Background of VDCL

VDCL has its Registered Office at Kudikadu, Cuddalore 607005. VDCL was promoted by the Tamilnadu Industrial Development Corporation (TIDCO) in association with the Tamilnadu Handloom Weavers Co-operative Society (Co-optex). Colour-Chem joined as a co-promoter in 1982. In May 1990, TIDCO and Co-optex disinvested their shareholdings in VDCL (except for 1000 shares retained by TIDCO) in favour of Colour-Chem, increasing its share to 50.96%. As a result, VDCL became a subsidiary of Colour-Chem. Manufacturing plant of VDCL is situated at Kudikadu, SIPCOT P.O. in the state of Tamil Nadu where Pigments and Pigment intermediates are manufactured.

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

9.1.2. The shares of VDCL are listed on the BSE and Madras Stock Exchange ("MSE"). The share price of VDCL on the BSE on 29th April, 2005 was Rs. 48.6.

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

9.1.4. There are no outstanding convertible instruments or partly paid up shares in VDCL

9.1.5. The Board of Directors of VDCL comprised the following persons :

Name	Address	Date of Appointment	Experience and Qualifications
Mr. K.J Bharucha	A/3 Amalfi, LD Ruparel Marg, Mumbai - 400006		A.C.A., F.C.A., (England & Wales) Over 38 years
Dr. G.S. Laddha	39, Second Main Road, Kasturibhai Nagar, Adyar, Chennai – 600020	1984	Doctorate in Chemical Engineering. He served as a Director of A.C.College of Technology, Chennai and is a Professor Emeritus of the Anna University.
Dr. M. Santappa	73, Third Main Road, Kasturibhai Nagar, Adyar, Chennai – 600086	April 1987	Dr. Santappa holds doctorate in Organic Chemistry from London University and Doctorate in Physical Chemistry from University of Manchester. He has an experience of over 35 years in educational institutions. He retired as Vice Chancellor of Madras University in the year 1984. He was an Advisor to the Tamil Nadu Pollution Control Board.
Mr. R. Ramakrishnan	“Kanya”, 59, Poes Gardens, Cathedral Road, Chennai – 600086	2001	B. Sc. Degree in Physics. He is an industrialist and a businessman having experience of more than three decades.
Dr. G.G. Patkar	121, Tarangan-I Pokharan Road No.1, Off Eastern Express Highway, Thane (W) 400606	May 1999	Holds dual degree in Chemistry and Technology and Doctorate in Technology of Intermediates and Dyes. He has around 30 years of experience in specialty chemicals industry. He is presently Vice President – Pigments & Additives in Colour-Chem Limited.
Mr. P. Lindner	Clariant VmbH, Emerging Markets, D-65840, Sulzbach, Germany	October 2001	Diploma in Industrial Business from the Chamber of Commerce, Frankfurt am Main, Germany. He has relevant experience of around 34 years in Specialty Chemicals Business. Presently he is head of Emerging Markets, Clariant GmbH, Germany.

9.1.6. Profit and Loss Statement

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

9.1.7. Balance Sheet

Balance Sheet (Rs. Million)	Mar 31, 2002 (Audited) 12 months	Mar 31, 2003 (Audited) 12 months	Mar 31, 2004 (Audited) 12 months	December 31, 2004 9 months
Source of Funds				
Paid-up equity share capital	49.3	49.3	49.3	49.3
Reserves & surplus	228.1	237.0	238.7	251.5
Net worth	277.4	286.3	288.0	300.8
Secured loans	103.8	52.5	46.1	56.0
Unsecured loans	-	-	-	-
Deferred Tax Liability	-	39.0	36.3	33.3
Total Liabilities	103.8	91.5	82.4	89.3
Total Liabilities and Shareholders Equity	381.2	377.8	370.4	390.1

Application of Funds

Net Fixed assets (incl. Capital WIP)	248.1	231.7	217.6	201.6
Investments	2.2	2.2	1.2	-
Net current assets	160.1	142.1	151.6	171.0
Deferred tax assets and Misc Expenditure not written off	(29.2)	1.8	-	17.5
Total Assets	381.2	377.8	370.4	390.1

9.1.8. Other Financial Data

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

* Not Annualised

9.1.9. 6

Paid up Equity Shares of VDCL	No of shares/ voting rights	% of shares/ Voting rights
Fully paid up equity shares	4,931,658	100%
Partly paid up equity shares	-	-
Total paid up equity shares	4,931,658	100%
Total voting rights in VDCL	4,931,658	100%

9.1.10. Capital Structure History:

Public Issue in 1984

Paid-up Share Capital before the issue – Rs.91,80,080/-

Paid-up Share Capital after the issue – Rs.1,80,00,000/-

Public Issue in 1987

Paid-up Share Capital before the issue – Rs.1,80,00,000/-

Paid-up Share Capital after the issue – Rs.2,40,00,000/-

Rights issue in 1995 March

Paid-up Share Capital before the issue – Rs.2,40,00,000/-

Paid-up Share Capital after the issue – Rs.3,83,88,000/-

Warrant Conversion into shares in March 1998

Paid-up Share Capital before the conversion – Rs.3,83,88,000/-

Paid-up Share Capital after the conversion – Rs.4,93,16,580/-

The present paid-up of the Company is Rs.4,93,16,580/-

9.1.11. VDCL and CCL have complied with the provisions of Chapter II of the Takeover Regulations under the SEBI Regularisation Scheme.

9.1.12. The Compliance Officer of VDCL is Mr. K. Ramji whose contact details are as follows:

9.1.13. There has been no merger, demerger or spinoff in the past three years involving VDCL. VDCL has not undergone any change in name since inception.

9.1.14. The market lot of the equity shares of VDCL is 50.

9.1.15. Reasons for fall in PAT in the Financial Year 2003-04

- (i) increase in the price of key raw materials
- (ii) increase in price of fuel and hike in power tariff
- (iii) lower export benefits and
- (iv) fall in selling price of major products

9.1.16. Reasons for rise in PAT in the financial year 2002-03

Increase in the sale of manufactured (both in terms of volume and value) in local and exports resulting in higher profitability

9.1.17. Mr. K. Ramji, General Manager(Finance) and Secretary is the Compliance officer of the Company. Phone: 044 24345612 There is no case which has been filed ah VDCL pending in any court of law as on date , which is of material significance. VDCL has been has been duly complying with clause 49 of the Listing agreements with the Stock Exchanges dealing with Corporate Governance.

9.2. Pre and post-Offer shareholding pattern of the Target Company

Shareholder Category	Shareholding/Voting rights prior to agreement/acquisition and Offer (as on Date) (A)		Shares/Voting rights agreed to be acquired which triggered off Takeover Regulations (B)		Shares/Voting rights to be acquired in the Offer (assuming full acceptances by Eligible Shareholders) (C)		Shareholder/Voting rights after the acquisition and Offer (A+B+C)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1. Acquirer/PAC								
a) EBITO as Acquirer	-	-	-	-				
b) CCL as Acquirer	2,771,206	56.19%			986,332	20.00%	3,757,538	76.19%
c) CAG as PAC	-	-	-	-	-	-	-	-
d) CIL as PAC	-	-	-	-	-	-	-	-
Total (a+b+c+d)	2,771,206	56.19%	-	-	986,332	20.00%	3,757,538	76.19%
2. Public (Other than Acquirers and PACs)	2,160,452	43.81%					1,174,120	23.81%
2a. FI/MF/FII/Banks	211,414	4.29%	-	-	-	-	-	-
2b. Others	1,949,038	39.52%	-	-	(986,332)	(20)%	-	-
TOTAL (1 to 3)	4,931,658	100.00%	-	-	-	-	4,931,658	100.00%

10. Offer Price and Financial Arrangements

10.1. Justification of Offer Price

10.1.1. The Shares are listed on BSE and MSE. Based on available information, the Shares are were frequently traded on BSE and infrequently traded on MSE as on the date of the First Public Announcement. Currently the Shares are infrequently traded on both BSE and MSE since Clause 20 of the Takeover Regulations has amended the definition of infrequently traded shares. Since the pricing was frozen on the Reference Date, the Offer Price has been determined based on a frequently traded share.

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

Name of Stock Exchange	Total No. of Shares traded during the 26 weeks ending November 20, 1997	Total No. of Listed Shares	Annualised trading turnover (as % to total listed Shares)
BSE	133,020	3,838,800	3.47%
MSE	-	3,838,800	-

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

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

26. Weeks High/Low of Closing Price

Week No	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	29-May-97	38.00	41.00	39.50	9,750
2	5-Jun-97	38.00	39.00	38.50	13,600
3	12-Jun-97	37.75	38.5	38.13	23,125
4	19-Jun-97	40.00	44.00	42.00	35,525
5	26-Jun-97	37.50	40.00	38.75	21,600
6	3-Jul-97	38.25	40.75	39.50	32,087
7	10-Jul-97	38.75	42.50	40.63	81,475
8	17-Jul-97	46.00	55.00	50.50	152,999
9	24-Jul-97	46.00	50.00	48.00	33,937
10	31-Jul-97	43.00	56.50	49.75	211,072
11	7-Aug-97	58.00	66.00	62.00	655,599
12	14-Aug-97	55.00	61.50	58.25	353,812
13	21-Aug-97	55.00	55.00	55.00	-

14	28-Aug-97	55.00	55.00	55.00	-
15	4-Sep-97	49.00	53.50	51.25	103,037
16	11-Sep-97	47.50	52.00	49.75	69,825
17	18-Sep-97	42.25	46.75	44.50	79,675
18	25-Sep-97	43.75	43.75	43.75	8,737
19	2-Oct-97	43.00	47.00	45.00	165,050
20	9-Oct-97	44.00	47.00	45.50	9,050
21	16-Oct-97	43.00	47.75	45.38	128,925
22	23-Oct-97	44.50	46.00	45.25	143,199
23	30-Oct-97	44.75	44.75	44.75	4,475
24	6-Nov-97	42.50	42.50	42.50	4,250
25	13-Nov-97	40.00	43.00	41.50	31,675
26	20-Nov-97	33.75	40.00	36.88	762,635
	Average of 26 weeks			45.83	

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

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

2 Weeks Daily High/Low

Day No	Dates	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	7 Nov,97	43.00	43.00	43.00	3,175.00
2	10 Nov,97	41.00	41.00	41.00	20,500.00
3	12 Nov,97	40.00	40.00	40.00	8,000.00
4	13 Nov,97	39.00	39.00	39.00	3,900.00
5	14 Nov,97	40.00	40.00	40.00	124,000.00
6	18 Nov, 97	38.00	36.25	37.13	230,975.00
7	20 Nov,97	36.25	33.75	35.00	403,760.00
	Average of 2 weeks			39.30	

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

10.1.5. 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)

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

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

10.1.8. There has been no non compete fee paid.

10.2. Financial Arrangements

10.2.1. 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 .

10.2.2. 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.

10.2.3. 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.

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

11. Terms and Conditions of the Offer

Shareholders who wish to accept the Offer should tender their Shares and should submit documents in accordance with the procedure specified in Para 11 of this Letter of Offer and in the Form of Acceptance cum Acknowledgement.

11.1. Shareholders who can accept the Offer

The Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed on or before Tuesday, 7th June 2005 to all shareholders of the Company whose names appear in the Register of Members of VDCL, and to the beneficial owners of the Shares whose names appear on the records of the respective DPs, in each case at the close of business hours on 29th April, 2005 (the "Specified Date"). Accidental omission to dispatch this Letter of Offer, non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in any way.

11.2. Statutory Approvals

11.2.1. To the best of the knowledge of the Acquirers, no approvals are required to acquire the Shares tendered pursuant to this Offer. However the Offer will be subject to all statutory approvals as may be applicable.

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

11.3. Shareholders outside India

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

12. Procedure for Acceptance and Settlement

12.1. Tendering of Documents

Subject to Para 11 above, shareholders who wish to accept this Offer and submit their shares can deliver the relevant documents in the manner detailed below to the Registrar to the Offer Sharepro Services (India) Private Limited Satam Estate 3rd Floor Above Bank of Baroda Cardinal Gracious Road Andheri (East) Mumbai 400 099 by registered post at the applicant's risk on or before the Offer Closing Date in accordance with the procedures as specified in this Letter of Offer and the Form of Acceptance cum Acknowledgement. The relevant documents can also be hand delivered from 10.00 am to 3.00 p.m. on all working days to the following collection centres:

Collection Centres	Address	Mode of Delivery	Phone Fax Nos.	Contact Person
Mumbai	Sharepro Services (India) Pvt. Ltd. 912 Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400021	By Hand Delivery	(022) 2288 4527 (022) 2288 4528 (022) 2288 1568 (022) 2282 5484 (Fax)	Ms Mazrine Wadia Mr. Ramesh Babu
Mumbai	Sharepro Services (India) Pvt. Ltd. Satam Estate, 3 rd Floor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400099	By Hand Delivery/ Registered Post	(022) 2821 5168 (022) 2821 5169 (022) 2837 5646 (Fax) (022) 2839 2259 (Fax)	Mrs. Indira Karkera Mr. Ramachandran
New Delhi	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt Ltd., Satyam Hotel Building, 10, Qutub Road, Ram Nagar, Pahar Ganj, New Delhi - 110055	By Hand Delivery	(011) 2362 1147 (011) 2353 8459 (011) 3097 4421	Mr. Sammer Guptaa Mr. Mahip Kulshreshtha

Chennai	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt. Ltd., 3A, 3rd Floor, 'C' Mount Chambers, 758, Anna Salai, Mount Road, Chennai - 600002.	By Hand Delivery	(044) 2851 8069 (044) 5214 0140 (M) 9382200539	Mr. Saajan J. Mr. K. Devanandan
Kolkata	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt. Ltd., 50, Chowringee Road, 'B' wing, 10th Floor, Kolkata - 700071.	By Hand Delivery	(033) 2283 4390 (033) 2833 1433 (M) 9331830021	Mr Amiangshu Das Ms. Priitha Banerjee
Pune	Sharepro Services (India) Pvt. Ltd. Skypak Financial Sec. Pvt. Ltd., 1184/4, Gokul Nagar Society, Shivaji Nagar, Opp IDBI Bank, Above Hotel Niranjana, FC Road, Pune - 411005	By Hand Delivery	(020) 2552 0687 (020) 2553 5277	Mr. Sakharam Gogawle
Ahmedabad	Sharepro Services (India) Pvt. Ltd. Skypak Financial Sec. Pvt. Ltd., Nagindas Chambers, Lower Ground Floor, Ashram Road, Ahmedabad - 380014.	By Hand Delivery	(079) 27542153 (079) 27544230	Mr. Rajiv Vasa

- 12.2. 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 Acquirers shall accept the offers received from the shareholders on a proportional basis as per Regulation 21 (6) of the Takeover Regulations in consultation with the Manager to the Offer.
- 12.3. Holders of Shares in physical form should enclose:
- 12.3.1. Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein by all shareholders whose names appear on the share certificates.
- 12.3.2. Original Share Certificate(s).
- 12.3.3. Valid share transfer deed(s) duly signed by all registered shareholders as transferors in the same order as per specimen signatures registered with the Company. A share transfer deed is enclosed along with this Letter of Offer for the shareholders holding Shares in physical form.
- 12.3.4. Any other documents in support of their eligibility for interest payment
- 12.4. Holders of Shares in dematerialised form should enclose:
- 12.4.1. Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein by all beneficial owners as per the records of the relevant DP's.
- 12.4.2. A photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode duly acknowledged by their respective DP's in favour of the Depository Escrow Account.
- 12.4.3. Beneficial owners having their beneficiary account in CDSL have to use an inter-depository delivery instruction slip for the purpose of transferring their Shares to the Depository Escrow Account with NSDL
- 12.4.4. Any other documents in support of their eligibility for interest payment
- Details of the Depository Escrow Account titled "Sharepro A/c. Vanavil Dyes Open Offer" are given below:
- Depository Participant Name : HDFC Bank Ltd.
DP ID Number : IN 301549
Beneficiary Client ID : 18717975
- 12.5. Unregistered shareholders should enclose:
- 12.5.1. Form of Acceptance-cum-Acknowledgment duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.
- 12.5.2. Original Share Certificate(s).
- 12.5.3. Valid share transfer deed(s) duly executed by the transferor(s).
- 12.5.4. Original contract note/s issued by the broker through whom the shares were acquired.
- 12.5.5. Any other documents in support of their eligibility for interest payment
- No indemnity is required from the unregistered shareholders.
- 12.6. Unregistered shareholders who have tendered their Shares for registration should enclose:
- 12.6.1. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.
- 12.6.2. Copy of the letter for transfer of Shares sent to VDCL/Registrars & Transfer Agents of VDCL.
- 12.6.3. Share transfer deed(s) duly executed by the unregistered shareholder
- 12.6.4. Any other documents in support of their eligibility for interest payment
- Change of Name: Those Eligible Shareholders who have changed their names at any time between 24th February, 1998 till the date of closure of the offer, are advised to submit along with the Form of Acceptance cum Acknowledgement submit the evidence of change of name, to enable the Registrars, to determine the eligibility of such shareholders to receive interest.

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

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

12.7. Non-Resident shareholders

Non-Resident shareholders should also enclose a copy of any permission received from RBI in relation to the Shares held by them in VDCL and No-Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities under Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirers before remitting the consideration. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder.

12.8. The documents mentioned above should be sent only to the Registrar to the Offer at the above collection centres and NOT to the Acquirers, the PACs, the Company or the Manager to the Offer.

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

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

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

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

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

12.10. Payment of Consideration

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

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

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

12.11. Procedure for determining eligibility of shares for interest or identifying Eligible Shareholders

The eligibility of shareholders for receiving interest is based on the records of the Target Company. The Target Company will provide the Acquirers a list of eligible shareholders based on the records of the Target Company. For the purpose of determining the eligibility of shareholders the records of the Target Company shall be final. The list of Eligible Shareholders would be certified by M/s AF Ferguson and Company,

For the avoidance of any doubt, provided that all the conditions set out in para 4.4 above have been satisfied, where a shareholder has changed (as in the case of transmission, nomination or statutory requirement) by virtue of transfer as an operation of law, such a shareholders whose shares are tendered and acquired in the offer, would be considered to be an Eligible Shareholder.

12.12. Rejected or Withdrawn Shares

The intimation regarding rejection of the Shares tendered by the shareholders in acceptance of this Offer and Share certificates for rejected Shares and/or Shares withdrawn, will be dispatched to the shareholders by registered post at the

shareholder's sole risk. Shares held in dematerialised form to the extent not acquired and/or withdrawn will be credited back to their beneficiary account with their respective DPs as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

12.13. Other terms

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

12.13.2. In terms of Regulation 22(5A) of the Takeover Regulations, shareholders shall have the option to withdraw acceptances tendered up to the three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the form of withdrawal. In case of non receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before Tuesday, 28th June, 2005.

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 numbers, folio number, number of Shares tendered.
- In case of dematerialised Shares: name, address, number of Shares tendered, DP name, DP ID, beneficiary account number, photocopy of the delivery instructions in "Off Market" mode duly acknowledged by the DP.

In either case: a copy of the acknowledgement received from the Registrar to the Offer upon tendering of the Shares.

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

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

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

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

13. Documents for Inspection

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

- 13.1. Certificate of Incorporation and Articles of Incorporation of the Acquirers.
- 13.2. Audited annual reports of CCL and VDCL for the years ending 31 March 2002, 2003 and 2004
- 13.3. Copy of the letter dated 17th April, 2003 from The Hong Kong and Shanghai Banking Corporation Limited, Mumbai confirming the amount kept in the escrow account and the lien in favour of the Manager to the Offer.
- 13.4. Copy of the Bank Guarantee No. 5525124526 dated 4th May, 2005 issued by Citibank N.A Fort House, 4th Floor, Unit No1,224 D. N. Road , Fort , Mumbai-400 001
- 13.5. Copy of the Public Announcement for the Open Offer to the shareholders of Coour-Chem Limited dated 18th April, 2003 and 6th May, 2003.
- 13.6. Copy of the letter dated 29th April, 2005 and [*] from SEBI in terms of proviso to Regulation 18(2) of the Takeover Regulations.
- 13.7. Copy of SEBI Order, SAT Order, Supreme Court Appeal and SEBI Appeal
- 13.8. Copy of Public Announcements for VDCL dated 7th April, 2003 and 18th May 2003

14. Declaration by the Acquirers and Persons Acting in Concert

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

The information relating to VDCL has been obtained from publicly available information or from the Company.

The persons signing this Letter of Offer are legally authorized to do so by the Acquirers and PACs.

For **EBITO, CCL, CAG and CIL**

Place : Mumbai

Date : 6th June, 2005

Attached : Form of Acceptance cum Acknowledgement

FORM OF WITHDRAWAL

OFFER OPENS ON	Wednesday 15th June, 2005
LAST DATE OF WITHDRAWAL	Tuesday 28th June, 2005
OFFER CLOSES ON	Monday 4th July, 2005

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

From :

Name :
Full Address

Status : Resident / Non-resident

Tel No.

Fax No.

E-mail:

To,

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

Dear Sir,

**Re : Open Offer to acquire up to 986,332 fully paid-up equity shares of Rs. 10/- each of
VDCL at price of Rs. 45.9 per Share**

I/We refer to the Letter of Offer dated 7th June, 2005 constituting an offer to acquire the Shares held by me/us in VDCL.

I/We hereby consent to unconditionally and irrevocably withdraw my/our Shares from the Offer and I/We further authorize the Acquirer to return to me/us, the tendered equity share certificate(s)/ shares at my/ our sole risk.

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

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. 28th June, 2005.

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

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

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions mentioned therein. The particulars of the tendered Share(s) that we wish to withdraw are detailed below:

Ledger Folio No. _____ No. of Share Certificate(s) _____ No. of Shares _____

Sr.No.	Ledger Folio No.	Certificate No.	Distinctive Nos.	No. of Shares
1				
2				
3				
4				
5				
(In case of insufficient space, please use additional sheet and authenticate the same.)				Total No. of Equity Shares

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

DP Name – HDFC Bank Ltd. DP ID – IN 301549 Client ID – 18717975
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Please find enclosed a photocopy of the Depository Delivery Instruction(s) (TIFD) duly acknowledged by the Depository Participant. The particulars of the account from which my/our Shares have been tendered are as detailed below.

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

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

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

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

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

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

Place:

Date :

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

Name of Bank	Branch Address	Type of Account	Account Number

Collection Centres	Address	Mode of Delivery	Phone Fax Nos.	Contact Person
Mumbai	Sharepro Services (India) Pvt. Ltd. 912 Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400021	By Hand Delivery	(022) 2288 4527 (022) 2288 4528 (022) 2288 1568 (022) 2282 5484 (Fax)	Ms Mazrine Wadia Mr. Ramesh Babu
Mumbai	Sharepro Services (India) Pvt. Ltd. Satam Estate, 3 rd Floor, Cardinal Gracious Road, Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400099	By Hand Delivery/ Registered Post	(022) 2821 5168 (022) 2821 5169 (022) 2837 5646 (Fax) (022) 2839 2259 (Fax)	Mrs. Indira Karkera Mr. Ramachandran
New Delhi	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt. Ltd., Satyam Hotel Building, 10, Qutub Road, Ram Nagar, Pahar Ganj, New Delhi - 110055	By Hand Delivery	(011) 2362 1147 (011) 2353 8459 (011) 3097 4421	Mr. Sammer Gupta Mr. Mahip Kulshreshtha
Chennai	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt. Ltd., 3A, 3rd Floor, 'C' Mount Chambers, 758, Anna Salai, Mount Road, Chennai - 600002.	By Hand Delivery	(044) 2851 8069 (044) 5214 0140 (M) 9382200539	Mr. Saajan J. Mr. K. Devanandan
Kolkata	Sharepro Services (India) Pvt. Ltd. C/o Skypak Financial Sec. Pvt. Ltd., 50, Chowringee Road, 'B' wing, 10th Floor, Kolkata - 700071.	By Hand Delivery	(033) 2283 4390 (033) 2833 1433 (M) 9331830021	Mr Amiangshu Das Ms. Pritha Banerjee
Pune	Sharepro Services (India) Pvt. Ltd. Skypak Financial Sec. Pvt. Ltd., 1184/4, Gokul Nagar Society, Shivaji Nagar, Opp IDBI Bank, Above Hotel Niranjani, FC Road, Pune - 411005	By Hand Delivery	(020) 2552 0687 (020) 2553 5277	Mr. Sakharam Gogawle
Ahmedabad	Sharepro Services (India) Pvt. Ltd. Skypak Financial Sec. Pvt. Ltd., Nagindas Chambers, Lower Ground Floor, Ashram Road, Ahmedabad - 380014	By Hand Delivery	(079) 27542153 (079) 27544230	Mr. Rajiv Vasa

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Acknowledgement Receipt

For the Acquirer

C/o. Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor, Cardinal Gracious Road, Above Bank of Baroda
Chakala, Andheri (E), Mumbai 400099

Tel: (022) 28215168/ 2821 5169, Fax : (022) 28375646

Contact Person : Mrs. Indira Karkera / Mr. Ramachandran

E-mail: sharepro@vsnl.com

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

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

Folio No. _____ No. of Certificates Enclosed _____ Certificate No. _____

Total No. of Shares Enclosed _____ Copy of Delivery Instruction to DP _____

(Delete whichever is not applicable)

Date of Receipt: _____

Stamp of collection center:

Signature of Official:

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

Sharepro Services (India) Pvt. Ltd.

Satam Estate, 3rd Floor, Cardinal Gracious Road,
Above Bank of Baroda, Chakala, Andheri (E), Mumbai 400099

Tel: (022) 28215168/ 2821 5169, Fax : (022) 28375646

Contact Person : Mrs. Indira Karkera / Mr. Ramachandran

E-mail: sharepro@vsnl.com